



**Board of Directors Meeting Minutes**  
**February 15, 2017**  
**Foothill Suite, 3<sup>rd</sup> floor: University Union**

1. **The meeting was called to Order at 7:34 a.m. by Alyssa Trejo, Chairperson**  
Members Present: Alyssa Trejo, Chandler Bender, Kisanet Woldeyohannes, Juan Arroyo, Bill Macriss, David Rolloff, Stacy Hayano  
Also Present: Bill Olmsted, Kate Smith, Dean Sorensen, Jill Farrell, Tori Butler  
Absent: Karen Dhillon, Lindsay Vampola, Missy Anapolsky, Ed Mills
2. **Public Comment: None**
3. **Consent Calendar:**
  - A. **Approval of Board of Directors Minutes – November 2, 2016 (MSP: Hayano, Woldeyohannes)**
4. **Old Business:**
  - A. **Executive Director Search update: Olmsted**
    1. Olmsted provided an update in place of Mills and announced that the Union WELL Inc. Executive Director search has been postponed until next spring. Olmsted will be acting as interim executive director for the time being. The Board will be advised of the new timeline when it is established.
  - B. **Expansion:**
    1. **Update**
      - a. Olmsted begins with an update on the Union. The deadline of January 20 to get everyone moved was met. We now have people located in Sequoia Hall, the Library, and the WELL. State Hornet is now in the receiving area of the old bookstore. The better part of the last month and a half has been spent doing “make ready work” and demolition is scheduled in March. Olmsted shares some project photos. He announces that the demolition permit has been signed and explains that, up until late last week, we were unable to install permanent barricade walls. He refers to the photos and notes that this is why we have plastic sheeting up, to help establish boundaries where space will be lost for students. Crews are now building final temporary walls starting at the 3<sup>rd</sup> floor and working down. The north elevator is offline and the stairway adjacent to north elevator closed off. Olmsted states that we had prepared ourselves for negative reactions but students have been very flexible throughout the process over the last few weeks. Seat count in the building wasn’t significantly reduced since we relocated chairs from closed off areas to different areas. Olmsted refers to the photos again showing that the interior demo has begun and states that between now and March 17, they will be gutting inside of spaces and cutting off the electrical and air to the effected parts of the building. During spring break, crews will run in 24 hours shifts for about 9 days straight to demo and remove materials from the site so that when classes resume, all of the heavy work is done.

- b. Regarding the WELL expansion, Olmsted states that he and Smith have been working on programming work with new architects and putting together the design criteria document. The work that has been done is currently out for estimating. When the estimates come back, we then work with campus to determine a financial plan for the project. Once they determine the plan, they will submit it to the chancellor's office and put out an RFP [request for proposal]. The WELL project will probably be a year behind the Union. First, we need to know how much everything that we *want* is going to cost, then we can determine where we need to scale back. The project is considered one project as far as the recreation center and the health center, but there are two separate buckets of money. Therefore, we have to synchronize our steps with the health center.
  - i. Macriss asks for clarification on the WELL expansion being a year behind the Union, and whether the timeline is estimated to start a year from now, or a year from Union construction beginning. Olmsted clarifies that we're estimating a year from now since planning with the contractor on the Union expansion was about 14 months, and we anticipate the WELL expansion planning to take less time. The expansion could potentially start late spring next year, so there is a possibility of the projects overlapping. Smith adds that they will be coordinating with campus to ensure that timelines don't overlap with the track bids. Macriss states that he will double check the timeline for that project.

2. Funding Request: Action Requested (MSP: Woldeyohannes, Rolloff)

- a. Olmsted states that we have allocated a portion of money from Union WELL Inc. reserves going towards the Union expansion project and explains that these funds are used up front to pay for design and make-ready costs of the project, prior to the bond funds being put in place. Olmsted states that we received another request from campus for more funding, and refers to a copy of the letter that has been included in the handout. The total project budget is over \$53,000,000 and we had initially identified that our contribution would be \$11,850,000. Olmsted shows a table on the projector that outlines the revision to the budget. He notes that originally, tenant relocation costs were included in the project cost but then it was decided to budget relocations separately, which decreased our contribution and the project cost by \$1,160,000, although the projected cost for this was \$1,300,000. Now campus is requesting additional funding in the amount of \$5,600,000, for a new total contribution of \$10,690,000. These funds would take us through April, which is when the bond is expected to come through. The bond will essentially reimburse us for funds that we already put into the project in the end. Hayano adds that campus thought we would get bond financing earlier, so we are covering up-front cost but once bond proceeds come through in April, the credit back for our contribution will be used at the end. Olmsted acknowledges that the letter might be a bit confusing, and hopes that the outline offers clarification to the group.

