



CAL POLY
Partners

BOARD OF DIRECTORS MEETING #2

Friday, October 25, 2024, 8:30 am

Tech Park Building 83 Room 115
Mount Bishop Road

Public Zoom

<https://calpoly.zoom.us/j/84692495951>

MINUTES

Present: Allison Baird-James, Joe Cleary, Damon Fleming, Sean Hurley, Geri LaChance, Cyrus Ramezani (departed at 10:53), Ashleigh Spragins, Cindy Villa (departed at 10:10), Dean Wendt, Cara Wright

Absent: Cynthia Jackson-Elmoore, Patrick Mullen, Toby Walpole

Guest: President Jeffrey Armstrong, Will Marchese, Liz Witt, Amanda Knowles

Staff: Joe Alves, Dan Banfield, Andrea Burns, Holly Clark, Jess Dozier, Jim Dunning, Tiffany Kramlich Matt Ryan, Cody VanDorn,

I. CALL TO ORDER AND INTRODUCTIONS

Chair Allison Baird-James called the meeting to order at 8:31 a.m. and welcomed everyone in attendance.

II. PUBLIC COMMENT

One request was received online by Samir Ibrahim requesting to attend the meeting for public comment related to ethical investing. Four individuals arrived for public comment.

1. Juls Altman, student expressed that Cal Poly Partners' investments do not meet the students' values and requests divestiture of investment funds that do not meet CSU requirements.
2. Samir Ibrahim, Student stated, disagreement with investments related to military supported investments. Requested investments meet at least AA standards.
3. Eman Castillo, student expressed concern about Cal Poly Partner's investments and how they could be related to the current events in Palestine as well as environmental concerns about companies related to the Partners' investments.
4. Andrew Gould, student request that Cal Poly Partners create an ethical investment policy and divestment of military investments.

III. President's Update

President Armstrong welcomed everyone in attendance and thanked Cal Poly Partners for the support in Tech Park and Tech Park II, soon to be open. He also appreciated numerous other contributions CP Partners has helped develop including Campus Dining's new addition of robots to deliver food.

President Armstrong discussed a few important issues including trying to serve California by making everyone feel a sense of belonging to our community. He also voiced an emphasis on the ability to pay faculty and staff at a rate that is comparable to the quality of education being offered. Without available funds to pay, other strategies are being developed including the recent purchase of Harvest Lofts apartments by Cal Poly Partners to provide housing for faculty and staff to offset the burden of

cost of living in San Luis Obispo. The Cal Poly Partners' Board of Directors is critical in propelling the University.

Over 31,000 students applied to Cal Poly this past fall and were not able to be admitted due to capacity. First time freshman retention is at an all-time high. Of the students that were in their first year in 2023, 96% came back this year. Grad rates have declined a bit due to Covid. Placement rates are high. Incoming Hispanics make up 29%. The University is making advances in other areas as well, particularly with the \$14.4M provided for financial aid. A recent survey reported the return on investment of attending Cal Poly ranked the University third in the state.

The goal is to find ways to grow sustainably while maintaining the Learn by Doing quality. Year-round operations will help attain this goal. The move of staff to the Mustang Business Park will help to free up space on campus to achieve our goals. Student housing is moving forward and is expected to construct a building seven to nine stories high, which is the most economical way to provide the 12,000-bed total needed. The proposed Maritime integration will be voted on in November. The alignment of the high investment and high return degrees that the two universities share makes this integration a good decision. Maritime is the only location on the west coast to obtain a coast guard license which is essential to economic development and national defense.

IV. MINUTES

A. Board Meeting Minutes – June 7, 2024

That the Board accepts the June 7, 2024, minutes as presented.

None opposed.

B. Board Meeting Minutes – August 13, 2024

That the Board accepts the August 13, 2024, special meeting minutes as presented.

(M/S) (Hurley/LaChance)

None opposed.

V. CONSENT AGENDA

A. Approve Employee Medical Benefit Program Contribution Rate for 2024-25

B. Accept Annual and Quarterly Financial and Investment Reports

C. Accept Annual Audited Financial Statements and Federal Awards Report

(M/S) (Villa/Fleming) that the board approve the Consent Agenda items IV. A. – C

None opposed.

VI. CHAIR REPORT

A. Introduction

Allison Baird-James introduced herself as the Senior Vice President of Administration and Finance. She is looking forward to helping with goals and working as a team.

VII. COMMITTEE REPORTS

A. Audit Committee

Matt Ryan presented that the Audit Committee met on September 17, 2024. Glenn Burdette audited all the financial information and gave an unqualified opinion. There was a discussion related to the increase in assets from the prior year to the current year.

B. Investment Advisory Committee

Joe Alves presented that the committee met on October 23, 2024, and discussed the 2024-25 YTD results, short-term funds and capital projects. There was outperformance versus the benchmark for

the quarter where active managers helped drive performance. There was outperformance between 0.1% and 0.4% across most funds. Higher fixed income allocations had more outperformance, impacting the OPEB and VEBA funds. The charitable gift annuity fund underperformed by 0.1%. Also discussed was growth style investing that outperformed value style investing mostly because of the impact of the Magnificent seven stocks. TIAA Kaspick completed their study of strategic and tactical weights. Adjustments that are made are within the larger asset's classes. The overall equity and fixed income allocation remains unchanged. The growth portfolio is at 71/29% and the growth income is at 57/43% allocation. There will be a change in management of the International Large Cap funds over the next quarter.

