THE UNIVERSITY CORPORATION
BOARD OF DIRECTORS
MAY 23, 2013

A meeting of The University Corporation Board of Directors was called to order by Chair, Dianne F. Harrison at 3:05 p.m. on Thursday, May 23, 2013, in the Sierra Center Colleagues Room, California State University, Northridge. A quorum was present.

MEMBERS PRESENT:	Harvey Bookstein, Ana Cristina Cadavid, Ronald Friedman, Dianne F. Harrison, Dan Hosken, Marbella Lupercio, Jesus Martinez-Ramirez, Jennifer Matos, Michael Neubauer, Bob Rawitch, Louis Rubino, Christopher Woolett, Ben Yaspelkis
MEMBERS ABSENT:	Brittney Hoogervorst, Sydni Powell, Michael Spagna
OTHERS PRESENT:	Gary Chapman, Colin Donahue
STAFF PRESENT:	Heather Cairns, Elizabeth Corrigan, Rick Evans, John Griffin, Georg Jahn, Tim Killops, Elizabeth Kioussis, Michael Lennon, Krizel Leynes, Linda Turner

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ITEM I. APPROVAL OF FEBRUARY 15, 2013 BOARD MINUTES

MSP (Neubauer/Rawitch): **That the minutes of the February 15, 2013 Board of Directors meeting be approved as circulated.**

ITEM II. SPONSORED PROGRAM PRESENTATION – SOLAR OBSERVATORY

Executive Director, Rick Evans, introduced Gary Chapman, Professor Emeritus of Astronomy and Director of the San Fernando Observatory. Professor Chapman gave a power point presentation on his grant-funded solar research program and its climate change applications.

ITEM III. APPOINTMENTS TO THE BOARD OF DIRECTORS

Chair Dianne Harrison announced the following appointments to the Board of Directors, terms to begin July 1, 2013.

Administration:

Michael Spagna *(reappointed)*	Three-year term (2013-2016)

Faculty:

Louis Rubino *(reappointed)*	Three-year term (2013-2016)
Ben Yaspelkis *(reappointed)*	Three-year term (2013-2016)

Students:

The University President will appoint three students to serve two-year terms (2013-2015), replacing Brittney Hoogervorst, Sydni Powell and Christopher Woolett, whose terms expire on July 1, 2013, and one student to serve the one year (2013-2014) remaining on the term of Tanya Martin, who resigned.

Community:

Harvey Bookstein *(reappointed)*	Three-year term (2013-2016)

ITEM IV REPORT OF THE NOMINATING COMMITTEE AND ELECTION OF OFFICERS

At the May 3, 2013 Executive Committee meeting, the Chair appointed Ben Yaspelkis, Michael Neubauer and Sydni Powell to serve as the nominating committee. Dr. Yaspelkis presented the committee's recommendations for officers:

Chair:	Dianne Harrison
First Vice President:	Ben Yaspelkis
Second Vice President:	Marbella Lupercio
Recording Secretary:	Jennifer Matos
Treasurer:	Dan Hosken

MSP (Rubino/Friedman): **That The University Corporation Board of Directors elect officers per the recommendations of the nominating committee, one-year terms to begin July 1, 2013.**

ITEM V FREUDIAN SIP OVIATT LIBRARY

Mr. Evans introduced Tim Killops, Associate Director, Facilities and Operations. Mr. Killops reported that demand for construction work was increasing, and several contractors who had indicated interest in the Freudian Sip project did not submit bids due to other commitments. The due date had to be extended to get a second bid and both bids were higher than budget. Management requests a $25,000 augmentation to the budget, bringing the total project budget to $435,000.

MSP (Rawitch/Friedman): **That The University Corporation Board of Directors approve an additional $25,000 for the Freudian Sip Oviatt Library project, bringing the total to $435,000.**

ITEM VI RECEIPT OF MAY 3, 2013 EXECUTIVE COMMITTEE MINUTES AND CONSIDERATION OF ACTION ITEMS

Consent Agenda:

A. *Retirement Committee (Executive Committee Item #8)*: Action is needed to implement IRS and Department of Labor administrative recommendations.

Recommendation of the Executive Committee: That The University Corporation Board of Directors: a) approve the Retirement Plan Committee Charter as proposed (Appendix A); b) appoint the Fiduciary Plan Committee as proposed (Appendix A); c) approve the Investment Policy Statement, as proposed (Appendix B); and d) delegate Fiduciary Plan Committee oversight responsibility to The University Corporation Executive Committee.

B. *Fraud Prevention Program (Executive Committee Item #9):* Action establishes oversight responsibility, implementing a recommendation of the fraud prevention plan.

Recommendation of the Executive Committee: That The University Corporation Board of Directors delegate fraud oversight responsibility to the Executive Committee.

C. *Audit Committee (Executive Committee Item #10):* The proposed charter memorializes the composition and duties of the audit committee, which was constituted to comply with the California Nonprofit Integrity Act of 2004. (Appendix C)

Recommendation of the Executive Committee: That The University Corporation Board of Directors approve the Audit Committee charter as proposed.

MSP (Matos/Martinez-Ramirez): **That The University Corporation Board of Directors approve the consent agenda as recommended by The University Corporation Executive Committee.**

Discussion + Action Item:

D. *2013/2014 Operating Budget (Executive Committee Item #7):*

Mr. Evans reported that 2012/2013 results would be better than projected. For 2013/2014, Management budgeted 'Net Cash Generated to Replenish Reserves' at $1,116,000, slightly less than current year. Mr. Evans reviewed items impacting the budget, including: the anticipated continuing decline in bookstore commissions; a tentative 1.2% cost of living adjustment (COLA) to mirror CSU compensation pool, if funded; and implementation of the Affordable Health Care Act. The Corporation's Human Resources Department will become 'stand-alone,' assimilating most functions currently handled by CSUN Human Resources; 2013/14 expenses are anticipated at $72,000 over current year. Sponsored Programs is budgeted flat for 2013/2014, due to the federal sequester. The current year is the biggest for University Licensing, largely due to *American Idol*'s use of the Valley Performing Arts Center (VPAC) for auditions. The VPAC is not available next year, so that contract has not been renewed; licensing income is expected to decline slightly. A three percent rent increase at the College Court Townhomes will enable the Corporation to refresh units as they are vacated.

CFO, John Griffin reviewed the budget summary, balance sheet and reserves schedule. He noted the Corporation's consistent results and advised that the Corporation is funding a position in the Office of Research and Sponsored Programs, as approved by the Board, in support of the university's efforts to increase research activity. Mr. Griffin added that the university paid off the VPAC loan in only three years.

Harvey Bookstein questioned the need for the high balance in Cash and Cash Equivalents, noting that no interest is earned. Mr. Griffin responded that the short-term investment pool was established to ensure sufficient cash for projects to be accomplished within three years, and management is always looking for investments that will yield better earnings. Mr. Bookstein stated that revenue continues to come in and suggested that some of the money could be put into longer-term investments, while ensuring sufficient cash on hand and without taking unnecessary risk. Mr. Evans responded that he would present this to the Investment Committee and report back to the Board.

Bookstore. Mr. Griffin stated that although bookstore commissions are expected to continue their downward trend, the 2013/14 enrollment information indicates there will be 650 more freshmen than expected for the fall semester. Freshmen tend to purchase most of their course materials from the bookstore.

Food Services. Elizabeth Corrigan, Associate Director of Dining Services, stated that the 2013/14 budget shows a slight increase over current year projections. Ms. Corrigan reported that cost of goods sold (COGS) continue to go up and a $200,000 increase in benefits costs is anticipated with implementation of the Affordable Care Act. Management will continue to focus on costs and marketing efforts, such as the successful MataMoney program, and improved marketing of 'healthy' options.