C. WELL Membership Rate changes: Action Requested (MSP: Bender, Macriss)

1. Smith refers to the 2017-2018 membership rate proposal that is included in the handout and notes that the overarching goals are to add value to memberships across all member types, and to offer discounts and incentives. Smith reviews the highlights which include offering Group Fitness at no additional cost for all members. She adds that we will look at still charging for small group classes, which offer a smaller student to instructor ratio and account for about 15% of group fitness classes per week. Smith then discusses the rest of the offerings and changes including a recent alumni membership type, a 10% military and veteran discount, a starter pack and a summer student membership for students not enrolled in summer school. Reducing short-term membership options and dual express membership rates was also proposed. Smith directs the group to the next page, which outlines proposed monthly rates and notes that prices in orange text are proposed to change; prices in black remain the same. She acknowledges that the \$33 monthly rate is not going to change and admits that we know

we aren't the cheapest, but by offering group fitness at no additional cost we are hoping we can compete with other facilities. Smith continues and explains that the cost of our Dual Express affiliate and alumni memberships were cut from \$38 per month to \$26. She explains that this membership rate was higher than a standard membership because it included group fitness. Smith refers to the next page that outlines the timeline of rolling out new options and notes that there may be a few tweaks to the numbers after today's approval as we're still working on these changes on the back end to ensure accounting will match up and work within our membership software. We are rolling out these changes over time because we are trying to avoid overwhelming our staff with all of the changes. Smith then refers to the following page outlining our timeline and marketing plan using social media, printed materials, and Monday briefings. Smith states that the final page summarizes how we are able to offer group fitness as part of our membership. In looking at the last 7 years, group fitness has plateaued and even somewhat decreased, which led us to assume that we had met our potential in group fitness. On staffing alone, we spend \$60-70K, which is not even meeting cost with revenue from group fitness. We reviewed staffing hours involved in registering for group fitness, creating and checking passes, and we anticipate saving about \$29,000 in staffing wages and marketing materials. We are left with a goal of around \$15,000 to make up in revenue so we listed areas to target to make up for missing revenue. We will focus on increasing membership, which we already anticipate since we're offering additional options and programs. Fitness special events were typically free for group fitness pass holders but we may charge reasonable fees for events, maybe \$5.

- a. Rolloff asks what AIR events are. Smith explains that AIR stands for All In Recreation, which offers adaptive sports and activities open to those with any and all abilities.
- b. Hayano asks what type of participation we had with survey. Smith stated that we had 220 participants. We asked those who responded if they were previously WELL members and why they left; 43% stated cost was the reason they cancelled. We also asked about barriers, programs they would be interested in and price point preferences; 95% stated they were most likely to purchase a membership if it was less than \$20 per month, 55% stated they were most likely to purchase a membership if it was \$20-\$29. When we looked at local competition, the fact that group fitness was included, we determined we are actually in line with competition. Olmsted points out the number of group fitness classes we offer is robust and we offer a diverse schedule compared to a competitor class calendar. He adds that we feel confident about this being the next step and we are confident in our revenue balancing out within about 2 years.
- c. Bender adds that in the past week, he has had many discussions about this and there is a lot of excitement among students regarding the new offerings and incentives. Out of about 10-15 conversations, only one person was *not* excited.

## 5. New Business:

### A. Ballroom Sound project: Action Requested (MSP: Woldeyohannes, Hayano)

1. Olmsted acknowledges that the sound system in the Union Ballroom is antiquated and in need of significant changes. Not knowing what the project would entail in the 2015-2016 fiscal year, we received approval for a \$300,000 budget. We didn't get to the project that year so the project was moved into 2016-2017. We brought in consultants and engineers for estimates and the cost ballooned up to \$630,000-\$640,000. We also need to schedule downtime in that room, which means we're now looking at eighteen months to two years down the line. Once we figure in escalation cost, that pushes the project up to \$800,000. So, we came back together with the group that we had worked with; we scaled back the project and got the number back down to \$484,000. The price is actually more in the \$300,000 range but escalation cost is being considered and included in the request. Sorensen elaborates on the specifics of the project and states that the ballroom will be down for 8 weeks. Once complete, the ballroom will have

state of the art projectors, screens and connections. The Hinde Auditorium was originally part of this project, but that room was pulled out and will be done after the ballroom project. A big part of planning for this project was determining when we can take the room offline which is why we have to plan so far in advance. Sorensen states that the timeline for this project is estimated for February-March of 2018 and notes that we pinpointed some weeks but we are waiting for the final academic calendar to determine the actual timeline.

