University Enterprises, Inc. (UEI) held its annual Board of Directors Retreat at The Julia Morgan House, 3731 T Street, Sacramento, on Friday, January 23, 2015.

**Members Present**
- President Gonzalez, Chair
- Jude Antonyappan
- Lisa Bates
- Larry Cook
- Crystal Ekanayake
- Anne Fuller
- Mike Lee
- Lauren Lombardo
- Andrea Salas
- Randy Sater
- Joni Zhou

**Staff Present**
- Arlette Barnard
- Craig Barth
- Brigett Reilly
- Jim Reinhart

**Guest**
- Ed Mills
- Vice President, Student Affairs

**Members Absent**
- David Bach
- Jeff Einhorn
- Marti Gray
- Don Taylor

President Gonzalez and Executive Director Jim Reinhart welcomed the board and reviewed the retreat agenda. Director Reinhart introduced Ed Mills, Vice President of Student Affairs, stating that UEI has a strong affiliation with the department of Student Affairs through student housing. Brigett Reilly, Director of Property Services, gave board members a tour of the Julia Morgan House showing the newly appointed conference room facilities, as well as the new furnishings and décor of the home.

Director Reinhart gave an overview of the CA Intern Network (CAIN) following the impact of the agreement between the State of California and the SEIU Local 1000 resulting in the layoff of 1,300 UEI student employees in August 2012. CAIN continues their outreach to potential state, business, city/county, and non-profit agencies for student hiring.

Reinhart discussed changes made in Dining Services following input from Porter Khouw Consultants and site visits to other CSU campus dining service facilities. Hours will be expanded in the Dining Commons and the Courtyard Market this fall. The meal plan was revised to attract more students, staff and faculty. A $6 million servery renovation in the Dining commons is planned in the summer of 2016.

Director Reinhart stated that few auxiliaries have the amount of real estate holdings as UEI. UEI owns and leases over 700,000 SF of office, retail, student housing, classroom, research, industrial, historic and residential properties. Currently UEI leases space in the University Union for 11 food service venues and pays over $500,000 per year for space. Five venues are self-operated and six are contracted out. Round Table is the highest grossing retail operation on campus. Eco-Grounds which
is a self-op may close or be repositioned if students vote in May to expand the University Union and The Well, as expansion would allow converting the Buzz to a Starbuck’s.

Reinhart stated that River Front Center is scheduled for exterior improvements this summer. Baja Fresh is anticipated to open in spring 2015, and Togo’s eatery will be upgraded this summer. Director Reinhart stated that Java City at the Roundhouse will not be converted to a Juice-It-Up! this year.

Brigett Reilly gave an update on occupancy and projected capital expenditures for Modoc, Napa, Placer, Folsom and Del Norte Halls, the Bookstore Building, 23rd Avenue Warehouse, the Upper Eastside Lofts Student Housing and commercial properties, and the Julia Morgan House. Reilly stated that two properties adjacent to the Julia Morgan House were acquired and are leased. Property acquired at 511 Knightsbridge Lane was listed for sale in November of 2014.

Director Reinhart gave an update on the McAuliffe Ballparks. The city council approved the parameters to negotiate the sale and the Department of General Services has determined the value of the property. UEI will negotiate the terms of the lease/purchase agreement. Upon Executive Committee approval and ratification by the City Council, the documents can be executed.

Craig Barth, Chief Financial Officer, discussed the 2005 $20 million Series A and $28 million Series B Bonds which are up for refinancing this year. The Series A Bonds are non-taxable. Discussions are underway with the Chancellors Office to refinance the Series A Bonds which would lower the interest rate and allow $1.3 million to be pulled from the reserve account. A Resolution will be brought forward for board approval at the March board meeting. Barth stated refinancing the Series B Bonds are problematic, as they are taxable and a substantial pre-payment penalty would be due.

Barth discussed the Bookstore Building which UEI currently leases from the university. UEI’s lease with Follett expires in 2020. UEI’s guarantee per agreement with Follett is 92.5% of the prior year’s paid commission. Commission calculation is based on 13.5% of gross sales and assumes a 4% annual reduction. Barth shared a revenue analysis projecting UEI’s guarantee and commission intersecting during the 2019-20 fiscal year. A discussion was held regarding repurposing some Bookstore space when Follett’s lease expires in 2020. Current planned additional uses for the Bookstore are a Wells Fargo Cyber Branch and Starbucks Café.

Mike Lee, Vice President of Administration, gave a presentation on the proposed 416 bed new student housing for underclassman. The housing will be built along the American River embankment providing better access to and visibility of the river. Lee stated that schematic/financing approval of the project will go before the Board of Trustees at their March meeting. The project is expected to break ground in the fall semester and be completed in June 2017.

President Gonzalez led a discussion on the future of Sacramento State and higher education and the functionality of the Board over the next several years. Succession planning was discussed and will be brought forward to the March or May Board meeting.

Respectfully submitted,

Arlette Barnard
Recording Secretary