Real Estate. Director of Sponsored Programs and Real Estate, Georg Jahn, reported that Real Estate did $26,000 better than projected for the current year. While rents continue to increase in the area, the Corporation has maintained its rental rates at well below market. The 3% College Court rent increase will enable the units to be refreshed as they are turned over. One single-family home and one lot contiguous to CSUN were purchased in 2012/13 through the Real Estate Fund.

Sponsored Programs. Budgeting for next year was complicated by the federal sequester and granting agencies' differing approaches to handling budget cuts. Consequently, the budget was kept similar to this year.

Capital Budget. Associate Director of Administrative Services, Heather Cairns, presented the capital budget. Next year's projects include completing the final Orange Grove Bistro improvements recommended in the 2009 physical feasibility study; improvements to the Fernandino Room of Geronimo's, and University House energy saving upgrades. For the energy efficiency projects, Bob Rawitch asked for savings and return on investment information.

MSP (Friedman/Cadavid): **That The University Corporation Board of Directors approve the 2013/2014 operating budget, as presented.** (Appendix D)

ITEM VII ANNOUNCEMENTS

Student-Managed Portfolio. The undergraduate management class that manages a portion of the Corporation's portfolio won first place at the International Student Portfolio Competition held at the University of Dayton.

New Vice President of Administration and Finance. Colin Donahue was introduced to the Board and congratulated on his appointment. Mr. Donahue was formerly the Associate Vice President of Facilities Development and Operations.

Farewell to Michael Neubauer. Michael Neubauer will leave the Board on July 1, as he assumes his new position of Vice Provost. Mr. Evans thanked Dr. Neubauer for his service on the Board and presented him with a parting gift.

Associated Students. Congratulations to Christopher Woolett on his election as Associated Students President.

There being no further business, the meeting adjourned at 4:19 p.m.

Respectfully submitted,

Jennifer Matos, Recording Secretary

The University Corporation
Research, Investments and Commercial Services
California State University, Northridge

PLAN COMMITTEE CHARTER
The University Corporation 403(b)

1. The Fiduciary Plan Committee (the "Committee") shall be composed of individuals appointed by the Board of Directors of The University Corporation. The Committee shall act pursuant to authority delegated by the Board of Directors of the Plan Sponsor (the "Board"), subject at all times to the right of the Board to withdraw such delegation and undertake the responsibilities previously delegated to the Committee directly.

2. The purposes of the Committee are to act pursuant to delegated authority by the Board to satisfy the obligations of the Board under the Employee Retirement Security Act of 1974, as amended as follows:

   a. Establishing and maintaining the Investment Policy Statement;
   b. Selecting investment options;
   c. Selecting investment managers;
   d. Periodically evaluating the Plan's investment performance and recommending investment option changes;
   e. Providing Plan participant investment education and communication;
   f. Undertaking all administrative and ministerial actions authorized under the terms of the Plan;
   g. Reviewing issues, making decisions, and implementing actions related to fiduciary responsibilities as required by law, contemplated in the Plan document, or as authorized by the Board;
   h. Providing the Board with all necessary information and recommendations to make any extraordinary or substantive amendments or changes to the Plan or changes that require settlor approval; and
   i. Reporting to the Board, at least annually, on all significant issues affecting the Plan.

3. The Committee shall follow all the policies and procedures set forth in the Investment Policy statement (the "Investment Policy") of the Plan, as from time to time amended by the Committee subject to approval by the Board. In case of any conflict between the terms of this Charter and the terms of the Investment Policy, the terms of the Investment Policy shall take precedence over the terms of this Charter and shall govern the activities of the Committee.

4. The Committee shall consist of no less than three members as the Board may from time to time designate.

5. At any time that the Committee is required to act pursuant to the Investment Policy, the chair or its designee shall convene a meeting of the Committee.

6. Two members of the Committee shall constitute a quorum for any action to be taken by the Committee at a meeting. A majority of the members participating in the meeting may take any action or make any determination at a meeting of the Committee; providing, however, that both members participating in the meeting must agree to take any action or make any determination in the case of a meeting consisting of only two members. Members of the Committee may participate in a meeting of

such Committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

7. The Committee shall provide information to the Service Provider to assist the Service Provider in preparing all necessary documents, reports, statements, and other materials deemed appropriate or necessary for the administration and recordkeeping of the plan.

8. The Committee shall have the resources and authority imbued in the Committee by the Board as appropriate to discharge its responsibilities, including the authority to consult counsel to the Plan and other experts or consultants at the expense of the Plan.

9. This Charter may be amended by action of a majority of the members of the Committee at a meeting or by the Board; providing that, if amended by the Committee, the Committee shall present such Charter, as amended, to the Board at its next regularly scheduled meeting.

Investment Committee Charter Executed on: May 23, 2013
(Date)

Members:

Rick Evans

John Griffin

Kathryn Weeks

Teresa Loren

Elizabeth Kioussis

The University Corporation
Research, Investments and Commercial Services
California State University, Northridge

APPENDIX B

The University Corporation 403(b)
Investment Policy Statement
March 1, 2013

Part I. THE PLAN
The University Corporation (Company) sponsors a defined contribution plan (the "Plan") for the benefit of its employees and their designated beneficiaries. The Company will appoint a Committee to serve as the Plan fiduciary. The Plan is intended to provide participating employees long-term accumulation of savings through contributions to individual participant accounts and the earnings thereon.

The Plan is a qualified employee benefit plan intended to comply with all applicable federal laws and regulations, including section 401(a) of the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974 (ERISA), as amended. In addition, the Plan is intended to comply with ERISA Section 404(c).

The Plan's participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. Participants and beneficiaries alone bear the risk of investment results from the options and their asset allocation.

Part II. THE PURPOSE OF THE INVESTMENT POLICY STATEMENT
This Investment Policy Statement is intended to assist the Plan's fiduciaries by establishing guidelines for making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring and evaluation of the investment options offered by the Plan.

Specifically, this Investment Policy Statement:

- Defines the Plan's investment objectives.
- Defines the roles of those responsible for the Plan's investments.
- Describes the criteria and procedures for selecting the investment options.
- Establishes investment procedures, measurement standards and monitoring procedures.
- Describes corrective actions the committee can take should investment options and investment managers fail to satisfy established objectives.
- Describes the types of educational materials to be provided to Plan participants and beneficiaries.
- Describes ways to comply with fiduciary obligations and applicable laws and regulations.

This Investment Policy Statement will be reviewed periodically, and, if appropriate, may be amended to reflect changes in the capital markets, plan objectives, or other factors relevant to the Plan.

Part III. INVESTMENT OBJECTIVES
The Committee will select the Plan's investment options based on criteria deemed relevant, from time to time, by the Committee. These criteria may include, but are not limited to, the following:

- Maximization of return within reasonable and prudent levels of risk.
- Provision of returns comparable to returns for similar investment options.
- Provision of exposure to a wide range of investment opportunities in various asset classes and vehicles.
- Control administrative and management costs.
- Provision of appropriate diversification within investment vehicles.
- Investment manager's adherence to stated investment objectives and style.

Part IV. ROLES AND RESPONSIBILITIES
Subject to the terms of the Plan document, the Committee is responsible for selecting the trustee(s); hiring the recordkeeper; hiring the investment consultant; selecting the investment options(s), and selecting an investment(s) for default(s) when a participant or beneficiary fails to provide investment direction. The Committee is also responsible for:

- Establishing and maintaining the Investment Policy Statement.
- Periodically evaluating the Plan's investment performance and recommending investment option changes.
- Periodically monitoring the service providers and investment consultant.
- Periodically monitoring Plan costs.
- Providing for Plan participant investment education and communication.