TIAA Kaspick decided to change the fixed income benchmark from Bloomberg US Intermediate Government so that it more closely reflects the average duration of the portfolio. The new benchmark will be the Bloomberg US aggregate bond index with a duration of 6.1 years. Asset allocation review was discussed, and Cal Poly Foundation's allocation was studied. Based on Cal Poly Partners' projects and overall investment policy, the committee decided not to make any changes in the long-term investment allocation.

C. Budget and Finance Advisory Committee

Dan Banfield presented that the committee met on Wednesday October 23, 2024. They discussed the Cal Poly Partners operating results through the end of the 2023 – 24 FY and the first quarter of the current year. The Cal Poly Partners opened 1901 Marketplace which has generated positive impacts and has contributed to increased non-dining plan sales. Also, the purchase of Mustang Business Park has changed the overall net position with an increase in assets and liabilities. Looking at projects currently underway that have made significant impacts to CP Partners' financials include the Technology Park phase II, Vista Meadows and outlays related to the Tennis Projects.

The committee spent time reviewing the five-year multi-trend analysis. The overall growth in revenue is up 30% but expenses are up 45%. This represents the change in upward pressure on wages, food costs, and inflation.

Banfield mentioned the recent purchase of Harvest Lofts will be reflected in the financial reports that provided next quarter.

VIII. PROGRAM OVERVIEW

A. Technology Park

Jim Dunning, Associate Executive Director of Real Estate Development and Services presented Technology Park highlighting the accomplishments and construction of the Technology Park phase II, where the meeting is held today. The original building was completed 15 years ago with a mission to foster the exchange of technical knowledge and expertise between the educational and business communities, provide a physical space and human capital to facilitate this exchange, and be a driver of high-tech economic development of San Luis Obispo.

The Tech Park provides a place for industries to partner with students including students that have graduated and started small businesses. It provides a place for research and scholarly activities. These buildings will generate free cash flows that are unrestricted to support the activities. Dunning shared statistics related to the benefits of the Tech Park from 2010 - 2020, including private investments have generated \$55 million, 700 jobs created and retained, and it has provided over 100 student projects.

Almost \$12 million of federal investments have been secured for the original building and phase II which is approximately 60% of the capital required to construct the buildings. NOAA is beginning its marine sanctuary program and occupies a portion of Tech Park. USGS will be a tenant in the near future. These partners will provide programming and research dollars for faculty. There has been a widely diverse mix of companies that currently occupy or have occupied the Tech Park.

Phase II of the Technology Park is 16,500 square feet. It is a \$13.9 million project. EDA Funding was \$8.6 million. It will contain seven tenant spaces with two conference rooms. Certification is expected in April of 2025. Currently 50% is leased.

The masterplan has approximately 150,000 square feet dedicated for Tech Park and expansions. The expectation originally was to have 860 people working in this location in addition to approximately \$120 million added to economic impact.

The board took a break at 9:56 am and returned at 10:09 am

VIII. BUSINESS

A. Appointment of Board Member and Election of Officer

(M/S) (Cleary/Ramezani) That the board approve the election of Allison Baird-James as the chair of Cal Poly Partners Board of Directors

Damon Fleming presented the board with the nomination by President Armstrong to elect Allison Baird-James as chair of the Cal Poly Partners' Board of Directors.

The board voted in favor of her appointment, and none opposed.

B. Swanton Pacific Ranch Capital Outlay Request

(M/S) (Wendt/Cleary) That the board authorize the Chief Executive Officer or his designee(s) to negotiate and execute all documents necessary to facilitate schematic design of the Swanton Pacific Ranch reconstruction plan with a budget not-to-exceed \$2,729,300 with a 10% contingency

None opposed

Will Marchese of CAFES introduced Liz Witt, architect of the project team for Swanton Pacific Ranch. Witt described the 3,200-acre ranch that includes coastal grasslands, redwoods, and natural resources. Following the August 2020 CZU Lightning Complex fire that destroyed most of the ranch and subsequent clean-up efforts it was determined that an RFP should be issued to assist in the design and management of rebuilding the ranch. Witt introduced Amanda Knowles of Siegel and Strain Architects, who were selected to assist in the project.

Knowles explained the approach in beginning the project which included identifying the project parameters of funding sources, site identification and regulatory requirements. The insurance analysis required determining what the ranch used to contain and how to bring that up to building code, and then what the rebuilding opportunities could be to provide an educational ranch. This research included interviews with faculty, staff and students. While studying the site, it was determined what opportunities are available as well as what constraints need to be considered, including agricultural land, riparian setback and flood risks. The County was sent a pre-clearance letter which resulted in limitations of changing previous locations and sizes of structures if recovery assistance from the County was desired. A geological study was required prior to the County considering using recovery assistance. The permitting options for recovery are being analyzed and include a County process and a State process.

