SONOMA STATE ENTERPRISES, INC.
Minutes
Friday, May 13, 2011

MEMBERS PRESENT:
Dr. Ruben Armiñana
Ms. Letitia Coate
Ms. Bridgette Dussan
Dr. Stephanie Dyer
Dr. John Kunat
Mr. Neil Markley
Mr. Michael Ogg
Joan R. Palmer
Ms. Katie Robinson
Mr. Alex Sorci
Mr. Tim Tiemens
Dr. John Urbanski

MEMBERS ABSENT:
Mr. Yale Abrams
Dr. Saeid Rahimi

OTHERS PRESENT:
Ms. Lisa Andresen
Mr. John Burgess
Mr. Ian Hannah
Mr. John Locher
Mr. Eric Malvestiti
Ms. Kathy Mitchell
Mr. Dan O’Brien
Ms. Alexandra Reveles
Mr. Talmadge Savage
Ms. Amanda Visser
Ms. Jessica Way

10.27 Call to order
The meeting was brought to order at 9:36am by Dr. Armiñana. Before commencing the meeting, Dr. Armiñana introduced John Burgess, Press Democrat photographer, who is present to take photos of Dr. Armiñana as a part of the feature piece that the Press Democrat is doing on him.

Dr. Armiñana also noted some changes in Board membership:
   1. Dr. John Urbanski was ending his three-year term on the Board
   2. Ms. Bridgette Dussan and Ms. Katie Robinson were ending their one-years terms and graduating at the end of the semester
   3. Mr. Alex Sorci was ending his one-year term

Dr. Armiñana thanked all of the members who were ending their terms and offered congratulations to the students who were graduating.
Finally, Dr. Armiñana noted some changes to the agenda regarding item 10.33. He wanted to allow the Board time to review the Investment Policy draft revisions that were being provided at today’s meeting for the first time. Therefore, this item moved to a first reading and will be brought back at the first Board meeting in the Fall. There were no objections to this change.

10.28 Approval of the March 18, 2011 Minutes
Minutes were provided to the committee via email in advance of the meeting. There were no comments and/or changes to the minutes. The minutes were approved.

10.29 President’s Report
Dr. Armiñana reported that this year has been a good year for the Enterprises, however, there are enormous challenges anticipated for the CSU and SSU next year. Dr. Armiñana reviewed the challenges facing the CSU as a result of the state budget. Currently, the reduction to the CSU is $500 million. SSU is anticipating a $9 million reduction in addition to an increase in mandatory costs. He reminded the Board that approximately 85% of the campus or CSU budget is related to personnel expenses. Therefore, there are not a lot of options available to address the funding gap. In addition to this reduction, Dr. Armiñana indicated that the CSU is facing additional cuts that are currently unknown and depend on how the state budget is approved, but could possibly double.

Dr. Armiñana discussed the Governor’s proposed budget which suggested addressing the deficit with an equal mixture of reductions in expenses and extending taxes that were imposed three years ago. Dr. Armiñana also discussed the CA budget process noting the requirements needed to increase taxes or pass a budget with revenue measures included and the challenges that these present. Consequently, Dr. Armiñana is anticipating a complicated state budget process.

With the ultimate reduction to the CSU unknown, Dr. Armiñana reported that the Chancellor publically stated that he would be asking the Board of Trustees to give the Chancellor authority to increase student fees for the CSU by 32% in the Spring if the additional $500 million reduction hits the CSU. The Board is anticipated to take action on this request at the July meeting. In addition, there could be a potential reduction in student enrollment for the CSU system overall. These two factors are dependent on the outcome of the state budget and the additional cuts that could significantly impact the CSU.

Dr. Armiñana suggested that the biggest issue for SSE would be a potential decline in enrollment because SSE is significantly impacted by headcount. However, under the current circumstances, enrollment looks healthy.

Overall, Dr. Armiñana expects next year to be an interesting and challenging year, however, he expects SSU to muddle through.
10.30 Report from SSU Vice President for Administration and Finance/Chief Financial Officer

No report.

10.31 Chief Operating Officer’s Report

Mr. Markley provided a PowerPoint presentation focusing on major initiatives for the upcoming year. He is anticipating a very busy and challenging, but also exciting year ahead.