In executing its responsibilities, the Committee will make decisions solely in the interest of Plan participants and beneficiaries, for the exclusive purpose of providing Plan benefits and defraying reasonable administrative costs. All investments selected by the Committee are intended to meet requirements of ERISA section 404(c).

Part V. MONITORING OF SERVICE PROVIDERS
Service providers should be monitored on a regular basis or more frequently if applicable. Administrative and/or recordkeeping service providers may be benchmarked against, but not limited to, industry averages and/or other provider quotes. Monitoring for these service providers should include, but not be limited to, the provider's:

- Investment offerings and services
- Recordkeeping technology and services
- Compliance services and support
- Technology
- Participant access and communications
- Total Plan costs

The monitoring of the plan provider(s) is to ensure that total plan costs and services are competitive and reasonable.

Investment consultant service providers (plan and participant level) should be monitored regularly and should include, but not be limited to, the provider's:

- Investment Due Diligence processes
- Fiduciary guidance and services
- RPF/Benchmarking scope and services
- Technology
- Participant level access, communications and advice (if applicable)
- Cost

Part VI. SELECTION OF INVESTMENT OPTIONS

The selection of investment options offered under the Plan is among the Committee's most important responsibilities. Set forth below are the considerations and guidelines employed in fulfilling this fiduciary responsibility.

The Plan intends to provide an appropriate range of investment options that may span the risk/return spectrum. Further, the Plan's investment options are intended to allow Plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk. Major asset classes to be considered may include, but are not limited to:

Conservative Investments
Cash and liquid investments including, but not limited to, money market, stable value, and guaranteed interest accounts.

Income Investments
Income oriented investments including, but not limited to, low, medium, and high quality bond funds, with short, intermediate, and/or long term duration. Management styles may be indexed and actively managed international, global, and domestic styles.

Equity Investments
Funds that invest in equity securities, both domestic and foreign, including, but not limited to, small, medium, and large market capitalization, with value, blend, and growth investment objectives, which may be actively managed or indexed.

Asset Allocation Investments
Funds or accounts that invest in a combination of conservative, income, and equity investments, "fund of funds" accounts combining several of the above investments into one or a series of investments, and "manager of managers" accounts combining several different investment styles and fund managers into one account or a series of accounts.

Other Investments
Other appropriate investments in other styles or asset classes offered through vehicles such as commingled trusts, insurance company separate accounts through a group annuity contract, and mutual funds. Notwithstanding the foregoing, the Committee may consider, but is not required, to include in the investment menu any specific investment asset class, option, or style.

Default Investment(s)
The Investment Committee will evaluate and choose an investment or set of investments to serve as the default investment(s) for the Plan. The default investment(s) will be the designated investment for dollars contributed to the Plan by participants and/or the employer for which the Plan has not received investment direction.

The default investment will be selected to comply with the requirements of ERISA section 404(c)(5) and the regulations promulgated thereunder as a qualified default investment alternative ("QDIA").

After determining the desired asset classes, the Committee will evaluate and choose the desired investment option(s) for the Plan's investment menu. If an investment manager (responsible for the management of the underlying investment vehicle, such as a mutual fund, commingled account or separate account) is chosen as the investment option, the following minimum criteria should be considered:

The investment manager should be a bank, insurance company, investment management, mutual fund company or an investment advisor under the Registered Investment Advisors Act of 1940;

1. The investment manager should operate in good standing with regulators and clients, with no material pending or concluded legal actions against it; and
2. All relevant quantitative and qualitative information on the fund manager and fund should be made available by the manager and/or vendor.

In addition to the minimum criteria above, all investments under consideration should meet the following standards for selection:

1. Investment performance should be competitive with an appropriate style-specific benchmark and the median return for an appropriate, style-specific peer group (where appropriate and available, long-term performance of an investment manager may be inferred through the performance of another investment with similar style attributes managed by such investment manager);
2. Specific risk and risk-adjusted return measures should be reviewed by the Committee and be within a reasonable range relative to appropriate, style-specific benchmark and peer group;
3. The investment manager should demonstrate adherence to the stated investment objective, without excess style drift over trailing performance periods;
4. Fees and fee structures should be competitive compared with similar investments reasonably available to the Plan;
5. The investment manager should exhibit attractive qualitative characteristics, including, but not limited to, acceptable manager tenure; and
6. The investment manager should be able to provide performance, holdings, and other relevant information in a timely fashion with specified frequency.

Furthermore, investment managers (to be used interchangeably with the term "fund" throughout the Investment Policy Statement) will be evaluated and selected utilizing an investment manager "score card," detailed in Part VII (Investment Monitoring and Reporting).

Finally, any fiduciary warranty or guarantee offered by the service provider will be considered in the investment selection process, but will not supersede the provisions of this Investment Policy Statement.

Part VII. INVESTMENT MONITORING AND REPORTING

The ongoing monitoring of investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment option continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied. Frequent change of investments is neither expected nor desired.

The Committee will bear in mind any and all political, social, economic or other changes that may potentially require more frequent review and consideration of investments. The following are some, but not all, general factors that may be considered in ongoing monitoring:

- Current regulatory environment,
- Current state of capital markets,
- Performance of investment alternatives,
- Utilization of accounts by Plan demographic,

- The prudent applicability of this Investment Policy Statement as written, in light of prevailing facts and circumstances.

Monitoring will utilize the same investment selection criteria used in the original selection analysis. Unusual, notable, or extraordinary events will be communicated by the investment manager and/or vendor on a timely basis to the Committee. Examples of such events include portfolio manager or team departure, violation of investment guidelines, material litigation against the investment management firm, or material changes in firm ownership structure and announcements thereof.

If overall satisfaction with the investment option is acceptable, no further action is required. If areas of dissatisfaction exist, the investment manager must take steps to remedy the deficiency. If over a reasonable period the manager is unable to resolve the issue, removal of the investment option may result.

For supported asset classes, an investment manager "score card" will be maintained and documented (see addendum) to substantiate acceptable levels of manager performance and appropriate style characteristics. Based upon objective criteria, derived from Modern Portfolio Theory concepts, each fund will receive a score reflecting its overall performance.

If a fund fails to meet the criteria standards, as determined by its score, it will be placed on a "watch list." (In the event a fund receives a score which is below that of "watch list" status, or experiences extraordinary circumstances which may render it inappropriate to maintain, it may be considered for removal at the earliest administratively reasonable date.) If this fund continues to remain on "watch list" for the following three quarters, or four of the following seven quarters, the fund should be considered for possible removal.

If the fund meets criteria standards for four consecutive quarters, it may be removed from the watch list.

Index funds are not scored. However, the appropriate statistics (R-squared and tracking error) should be monitored to ensure the fund is tracking the appropriate benchmark. Index funds are not designed to out-perform the "market." Their investment strategy replicates a benchmark or index, thus no score is applied due to their passive investment nature and objectives.

Asset Allocation funds and/or accounts will be scored and monitored using the previously described guidelines. Unlike other funds which are monitored and scored individually, these funds should be evaluated as a group. Due to the unique importance of these professionally managed vehicles for participants in the plan, funds or accounts failing to achieve criteria standards will be carefully reviewed before removal from the plan (in the absence of a reasonable alternative). In addition, funds with short time history should be evaluated qualitatively.

Investments where no score is applied due to specialty focus, short time history or other unique circumstances should be reviewed using a qualitative framework.

The foregoing investment monitoring criteria shall not, under any circumstances, be taken as definitive, conclusive, or controlling for removal, termination, or continuation of an investment option. All determinations should be made by the Committee, in its sole discretion, taking into consideration all relevant facts and circumstances.