- a. Bender asks what portion of project is the majority of the cost and notes that it sounds like a total technology upgrade. Dean advises that Bender is correct and states that we chose to refer to it as an "AV project" but there is a lot of upgrading to be done considering this equipment is from 1998. We find that people are showing up with latest and greatest technology and requests, and we try to get it to work with our outdated equipment but end up puzzled sometimes on how to get it to work. We don't want to get to a point to where something fails or doesn't work during a major event like President's Address.
- b. Hayano suggests letting campus know the timeline ahead of time.

**B. Board of Directors meeting schedule for 2017-18: Action Requested (MSP: Macriss, Rolloff)**

1. Olmsted refers to handout with proposed meeting dates for next year that is included in the handout.
  - a. Macriss asks if there will be an outlook calendar invite. Olmsted confirms that an invitation will be sent.

**C. LAIF Resolution: Action Requested (MSP: Hayano, Bender)**

1. Olmsted refers to the Local Area Investment Fund (LAIF) resolution in the handout and explains that, in light of Leslie Davis' retirement, we need to change names of individuals who are authorized to do transfers so Kate Smith is being added. Since Olmsted's office will be next to Smith's, she will be able to step-in in his absence.

**6. Reports and Comments [Item 8 on agenda; re-numbered to correct sequence]**

**A. Board Members**

1. None

**B. Interim Executive Director: Olmsted**

1. Olmsted's office is currently in the Union, but he will move to The WELL in early March. There will be an office in the construction trailer for Union staff, so he may be found in the trailer if he's not in his office. The trailer is equivalent to a 4-wide modular and includes eight private offices, a conference room, common space, restrooms, etc. Architects, contractors and subcontractors will all use that space. If there comes a time where we as a group want to go through and tour the project, or even as individuals, we can arrange tours. Hard hats and safety vests are required in the construction area, but we have spares for loan.
2. We are currently working on an RFP for custodial in both the Union and the WELL. We have not compared cost on custodial services in years so we felt that we needed to, due to the amount of money spent on that service. Farrell confirms that nine companies were invited to participate, and seven are actively involved in the process. Will have details to report hopefully by March, if not April.
3. Green & Gold Gala is on March 24, which is the same week as structural demo. Union WELL purchased a table, and board students are invited. More information to come in the next week or so.

**7. Information: Activity Reports [Item 9 on agenda; re-numbered to correct sequence]**

**A. The WELL: Smith**

1. Smith's full report is included in the handout but she discusses a few highlights. Last fall was the highest student membership activations, at 77%. New Climbing Wall Coordinator Garrett Werner started February 6, so the WELL is fully staffed now. Our biggest event is coming up,

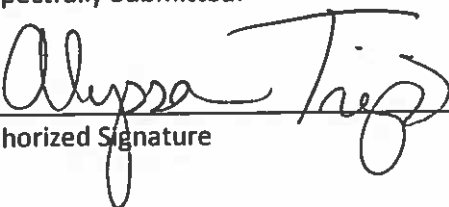
Sac State 5k and a flyer was distributed to all in attendance. This year's theme is "Mustache Edition". We are also accepting volunteers if any wants to participate without running.

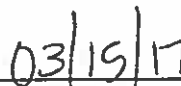
**B. University Union: Sorensen**

1. Sorensen's full report is included in the handout, he mentions a few highlights and notes that there is one item that he forgot to add in the handout; Scott Palmer is the new manager for Event Services Reservation. The Union is now fully staffed as well. To clarify, Spencer Clemmer oversees physical aspects of reservation setup and Scott oversees reservation aspects. Flyers were handed out for programs going on in the Union, and expansion website.

8. The meeting was adjourned 8:42am by Alyssa Trejo. [Item 10 on agenda; re-numbered to correct sequence]

Respectfully Submitted:

  
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Authorized Signature

  
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Date