Extensive outreach with stakeholders on the ranch and on campus resulted in key takeaways to consider when designing the ranch including program-driven, interdisciplinary, sustainable and resilient, rapid response rebuilding, education/operation alignment, and funding allocation. The team has developed a spatial program and housing capacity academically and operationally.

The reconstruction plan outlined locations for administration, operations, event space and housing. Knowles shared draft reconstruction plans and discussed technical studies including utility condition testing and site condition testing.

Witt discussed the next steps in the project including the creation of a master plan. This will require CEQA certification and possibly an environmental impact report. The project schedule shows the design and permitting phase to be complete in 2027 and construction to begin in 2028 for the CSU. The County timeline is fast-tracked, and construction could begin in 2026. June of 2029 is the deadline for State grant funding. Insurance replacement funds are based on square feet and will fund a minimum of what was lost. Currently the insurance has a \$30M surety reserve, the State grant has \$20.3M by June 2029 and FEMA has been identified as \$22.2M.

IX. STAFF PRESENTATIONS

A. *Human Resource Director's Report*

Tiffany Kramlich, Director of Human Resources presented FY 23-24 Goals. In an effort to being a better partner to the University, the HR Department has automated its processes. REVER, the document automation system was implemented. Workday implementation is in full swing which will replace the finance and HR software, One Solution. The DEI action plan has been implemented and a new dashboard was released, and our Culture Champion team was created to form a cross-functional engagement with employees. The engagement survey performed last spring helped determine areas of improvement and the overall result increased from 23% to 45% of employees feeling engaged in their work. Kramlich shared statistics of highly engaged teams performing with positive outcomes. This year there are more student employees, and the overall response rate was down, however of the responses there was improvement on all engagement elements and the data indicates a strong culture of collaboration.

Culture descriptors were determined through the Culture Champions team. These descriptors come with detailed behaviors that are desired within the culture of Cal Poly Partners. The Marketing team has branded the descriptors and launched a webpage where people can be recognized for modeling these actions.

Workday software is scheduled to launch mid-March. Currently users are being trained on the program.

The goals for FY 2024-25 include implementing Workday, moving to Mustang Business Park and the HR Shared Service Center in Building 1, continuing to grow the CARE IS Culture, and expanding learning development offerings. The strategic planning goals are creating a culture aligned with CP Partners purpose, update HR and Business service systems, implement talent management program, and ensure transparent communications across all levels of the organization.

B. *Chief Executive Officer's Report*

Cody VanDorn gave thanks to the board members and the time invested in Cal Poly Partners. The Partners welcomed almost 10,000 students back to campus and had a successful opening of Campus Dining venues. 1901 Marketplace was opened, and the options are very popular, including the newly added 1901 Kitchen that offers an all you can eat dining component. Cal Poly Partners Plaza's grand opening was just celebrated enhancing the athletics experience and offering a food service option on the west side of campus during the week. Campus Dining just released Robots to campus helping facilitate dining by delivering meals through the Grubhub application.

Our Business Services division is busy implementing Workday which will affect most services used by Cal Poly Partners. They will also be moving to Mustang Business Park in December, the focus will be on continuing collaboration without teams located in the same buildings.

Currently there is dirt moving and utilities being connected at the corner of Slack and Grand, the Vista Meadows project, for the upcoming construction of 33 for sale single family houses for our faculty and staff. There will be a lottery option for eight Bella Montana condominium owners to purchase one of these new homes. This will free up housing in a different price bracket and more options for buyers. Vista Meadows is anticipated to be complete by Spring or Winter of 2026 and the project budget is \$25M. To complete options for faculty and staff, Cal Poly Partners purchased Harvest Lofts to include the option of multi-family living for faculty and staff.

Competition of Technology Park phase II is anticipated this Spring, and the Tennis Clubhouse ribbon cutting is November 2, 2024, which the facility is already open.

There is a program currently in progress in downtown San Luis Obispo to enhance CIE and economic development activities. There will be upcoming meetings specifically focused on this development.

The Harvest Lofts purchase included 120 units for faculty and staff housing. It was a \$46M acquisition. These units will be for rent at approximately \$2,300 - \$2,650 per month with studio and one-bedroom options. These units will become more affordable over time.

Upcoming key areas of focus include the possibility of CSU Maritime integration. The board will vote on this in November. Cal Maritime does have its own auxiliary which we are advocating to keep for added benefits. This will be discussed more in the February meeting.

Commercial Services is working with students to discuss the adoption of inclusive access for course materials, which is a fee-based approach, and all course materials are available the first day of class issued digitally. These discussions will continue and there will be more at the upcoming meetings.

The downtown space at 1144 Chorro is being analyzed for use by the CIE, retail shop, and for economic development purposes.

ANNOUNCEMENTS

*Next Board of Directors meeting: **Friday, February 7, 2025, at 8:30 a.m.***

XI. ADJOURNMENT 11:50 PM

Technology Park II Tour following meeting

Please wear closed toe shoes if you plan to attend the tour.

Respectfully submitted,

Holly Clark

Holly Clark, Recording Secretary