The Company retains full responsibility for the offering and monitoring of any self-directed brokerage account(s) and/or company stock offered as an investment option, which will be reviewed periodically as determined by the Company based on criteria determined by the Company. Special considerations should be contemplated and discussed before allowing either as an investment option.

Part VIII. MANAGER REMOVAL

An investment manager (i.e., fund) may be removed when the Committee has lost confidence in the manager's ability to:

- Achieve performance, style, allocation, and/or risk objectives.
- Maintain acceptable qualitative standards (e.g., stable organization, compliance guidelines).

If the investment manager has failed to adhere to and/or remedy one or both of the above conditions, the fund should be considered for removal from the plan.

Any decision by the Committee to remove such a fund will be made on an individual basis, and will be made based on all the known facts and circumstances, including, but not limited to:

- The objective analysis (described above)
- Administrative impact on the plan
- Timing
- Employee communication issues
- The availability of other (potential replacement) managers
- Underwriting and plan provider limitations
- Financial considerations (hard and soft dollar fees)
- Professional or client turnover
- A material change in the investment process
- Other relevant factors

Considerable judgment should be exercised in the manager removal decision-making process. A manager should be removed using one of the following approaches:

- Remove and replace (map assets) with an alternative manager.
- Freeze the assets managed by the removed manager and direct new assets to an alternative manager.
- Phase out the manager over a specific time period.
- Remove the manager and do not provide a replacement manager.

Replacement of a removed manager follows the criteria outlined in Part VI (Selection of Investment Options).

Part IX. PARTICIPANT EDUCATION AND COMMUNICATION

The Plan should communicate to employees that they can direct their own investments and investment changes. Investment communications materials, educational materials, and enrollment support should be available to help Plan participants make educated and informed choices, including:

1. Periodic enrollment and investment education, through one or more of the following: on-site meetings, phone conference, web conference, Internet, phone (voice-response and live representatives), and written materials;
2. ERISA Section 404(c) disclosure;
3. Summary plan description made available to all participants;
4. General information regarding investment risk, inflation, potential taxation impact, investment earnings, and asset classes;
5. Other investment tools (e.g., investment risk profile questionnaire) to assist participants and beneficiaries in making educated and informed investment decisions; and
6. All additional information required for disclosure by ERISA, the Internal Revenue Code of 1986, and all other Federal and state statutes and all regulations promulgated hereunder, and all regulatory guidance provided thereto.

Notwithstanding the foregoing, all investment education provided by the Plan and/or Committee, and all communications connected thereto, is not intended, nor shall it be construed, as investment advice to Plan participants.

Part X. COORDINATION WITH THE PLAN DOCUMENT

Notwithstanding the foregoing, if any term or condition of this Investment Policy Statement conflicts with any section of ERISA or the Internal Revenue Code, or regulations promulgated hereunder, or any term or condition in the Plan document, the terms and conditions of ERISA, the Internal Revenue Code, and the Plan document shall control.

Part XI. ERISA 404(c)

The Company and the Committee intend for the Plan to comply with ERISA Section 404(c) and the regulations there under. Each participant/beneficiary is provided the opportunity to exercise control and to give instructions over his/her account with a frequency that is appropriate for each investment option and, finally, to choose from a broad range of investment options. Plan fiduciaries are thus relieved from liability for investment performance directly resulting from investment decisions made by Plan participants.

The intention to comply with ERISA Section 404(c), and the regulations promulgated hereunder, will be communicated to employees in writing.

Part XII. INVESTMENT INFORMATION AND ADMINISTRATIVE SUPPORT

The Committee should require the investment manager and/or service provider (administrator, recordkeeper) to offer the following administrative information and support:

1. Daily valuation of all investments;
2. Daily access to account information via toll-free number and Internet access;
3. The ability to make investment transfers for both existing and future individual account balances on a daily basis (non-business days and holidays excluded). Certain trading practices may be limited to comply with market timing, excess trading, liquidity driven and/or related policies and procedures of the service provider and/or specific investment options;
4. Participant account investment reports produced no less frequently than annually, with similar information available via the Internet at least quarterly; and
5. Quarterly investment performance updates available for participant review via the Internet.

Part XIII. REVIEW PROCEDURES

This Investment Policy Statement will be periodically reviewed and amended, if appropriate, at any time and without notice, by action of the Committee.

It is not expected that this Investment Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require amendments to this Investment Policy Statement.

Name of Plan Fiduciary	Signature	Date
JOHN GRIFFIN		8/13/13
RICK EVANS		8/13/13

ADDENDUM TO PART VII: INVESTMENT MONITORING AND REPORTING

The Scorecard℠ System

Methodology:

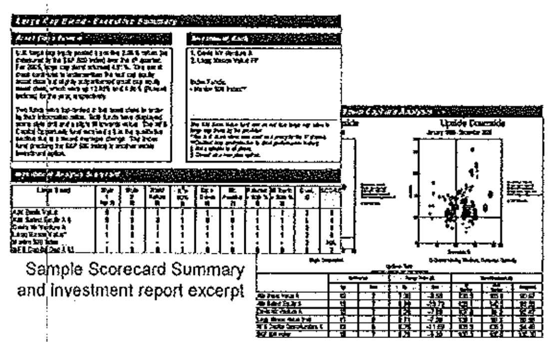
The *Scorecard℠* System methodology incorporates both quantitative and qualitative factors into evaluating fund managers and their investment strategies. The scoring system is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best).

Eighty percent of the fund's score is quantitative, incorporating modern portfolio theory statistics, quadratic optimization analysis, and peer group rankings (among a few of the quantitative factors). There are eight factors, which are explained on the next page (titled "Quantitative Factors"). Funds are evaluated over a 5 year period unless a fund option in that asset class has less than 5 years but greater than 3 years of performance, in which case the fund with under 5 years of history may be evaluated. Funds with less than 3 years of performance history are omitted from the analysis and removed from consideration.

The other 20% of the score is qualitative, taking into account manager tenure, the fund's expense ratio relative to the average fund expense ratio in that asset class category, and the fund's strength of statistics (statistical significance). Other criteria that may be considered in the qualitative score includes the viability of the firm managing the assets, management or personnel issues at the firm, and/or whether there has been a change in direction of the fund's stated investment strategy.

Combined, these factors are a way of measuring the relative performance, characteristics, behavior and overall appropriateness of a fund for inclusion into a plan as an investment option. General fund guidelines are shown in the "Scorecard Point System" table below.

Scorecard Point System	
Good:	9-10 Points
Acceptable:	7-8 Points
Watch List:	5-6 Points
Poor:	0-4 Points



Sample Scorecard Summary and Investment report excerpt

Evaluation Criteria

Quantitative Factors (1-8):

1)*	**Style Analysis:** Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the plan.	Style Factors – 30%
2)*	**Style Drift:** Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	
3)*	**R-Squared:** Measures the % of a fund's returns that are explained by the benchmark. Fund passes with an R2 > 80%. This statistic measures whether the benchmark used in the analysis is appropriate.	
4)	**Risk/Return:** Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	Risk/Return Factors – 30%
5)	**Up/Down Capture Analysis:** Measures the behavior of a fund in up and down markets. Fund passes with an up capture > its down capture. This analysis measures the relative value by the manager in up and down markets.	
6)	**Information Ratio:** Measures a funds relative risk and return. Fund passes if ratio is > 0. This statistic measures the value added above the benchmark, adjusted for risk.	
7)	**Returns Peer Group Ranking:** Fund passes if its median rank is above the 50th percentile.	Peer Group Rankings – 20%
8)*	**Information Ratio Peer Group Ranking:** Fund passes if its median rank is above the 50th percentile. This ranking ranks risk adjusted excess return.	

*Asset Allocation Portfolios

The evaluation criteria utilizes the same metrics as the Core Asset Classes, with the following exceptions. For example, 1) Risk Level, below, replaces 1) Style Analysis, left.

