SONOMA STATE ENTERPRISES, INC.
Minutes
Friday, September 14, 2012

MEMBERS PRESENT:
Dr. Ruben Armiñana
Ms. Letitia Coate
Dr. Michael Cohen
Dr. Stephanie Dyer
Mr. Adam Gourley
Ms. Nicole Hendry
Dr. John Kunat
Mr. Neil Markley
Mr. Michael Ogg
Ms. Karen Paniagua
Dr. Andrew Rogerson

MEMBERS ABSENT:
Mr. Yale Abrams

OTHERS PRESENT:
Mr. Laurence Furukawa-Schlereth
Ms. Lisa Andresen
Mr. Brett Bradford
Mr. Ian Hannah
Ms. Katie McGilvary
Mr. Steve Higginbotham
Ms. Alicia Hodenfield
Ms. Kelley Kaslar
Ms. Kindra Kautz
Mr. Richard Ludmerer
Mr. Patrick Maloney
Mr. Peter Neville
Ms. Amanda Visser
Ms. Jessica Way

12.00 Call to order
The meeting was brought to order at 9:38am by Dr. Armiñana.

12.01 Approval of the May 4, 2012 Minutes
Minutes were provided to the committee via email in advance of the meeting. The minutes were approved as provided.
12.02 Seating of the Board
Dr. Armiñana welcomed the Board to a new term and announced that Joan R. Palmer has submitted her resignation and regrettably it has been accepted.

12.03 Committee Appointments
Dr. Armiñana noted the three standing committees for the Sonoma State Enterprises Board. Committee appointments were made. Following is a list of the committee memberships for the 2012/2013 term:

Executive Committee: Dr. Armiñana, Mr. Markley, Ms. Coate, Dr. Dyer, Ms. Hendry, and Ms. Paniagua.

Finance Committee: Ms. Coate, Mr. Markley, Dr. Cohen, Mr. Ogg, and Mr. Gourley.

Audit Committee: Mr. Abrams (Chair), Dr. John Kunat, Ms. Hendry, and Ms. Paniagua.

Ms. Hendry was also appointed to the On Campus Presents committee.

12.04 President’s Report
Dr. Armiñana began his report by announcing that SSU has the highest number of students enrolled in its history: 9,025. He reminded the Board that the number will be reduced in the Spring 2013 semester as SSU will not be accepting new students, with exception of the 14-44 program transfer students only. The number of students is expected to be minimal therefore enrollment will go down in the Spring. This reduction will have some implications to Housing and SSE.

Dr. Armiñana discussed the upcoming election results and the impact this could have to the CSU and SSU. He noted the proposition on the ballot to increase sales taxes and increase in income tax bracket. He indicated that if the proposition does not pass, this would trigger cuts of an additional $250 million to the CSU system, bringing the total cuts to $1 billion.

Dr. Armiñana acknowledged the upcoming opening of Green Music Center Weill Hall and Lawn on September 29 and 30, 2012. He acknowledged that SSE staff are working very hard to make it a successful weekend, attracting significant amounts of people. He shared some of the highlights expected for the opening weekend and some of the anticipated attendees. The Santa Rosa Symphony begins their season the following week.

Discussion ensued regarding the upcoming ballot measures and the impacts this could have on the CSU and SSU if Proposition 30 passes or does not pass.
12.05 Chief Operating Officer’s Report

Mr. Markley began his report stating that many had been on campus until 1am this morning to participate in the late-night breakfast event. Dr. Armiñana added that next time there is an event like this, there must be a pancake making machine.

- **Housing** – In 2011/12 we had a FTF target of 1,800 and actually came in closer to 1,900 FTF which translated to higher FTF in Housing. This year, the actual FTF numbers are less than 1,800 which translates to less FTF in Housing and less people on a meal plan. This directly impacts revenue generated. Although FTF number is lower, Housing is nearly full. SSU housing was recently recognized in the Princeton Review as 17th overall in the nation and #1 in Public University housing. Mr. Markley noted that this success can be attributed to the leadership of Dr. Armiñana, VP Schlereth, everyone at Housing, Dining Services and Residential Life.

- **Dining Services** – As Dr. Armiñana mentioned the Fall 2012 headcount is over 9,000 and will go down in the spring, however we expect sales to go up. We are expecting commodity prices for corn and flour to go up due to the drought in the Midwest which will reflect in an increase in our Cost of Goods Sold (COGS). Mr. Markley noted that Dining is continuing its outreach and sustainability efforts through the work of Chris Romo. Diedre Tubbs worked as the Sustainability Ambassador over the summer, but has since graduated. However she helped train Megan Callahan as our Sustainability Ambassador to continue these efforts.

- **Bookstore** – Unit sales are up 17% from the previous year. Rentals are up 61% and this is good news for the bookstore.

- **WolfBucks** - $800,000 in Wolfbucks sales in 2011/2012. This translates to increase in sales.