Mr. Markley reported on several areas:

- Focus of Organization continues to be on the student experience.
- Housing – Enrollment numbers look good for next year although there is some concern surrounding the uncertainty of the State Budget and the impact it might have on Spring numbers. Housing enrollment translates directly into Board Plan numbers which should be ok.
- Prelude and Privè – There was a winemaker dinner held at Prelude with Trione Vineyards. It was well attended. The hope is to be able to do a series of these winemaker dinners with another dinner being planned with Kenwood winery. Event information is available online at http://www.sonoma.edu/prelude/. A major dinner was conducted for about 375 people for the Petaluma Valley Hospital charity event. The Green Music Center Staff and Dining Services Staff put on a beautiful event. It is anticipated that this group will come back next year. The first wedding is scheduled to take place this Saturday and anticipate more to be scheduled in the future.
- Green Music Center – A gift has been given to complete the hall, lobby and back of house by December 31, 2011 and the lawns by early 2012. A grand opening gala event is planned in September 2012 to mark the official opening of the center. With the hall opening in the next year, there is a lot of work and planning that still needs to happen to be able to support the hall when it opens. A GMC Board of Advisors has been formed to advise the President on many different things such as: artistically, operations of center, etc. Mr. Markley is working with the GMC Board of Advisors Hospitality and Operations Subcommittee which is chaired by Joan Palmer and will deal with hospitality and operational issues which includes: catering, concessions, box office, front of the house staffing, parking, etc. This committee is currently working on four main areas: (1) refining and further defining Prelude, (2) concessions in the hall during shows, (3) establishing an infrastructure relating to catering and concessions for the lawns and (4) exploring the use of the small space that is currently marked as a gift shop. The items discussed in this committee will be brought to the SSE Board for discussion as well to allow for interaction between the two groups. This is a major undertaking for all staff in Dining Services and the Entrepreneurial Activities areas. An update is anticipated for the September meeting. Finally, On Campus Presents is a group that was formed a couple years ago to plan student related programming for the Green Music Center and the rest of campus. This group will focus on student events and student programming with a series of
programming to be done at the GMC. The items discussed in this committee will also be brought to the SSE Board for discussion.

- **Student Center Project** – Mr. Markley announced that the fee referendum passed in the April election with 58.8% of students voting in favor of increasing fees for the building, which was a larger margin than was seen for the Rec Center referendum. The election had one of the largest, if not the largest, voter turnouts in SSU history. Mr. Markley provided some background regarding the campaign and referendum process. Discussion ensued. The next step in the Student Center project is to go to the Board of Trustees (BOT) for approval. The Student Center Project is planned to be on the September BOT meeting. If approved, a notice to proceed will be issued. Currently, the building is planned to open in late Spring of 2013. Mr. Markley noted the large amount of oversight required during construction, planning for the move and operations in the new building. Mr. Markley and his team will be largely involved in this process.

- **Reorganization** – Mr. Markley shared information on the anticipated reorganization of Entrepreneurial Activities (EA). He noted that changes are being planned to prepare for the Student Center, GMC, to make reductions due to the budget and create efficiencies across EA. The plans include consolidation of marketing resources, consolidation of administrative functions, and allowing operational units to focus on operational tasks to provide even better services than they provide today. Mr. Markley emphasized that he and his team will be working on this reorganization at the same time they will be preparing for the other items mentioned earlier, but he hopes to have this implemented by early next year.

- **Thank You** – Mr. Markley reflected on the current year and thanked his staff for all their hard work. He also thanked the Board for their continued support and productiveness.

**10.32 Chief Financial Officer’s Report**
Ms. Coate reviewed the Financial Statements through March 31, 2011 with the Board. Handouts were provided: Schedule of Net Assets and Statement of Activities (both through March 31, 2011). Ms. Coate discussed some projections to year end and, overall, anticipates that SSE will come in above budget but comparable to last year. Mr. Markley added that $422K was budgeted to go to Working Capital Reserve to help meet the liquidity requirement. Further, the additional net income will also go to fund the liquidity reserve requirement. The combination of these two items will likely fully fund this requirement.

**10.33 Action Item: Investment Policy**
Per Dr. Armiñana’s previous comments, this item was moved to a First Reading and the Board was provided with an introduction of the item today, but will take action on the item in the Fall.

Ms. Coate brought forward a policy that has been reviewed by the Finance Committee in detail and will be recommended to the Board for approval. Ms. Coate provided an introduction of the policy and highlighted some key items. She asked the Board to review as this will come back in the Fall as an action item.
10.34 Other Non-Action Items
Mr. Markley thanked the out-going Board members for their hard work and contributions.

Dr. Armiñana wished everyone a good summer and thanked everyone for their hard work over the past year.

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Letita Coate      Anna Reynolds-Smith
Secretary/Chief Financial Officer   Recording Secretary