1) **Risk Level:** The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.

2) **Style Diversity:** Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category.

3) **R-Squared:** Measures the % of a fund's returns that are explained by the benchmark. Fund passes with an R2 > 90%.

8) **Sharpe Ratio Peer Group Ranking:** Fund passes if its median rank is above the 50th percentile. This ranking ranks risk adjusted return.

Qualitative Factors (9-10):

9-10)	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account non-quantitative factors, which may impact future performance.	Qualitative Factors – 20%

Disclosures and Notes

- Some funds, accounts, or share classes used in the enclosed analysis may not be available for investment. Performance history prior to inception (if applicable) reflects another share class or account reflecting the advisor's historical performance record.

- Investment objectives and strategies vary among fund, and may not be similar for funds included in the same asset class.

- *Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.*

- The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted.

- Performance data is subject to change without prior notice.

- Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

- The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as *Zephyr, Morningstar,* firms who manage the investments, and/or the retirement plan providers who offer the funds.

- Every reasonable effort has been made to insure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by 401(k) Advisors preparing this report.

- Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard factors.

- Neither past performance or statistics calculated using past performance are a guarantee of a fund's future performance. Likewise, a fund's score using 401(k) Advisor's *Scorecard*SM System does not guarantee the future performance or style consistency of a fund.

- The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund.

- 401(k) Advisors, a registered investment advisor, prepared this report and believes that this information is relevant to the plan sponsor as the plan sponsor makes investment selections.

- Fund selection is at the discretion of the investment fiduciaries, which are either the plan sponsor or the committee appointed to perform that function.

- Index funds and select Specialty funds are not scored by the *Scorecard*SM System.

- The enclosed Investment Due Diligence report, including the *Scorecard*SM System, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use.

- The enclosed Investment Due Diligence report and Scorecard is not an offer to sell mutual funds. An offer to sell may be made only after the client has received and read the appropriate prospectus.

- For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant.

- For the most current month-end performance, please contact 401(k) Advisors at (800) 959-0071.

AUDIT COMMITTEE
The University Corporation
North Campus-University Park Development Corporation
California State University, Northridge Foundation

Charter

Purpose

The audit committee (the 'committee') oversees proper external review of the audited financial statements of The University Corporation, the North Campus-University Park Development Corporation and the California State University, Northridge Foundation (collectively, the 'auxiliaries'), as well as the organizations' risk management, including monitoring the internal control environment. Committee members shall be free of any relationship that, in the opinion of the auxiliary boards of directors would interfere with his or her individual exercise of independent judgment.

Composition and Meetings

The committee will consist of at least three members, including at least one member from each of the three auxiliary boards. At least one committee member must have accounting or financial expertise. The Vice President, Administration and Finance of California State University, Northridge (the 'university') will be the ex officio member of the audit committee. Committee members will be appointed by the University President and approved by their respective auxiliary board. The committee will meet at least annually and as many additional times as the committee deems necessary.

Responsibility and Authority

The committee will:

- Recommend the engagement, retention, and termination of the independent auditors;
- Negotiate compensation of the independent auditors, on behalf of the boards of directors of the auxiliaries;
- Review the performance of the auditors and ensure continued independence;
- Review with the independent auditors the auxiliaries' annual audits;
- Determine whether to accept the annual audits;
- Confer with the independent auditors regarding the accounting, financial affairs and internal controls of the auxiliaries;
- Oversee any non-audit services performed by the independent auditors;
- Review with auxiliary management, university internal auditors, and independent auditors the auxiliaries' internal controls and risk management/mitigation processes.

The Audit Committee is governed by the California Nonprofit Integrity Act of 2004.

Approved by The University Corporation Board of Directors, May 23, 2013
Approved by the North Campus-University Park Development Corporation Board of Directors, April 19, 2013
Approved by the California State University, Northridge Foundation Board of Directors,

OPERATING BUDGET

Proposed for Fiscal Year 13/14

The University Corporation
Research, Investments and Commercial Services
California State University, Northridge

CONTENTS

The University Corporation
Fiscal Year 2013-2014 Budget Summary

	Actual FY 11/12	Budget FY 12/13	Projected FY 12/13	Budget FY 13/14
Surplus/(deficit) by operating unit:				
Bookstore	$ 1,310,887	$ 1,223,888	$ 1,184,747	**$ 1,138,556**
Food Services	1,607,024	1,817,164	1,670,692	**1,613,813**
Real Estate	(197,260)	(111,630)	(108,856)	**(82,376)**
General & Administrative	(2,153,554)	(2,207,246)	(2,148,838)	**(2,306,852)**
Sponsored Programs service fee @ 3.9%	1,087,880	936,000	1,105,916	**1,111,500**
Total surplus from operations	1,654,977	1,658,176	1,703,661	**1,474,641**
Add back depreciation expense *(non cash expense)*	1,609,280	1,619,564	1,615,149	**1,659,914**
Cash generated from operations	3,264,257	3,277,740	3,318,810	**3,134,555**
Cash reductions:				
Capital expenditures	(263,442)	(250,000)	(250,000)	**(300,000)**
Principal payments on debt service *(see note A)*	(647,685)	(679,000)	(660,000)	**(680,000)**
Contributions to campus:				
- Hospitality	(63,500)	(63,500)	(63,500)	**(63,500)**
- Annual surplus contribution to campus *(see note B)*	(607,565)	(634,000)	(626,365)	**(640,162)**
- Pepsi	(235,000)	(235,000)	(235,000)	**(235,000)**
Total cash reductions	(1,817,192)	(1,861,500)	(1,834,865)	**(1,918,662)**
Net cash generated to replenish reserves	$ 1,447,065	$ 1,416,240	$ 1,483,945	**$ 1,215,893**
TUC contribution to CSUN ORSP *(see note C)*	-	-	(41,083)	**(100,000)**
Adjusted net cash generated to replenish reserves	$ 1,447,065	$ 1,416,240	$ 1,442,862	**$ 1,115,893**

Notes:

(A) *Principal payments on debt service connected to the CSU System Wide Revenue Bonds (SRB) and the Citibank mortgage for one College Court townhome.*

(B) *Annual surplus contribution to campus less the $63,500 transferred for hospitality.*

(C) *TUC has agreed to fund one FTE support position in the CSUN ORSP office for a period of 3 years and make a one-time contribution of $50,000 towards a study to be conducted in the ORSP office.*

The University Corporation

Balance Sheet
Estimated as of June 30, 2013

Balance Sheets

Estimated for June 30, 2013 & June 30, 2014

The balance sheet helps to assess the financial condition of a corporation by showing how operations affect the value of that corporation, the nature of its assets and liabilities, and the type and depth of the net assets ('retained earnings' in a for-profit environment).

The estimated balance sheet for 6/30/13 reflects the impact of FY 12/13 operations in comparison to 6/30/12. The balance sheet for 6/30/14 estimates the impact of the proposed FY 13/14 budget compared to the estimated 6/30/13 balance sheet. Explanations for significant category changes are provided below.

Significant Changes for Year Ending 6/30/13

While net activity for FY 12/13 resulted in a decrease of ($237,000) between the 6/30/13 estimated balance sheet and the 6/30/12 balance sheet, total net assets increased $1.95 million. Other categories with significant variances have been footnoted to provide additional information. A major item in FY 12/13 is the university's prepayment of the remaining Valley Performing Arts Center (VPAC) accounts receivable balance. The effect of the prepayment is noted in footnotes 2, 5 and 6.

Footnotes for Significant Changes from 6/30/12

1. An increase of $1.32 million in cash and cash equivalents due to operational cash flows from commercial services and sponsored programs.