- **Green Music Center (GMC)** – Mr. Markley announced that the GMC Grand Opening is in 15 days. The teams are furiously putting on the final touches. The Dining staff has set up Prelude as a restaurant which will open as a restaurant on concert days beginning with the Santa Rosa Symphony concert on October 6, 2012. Guests can make reservations using either Opentable.com or by calling Prelude directly. The Gala Opening weekend will have 3,700 people outside for each event. We currently do not have permanent facilities. Lisa has done an amazing job organizing. We have been amazed at the level of support and donations we have received from our vendors for this weekend, including from wineries and breweries, and especially Lagunitas.

- **On Campus Presents – Partners Group** – As mentioned by Dr. Armiñana, and with recent appointment of Ms. Hendry, they will guide the OCP activities. Already scheduled are singer/songwriter, Matt Nathanson, comedian Aziz Ansari from Parks & Rec, and speaker Van Jones.

- **Student Center Project** – Mr. Markley announced that the Student Center is scheduled to open on August 17, 2013. Meetings have occurred with the contractor to see about pushing that date up, however the contractor is adamant that the project cannot open earlier. Mr. Markley reminded the Board that this project was delayed as a result of potential lawsuits and additional consultation that ultimately pushed the schedule back. Unfortunately, August 17, 2013 provides no wiggle room prior to the start of the semester.
and will impact our dining and retail operations. It is impossible to take possession of the building and expect to be operational the same day. Therefore, it is not anticipated that the Dining and Retail operations will be open on day one. Mr. Markley reported there is good news to share as the debt costs are substantially lower than originally anticipated - the bonds were issued between 3-4%, providing an approximate savings of $1 million on the annual debt service, of which 50% is SSE’s responsibility for rent of the Student Center. Mr. Markley announced that there will be tours of the facility once a month, for up to 20 people on Wednesday from 3-4pm. A tour for the Board will be scheduled in the next couple of months.

- Audited financial statements – Mr. Markley explained that every 3 years SSE is also audited by the CSU. The final report has not yet been received, however there was only one item to address, related to leases and execution of leases: certificates of insurance need to be on file, late booking charges were not following our established policy as these are often waived by management, and leases are not signed in a timely manner. Mr. Markley thanked everyone for their support in completing this audit.

12.06 Chief Financial Officer’s Report
Ms. Coate reported that the Finance Committee met September 13, 2012 with the main focus to review the 2012/13 budget which is Action Item 12.08 on the agenda today. Ms. Coate also reported that the audited financial statements have been released, were provided to the board as a handout, and action would be taken on them following this report. Ms. Coate gave a brief review of the statements. Ms. Coate asked that questions and comments be directed to herself or Amanda Visser. Mr. Markley added that a draft of this report was provided to the Board in electronic format along with the agenda and meeting announcement.

12.07 ACTION ITEM: Approval of 2011/12 Audited Financial Statements
Ms. Hendry reported that the Audit Committee met with Pisenti & Brinker on September 6, 2012 to review the draft audited financial statements. The Audit Committee voted to accept the report and bring a recommendation to the full Board for approval. It was a clean audit and there were no changes noted. The audit firm was confident with Management and approved the Impairment of the Bookstore equipment due to the opening of the Student Center. Ms. Hendry introduced Mr. Brett Bradford from Pisenti & Brinker who provided additional comments regarding the audit review. He reported that the audit went well, there were no surprises, there were no limitations on scope, no adjustments or uncorrected adjustments and no significant deficiencies or weakness in controls.

With the Audit Committee’s recommendation to accept the audited financials, Dr. Armiñana moved this item to a vote. The motion passed unanimously.

12.08 ACTION ITEM: Approval of the 2012/13 Budget
Ms. Coate noted the Finance Committee spent time yesterday reviewing the budget, asking questions, and making adjustments. The 2012/13 Budget provided as a handout was approved
by the Finance Committee and is being brought forward by the Finance Committee with recommendation for approval by the Board. Ms. Coate asked Mr. Markley to review the budget in detail for the Board. At the conclusion of his review, Mr. Markley noted the double asterisk at the bottom of the budget which specifies that anything unanticipated will go to the Student Center project.

With the Finance Committee’s recommendation to approve the 2012/2013 Budget, Dr. Armiñana moved this item to a vote. The 2012/13 Budget was unanimously approved as submitted.

12.09 ACTION ITEM: Articles of Incorporation Change
Mr. Markley reported that there have been some changes to Title 5. After reviewing the Articles of Incorporation to confirm compliance with these changes, Mr. Markley asked the board to review the Resolution, provided as a hand out at the meeting.

Dr. Armiñana asked if there were any questions and moved this item to a vote. There were 9 ayes and 0 nays and the resolution passed.

12.10 Other Non-Action Items
There were none.

The meeting was adjourned at 11:01am

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