2. A net decrease of ($1.6 million) in accounts receivable resulting from university loan payments of $1.7 million against the VPAC accounts receivable. The VPAC accounts receivable balance from campus was paid in full.

3. A decrease of ($622,000) in Grants & Contracts accounts receivable due to lower projected activity in May and June, in addition to more efficient collection efforts.

4. A net increase of $850,000 in investments, resulting from projected gains in the long-term investment pool.

5. A net decrease of ($1.2 million) in accounts payable due to the university's $1.4 million payment against the VPAC loan.

6. A decrease of ($729,000) in long-term bonds due to ($351,000) prepayment of VPAC loan by the university and ($378,000) scheduled bond payments for FY 13/14 moved to short-term bonds and included in accounts payable.

Footnotes for Significant Changes from 6/30/13 to 6/30/14

The estimated balance sheet numbers for 6/30/14 reflect the impact of the proposed FY 13/14 budget on TUC's estimated financial position as of 6/30/13. Due to projecting balances a year from now, most of the 6/30/14 balances are flat compared to the estimated 6/30/13 balances. Those categories with significant changes are detailed below.

7. Increase of $894,000 in cash and cash equivalents from projected cash flow.

8. Net increase of $467,000 in investments. Assumptions reflect a 5% return in the long-term investment pool offset by $350,000 of projected endowment related expenditures.

9. Net fixed assets category reflects a decrease of ($625,000) caused by depreciation expense for 13/14 exceeding fixed asset additions.
   a. ($1.66 million) increase in accumulated depreciation resulting from 13/14 budgeted depreciation expense
   b. Offset by $1.035 million increase in gross fixed assets:
      - FY 13/14 capital budget items - $300,000
      - Remaining Freudian Sip Oviatt Library construction project - $235,000
      - Projected single family home purchase - $500,000

10. Decrease in long-term bonds of ($399,000) after moving the scheduled FY 14/15 long-term bond payments to short term bonds which is reflected in accounts payable.

11. Decrease of ($324,000) in net surplus from prior year resulting from: a) increased costs in Human Resources resulting from the assumption of functions previously performed by CSUN HR; and b) impact of the Affordable Health Care Act over the last half of FY 13/14.

The University Corporation
Balance Sheet
Estimated for June 30, 2013 & 2014

	Comparative Balance 6/30/2012	Estimated Balance 6/30/2013		Estimated Balance 6/30/2014	
Assets					
Cash and Cash Equivalents	$ 6,933,408	$ 8,256,000	(1)	$ 9,150,000	(7)
Accounts Receivable	3,191,755	1,556,000	(2)	1,650,000	
A/R Grants & Contracts	2,289,502	1,667,000	(3)	1,690,000	
Prepaid Deposits	58,242	152,000		150,000	
Inventories	238,971	256,000		250,000	
Investments	15,494,647	16,344,000	(4)	16,811,000	(8)
Fixed Assets, net	19,454,644	19,193,009		18,568,000	(9)
Total Assets	$ 47,661,169	$ 47,424,009		$ 48,269,000	
Liabilities					
Accounts Payable	$ 2,983,559	$ 1,810,000	(5)	$ 1,925,000	
Accrued Liabilities	4,374,640	4,050,000		3,960,000	
Deposits Held in Custody for Others	1,520,119	1,567,000		1,587,000	
Deferred Revenue	985,379	1,219,000		1,210,000	
Long-Term Debt Mortgages	152,684	133,038		112,347	
Long-Term Debt Bonds	4,695,505	3,966,015	(6)	3,567,526	(10)
Long-Term Lease Liability	9,139,982	8,919,655		8,522,197	
Total Liabilities	23,851,868	21,664,708		20,884,070	
Net Assets					
Beginning Balance (unrestricted)	17,558,921	19,945,508		21,895,508	
Permanently restricted	3,863,793	3,863,793		3,863,793	
Current year surplus/(loss)	2,386,587	1,950,000		1,625,629	(11)
Total Net Assets	23,809,301	25,759,301		27,384,930	
Total Liabilities & Net Assets	$ 47,661,169	$ 47,424,009		$ 48,269,000	

The University Corporation

Statement of Net Asset Reserves
Estimated as of June 30, 2013

STATEMENT OF NET ASSET RESERVES
Estimated for June 30, 2013

An operating reserve is an unrestricted fund balance set aside to stabilize a nonprofit's finances by providing a cushion against unexpected events, income losses, and large unbudgeted expenses. Operating reserves are intended for temporary problems, not to cover a long-term or permanent income shortfall. An important factor in using operating reserves is having a realistic plan to replenish them. TUC will use investment income from the long-term investment pool to replenish reserves linked to long-term investments, and net cash generated to replenish reserves linked to short-term investments.

The Statement of Net Asset Reserves has been separated into long-term and short-term reserves. The roll forward format reflects the changes that have occurred during the past year.

Reserves linked to long-term investments:

1. *Sponsored Programs Reserve for Disallowances*. Used to cover disallowed costs and penalties, as well as extraordinary, irregular or unbudgeted sponsored programs administration costs. Based on a FY 11/12 analysis and the current level of sponsored programs activity, the required minimum reserve is $600,000.

2. *Sponsored Programs Reserve for IT Improvements*. Established in 2010 for Sponsored Programs-related information technology improvements, the maximum amount of this reserve is $50,000.

3. *Matador Bookstore Complex (MBC) Building Reserve*. Established for major MBC repairs and renovations. This year's $250,000 addition partially funds the estimated $2.0 million HVAC renovation/electrical upgrade. The plan is to fund this requirement over the next five to six years.

4. *Sierra Center Building Reserve*. Established for major repairs and renovations to the Sierra Center building, the yearly allocation is $100,000, with a target balance of $500,000.

5. *Arbor Court Building Reserve.* New reserve established for major repairs and renovations to the Arbor Court building. The yearly allocation will be $25,000 with a target balance of $100,000.

6. *University House Reserve.* New reserve established for future renovation of the President's residence. The yearly allocation is $25,000 with a target balance of $100,000.

7. *Current Operations Reserve*. Required by California Education Code, provides contingency funding for unforeseen events. The Board approved $600,000 for this reserve, approximately three months' General & Administrative expenditures.

8. *Working Capital Reserve*. Required by California Education Code, provides emergency funds for operational commitments as needed, including receivables financing for grants and contracts billed in arrears. The Board approved a reserve of $1.5 million based on grants and contracts volume of $18-$20 million.

9. *Unplanned Capital Replacement Reserve*. Required by California Education Code, covers the largest system failure that might occur outside the normal annual capital budget. The Board approved $400,000 for this reserve.

10. *Undesignated General Reserve.* Depository for all funds added to the long-term reserves and the source of transfers to other reserve accounts. Primary source of funds is investment gains from the long-term investment pool.

Projected activity for FY 12/13 is as follows:

Beginning reserve balance	$2,237,880
Add: Estimated investment gain	536,000
Less: Transfers to other long-term reserves	(400,000)
Estimated ending reserve balance	$2,373,880

Reserves linked to short-term investments:

1. *Real Estate Reserve.* Established to purchase real estate for the university's strategic needs, the Board approved $1.5 million for this reserve. FY 12/13 activity of $781,800 reflects the purchase of the Nordhoff Street house in November 2012 and a second vacant lot on Halsted Street in April 2013. Partial replenishment of $658,000 is recommended for FY 13/14. Source of funds is the projected 12/13 net cash generated.

2. *Real Estate Repairs & Maintenance Reserve.* Established for unforeseen major repairs & maintenance costs related to the Corporation's single-family homes. Normal repairs & maintenance charges will continue to be budgeted annually. The maximum amount of this reserve is $50,000.

3. *Approved Capital Projects Reserve.* Required by the California Education Code, this reserve funds Board approved capital projects. One project is currently in progress - the Freudian Sip Oviatt Library construction project at $410,000.

4. *Reserve for future Student Housing-Related Projects.* This reserve was established in FY 11/12 for expansion/renovation of student housing projects related to the new 400-bed student housing facility opening summer 2015. Preliminary project estimate is $3.0 million. A $900,000 annual allocation will be funded from net cash generated. Project includes:
   a. Expansion of Geronimo's into adjoining Shoshone Room with additional food concepts;
   b. Construction of a Freudian Sip coffee house in the new student housing facility;
   c. Renovation of La Tienda convenience store;
   d. Kitchen equipment upgrades.

5. *Net cash generated to replenish reserves.* This reflects the projected FY 12/13 net cash generated to replenish reserves amount, to be utilized for short-term reserve requirements.

The projected activity for FY 12/13 is as follows:

Beginning balance	$195,411
Add: Net cash generated to replenish reserves	1,442,862
Less: Transfers to long-term reserves and other activity	(80,000)
Less: Transfers to other short-term reserves	(1,558,000)
Estimated ending balance	$273

The University Corporation
FY 12/13 schedule of reserves
Projected as of 6/30/13

4/15/13

Name	7/1/12 Balance	Additions	Activity	Transfers	Projected 6/30/13 Balance	Projected Transfers	Adjusted 7/1/2013 Balance	
Reserves linked to long-term investments:								
Specific Purpose								
1. Sponsored Projects Reserve for Disallowances	$ 600,000		$ -		$ 600,000		$ 600,000	
2. Sponsored Projects Reserve for IT Improvements	50,000				50,000		50,000	*Target balance is $50,000*
3. Reserve for MBC Building	668,052		(26,351)		641,701	250,000	891,701	*Target balance is $2.0 mil*
4. Reserve for Sierra Center Building	300,000				300,000	100,000	400,000	*Target balance is $500,000*
5. Reserve for Arbor Court Building	25,000				25,000	25,000	50,000	*Target balance is $100,000*
6. Reserve for University House	10,000				10,000	25,000	35,000	*Target balance is $100,000*
Required by Education Code								
7. Current Operations reserve *(Board established level of $600,000)*	600,000				600,000		600,000	
8. Working Capital reserve *(Board established level of $1,500,000)*	1,500,000				1,500,000		1,500,000	
9. Unplanned Capital Replacement reserve *(Board established level of $400,000)*	400,000				400,000		400,000	
10. Undesignated general reserve - long term	2,237,880	536,000			2,773,880	(400,000)	2,373,880	
Total Long-term Reserves	$ 6,390,932	$ 536,000	$ (26,351)	$ -	$ 6,900,581	$ -	$ 6,900,581	
Reserves linked to short-term investments:								
1. Real Estate reserve	$ 1,101,321	$ -		$ -	$ 319,484	$ 658,000	$ 977,484	*Target balance is $1.5 mil*
a. Nordhoff street house			(451,837)					
a. Halsted vacant lot			(330,000)					
2. Repairs & Maintenance Reserve for Real Estate	50,000	-	-	-	50,000	-	50,000	*Target balance is $50,000*
3. Approved Capital Projects reserve								
a. Freudian Sip Oviatt Project	330,000	-	(175,000)	80,000	235,000	-	235,000	
4. Reserve for future Student Housing-Related Projects	1,150,000		(30,000)	-	1,120,000	900,000	2,020,000	*Target balance is $3.0 mil*
5. Net cash generated to replenish reserves	195,411	1,442,862	-	(80,000)	1,558,273	(1,558,000)	273	
Total Short-term Reserves	$ 2,826,732	$ 1,442,862	$ (986,837)	$ -	$ 3,282,757	$ -	$ 3,282,757	
Total Reserves	$ 9,217,664	$ 1,978,862	$ (1,013,188)	$ -	$ 10,183,338	$ -	$ 10,183,338	

The University Corporation

Division Budgets

Consolidated Budget Report of all Divisions

Following is a summary spreadsheet detailing the operating budgets of all TUC divisions, including:

- General and Administrative
- Stores
- Foodservices
- Real Estate
- Sponsored Programs

Following the Consolidated Budget Report are the individual division budgets and accompanying narratives.

THE UNIVERSITY CORPORATION

	GENERAL & ADMINISTRATIVE			BOOKSTORE			FOOD SERVICES		
	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014
Revenue:									
Bookstore Commissions	0	0	0	1,325,500	1,295,300	1,238,800	0	0	0
Food Service Sales	0	0	0	0	0	0	12,623,660	12,722,920	13,040,749
Food Service Commissions/Other Income	0	0	0	0	0	0	612,573	575,327	578,620
Real Estate Rentals	0	0	0	0	0	0	0	0	0
Grants & Contracts	0	0	0	0	0	0	0	0	0
Indirect Cost Recovery	0	0	0	0	0	0	0	0	0
Licensing	$ 69,600	$ 90,000	$ 75,000	0	0	0	0	0	0
Rental Income	562,944	566,270	624,328	0	0	0	0	0	0
Endowment Admin. Fee	178,080	172,000	160,000	0	0	0	0	0	0
Other Income	371,121	379,808	389,580	0	0	0	0	0	0
Total Revenue	1,181,745	1,208,078	1,248,908	1,325,500	1,295,300	1,238,800	13,236,233	13,298,247	13,619,369
Operating Expenses:									
Grants & Contracts Direct Expenditures	0	0	0	0	0	0	0	0	0
Cost of Goods Sold	0	0	0	0	0	0	4,350,234	4,574,002	4,590,022
Salaries & Wages	1,145,922	1,120,406	1,243,451	22,500	22,500	22,500	3,030,367	2,998,437	3,107,200
Benefits	416,994	387,401	445,489	8,820	9,374	9,000	604,961	594,144	827,565
Temporary Help	0	0	0	0	0	0	0	0	0
Allowance for Doubtful Accounts	0	0	0	0	0	0	0	0	0
Bank Charges	20,100	19,507	20,100	0	0	0	299,363	277,442	282,295
Bldg/Operating/Health Reserves	0	0	0	0	0	0	0	0	0
Building/Sanitation/Custodial	49,621	53,557	178,023	0	44	0	121,051	99,233	113,313
Communications/Telephone/Pagers	22,904	23,379	22,340	0	0	0	23,675	22,027	25,085
Depreciation & Amortization	416,717	415,291	444,260	49,644	49,646	49,644	958,428	952,442	961,358
Dues & Subscriptions	5,450	8,993	8,350	0	0	0	22,112	18,962	17,339
Equipment/Equipment Rental	15,690	16,692	18,020	0	0	0	76,995	88,425	126,385
Fees	1,500	16	0	0	0	0	302,455	305,903	296,200
Royalties	0	0	0	0	0	0	0	0	0
Freight/Postage/Mail Service	9,800	13,145	13,000	0	0	0	180	293	0
Insurance	144,672	159,656	154,284	13,044	11,376	12,300	43,032	39,616	39,348
Interest Expense	224,868	219,539	197,213	0	0	0	246,276	235,635	189,424
Taxes & Licenses	8,750	9,900	9,750	1,600	1,681	1,800	707	1,031	2,772
Legal & Audit Fees	46,404	46,093	44,000	0	0	0	4,200	2,008	1,200
Marketing/Advertising	6,000	5,996	5,000	6,000	3,527	5,000	119,831	159,798	197,852
Paper Goods	0	0	0	0	0	0	279,715	309,179	312,933
Parking & Security	408	1,698	888	0	12,405	0	13,162	9,320	10,060
Professional Services	462,925	450,918	337,440	0	0	0	161,317	181,852	168,779
Rent/Lease Expense	0	0	0	0	0	0	0	0	0
Utilities	217,632	242,674	236,088	0	0	0	250,005	259,538	263,520
Repairs & Maintenance	111,717	104,929	116,354	0	0	0	326,234	296,379	274,901
Supplies	40,565	38,115	39,225	0	0	0	172,730	188,020	165,165
Training/Conference Fees	5,400	4,537	5,685	0	0	0	12,040	8,255	12,840
Travel/Hospitality	14,960	14,474	16,800	0	0	0	0	5,614	20,000
Total Operating Expenditures	3,388,999	3,356,916	3,555,760	101,608	110,553	100,244	11,419,070	11,627,555	12,005,556
Net Surplus (Deficit) Before G&A	(2,207,254)	(2,148,838)	(2,306,852)	1,223,892	1,184,747	1,138,556	1,817,163	1,670,692	1,613,813
G&A Related Overhead Allocation of General & Administrative	(2,207,254)	(2,148,838)	(2,306,852)	521,214	427,598	490,094	559,352	458,886	525,955
Spons Proj/Lic Surplus - Avail to Campus									
Net Cash (Deficit) From Operations	0	0	0	702,678	757,149	648,462	1,257,811	1,211,806	1,087,858

	REAL ESTATE			SPONSORED PROGRAMS			OPERATIONAL SUMMARY		
	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014
Revenue:									
Bookstore Commissions	0	0	0	0	0	0	1,325,500	1,295,300	1,238,800
Food Service Sales	0	0	0	0	0	0	12,623,660	12,722,920	13,040,749
Food Service Commissions/Other Income	0	0	0	0	0	0	612,573	575,327	578,620
Real Estate Rentals	788,181	794,907	844,900	0	0	0	788,181	794,907	844,900
Grants & Contracts	0	0	0	21,428,570	24,953,994	25,446,429	21,428,570	24,953,994	25,446,429
Indirect Cost Recovery	0	0	0	2,571,430	3,402,817	3,053,571	2,571,430	3,402,817	3,053,571
Licensing	0	0	0	0	0	0	69,600	90,000	75,000
Rental Income	0	0	0	0	0	0	562,944	566,270	624,328
Endowment Admin. Fee	0	0	0	0	0	0	178,080	172,000	160,000
Other Income	0	0	0	0	0	0	371,121	379,808	389,580
Total Revenue	788,181	794,907	844,900	24,000,000	28,356,811	28,500,000	40,531,659	44,953,343	45,451,977
Operating Expenses:									
Grants & Contracts Direct Expenditures	0	0	0	21,428,570	25,303,519	25,446,429	21,428,570	25,303,519	25,446,429
Cost of Goods Sold	0	0	0	0	0	0	4,350,234	4,574,002	4,590,022
Salaries & Wages	64,450	64,272	67,618	401,099	396,709	408,566	4,664,338	4,602,324	4,849,335
Benefits	22,372	21,934	23,208	138,825	131,411	156,207	1,191,972	1,144,264	1,461,469
Temporary Help	0	0	0	0	0	0	0	0	0
Allowance for Doubtful Accounts	0	0	0	0	0	0	0	0	0
Bank Charges	0	0	0	0	0	0	319,463	296,949	302,395
Bldg/Operating/Health Reserves	0	0	0	0	0	0	0	0	0
Building/Sanitation/Custodial	1,800	205	1,200	0	0	0	172,472	153,129	292,537
Communications/Telephone/Pagers	2,760	2,411	2,700	2,160	1,968	1,560	51,499	49,785	51,685
Depreciation & Amortization	194,765	197,770	204,652	0	0	0	1,619,554	1,615,149	1,659,914
Dues & Subscriptions	2,075	1,907	2,150	5,000	5,253	5,538	34,637	35,175	33,377
Equipment/Equipment Rental	0	203	0	5,000	5,000	3,000	97,685	110,320	147,405
Fees	121,920	119,040	119,040	0	0	0	425,875	424,959	415,240
Royalties	0	0	0	0	0	0	0	0	0
Freight/Postage/Mail Service	1,260	502	840	6,200	5,532	6,200	17,440	19,562	20,040
Insurance	15,000	14,004	13,715	20,990	20,433	20,904	236,738	245,085	240,551
Interest Expense	118,864	125,662	111,396	0	0	0	590,008	580,836	498,033
Taxes & Licenses	103,416	99,312	110,520	0	0	0	114,473	111,924	124,842
Legal & Audit Fees	33,300	31,678	13,620	22,200	22,160	23,400	106,104	101,939	82,220
Marketing/Advertising	7,020	9,191	8,654	0	0	0	138,851	178,512	216,506
Paper Goods	0	0	0	0	0	0	279,715	309,179	312,933
Parking & Security	0	0	0	0	0	0	13,570	23,423	10,948
Professional Services	35,532	20,460	29,400	89,047	84,572	82,135	748,821	737,802	617,754
Rent/Lease Expense	0	0	0	0	0	0	0	0	0
Utilities	1,752	9,404	4,260	0	0	0	469,389	511,616	503,868
Repairs & Maintenance	166,044	179,150	206,604	500	1,036	500	604,495	581,494	598,358
Supplies	3,480	2,143	2,658	8,300	(32,985)	(6,900)	225,075	195,293	200,148
Training/Conference Fees	600	495	1,432	0	395	0	18,040	13,682	19,957
Travel/Hospitality	3,409	3,780	3,609	6,260	3,980	30,310	24,629	27,848	70,719
Total Operating Expenditures	899,819	903,763	927,276	22,134,151	25,948,983	26,177,849	37,943,647	41,947,770	42,766,685
Net Surplus (Deficit) Before G&A	(111,638)	(108,856)	(82,376)	1,865,849	2,407,828	2,322,151	2,588,012	3,005,573	2,685,293
G&A Related Overhead Allocation of General & Administrative	190,688	156,438	179,303	936,000	1,105,916	1,111,500	0	0	0
Spons Proj/Lic Surplus - Avail to Campus				929,840	1,301,913	1,210,651	929,840	1,301,913	1,210,651
Net Cash (Deficit) From Operations	(302,326)	(265,294)	(261,079)	0	0	0	1,658,103	1,703,661	1,474,641

		Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014
Add Back Depreciation (non cash flow)		1,619,554	1,615,149	1,659,914
Less:	budgeted capital expenditures	(250,000)	(250,000)	(300,000)
	principal pymts/debt service	(679,000)	(660,000)	(680,000)
	hospitality contribution to campus	(63,500)	(63,500)	(63,500)
	contribution to campus	(869,000)	(861,365)	(875,162)
Net cash generated to replenish reserves		1,416,217	1,483,945	1,215,804

Note: The G&A allocations to sponsored programs is per the contractual agreements of 3.9% on the level of revenue for FY 13/14
The difference between the G&A summary page allocations and the consolidated budget report for sponsored programs is prorated to the commercial divisions.

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GENERAL AND ADMINISTRATIVE (G&A)

There are seven departments in the General and Administrative Division: Executive, Accounting, Human Resources, Matador Bookstore Complex (MBC), Sierra Center, Arbor Court, and Technology Transfer. The MBC operation includes all facilities-related expenses and rental revenue from the College of Extended Learning and Quick Copies, in addition to common area maintenance reimbursement from Panda Express and El Pollo Loco.

Fiscal Year 12/13 Projection

Fiscal Year 12/13 net G&A expenses have tracked slightly below budget all year and the projection is a favorable variance of $58,000.

Net G&A expense

12/13 Budget	12/13 Projected	*Variance*
$2,207,000	$2,149,000	*$58,000*

This small favorable variance is the combined result of the following factors:

- $55,000 net decrease in payroll and benefits primarily from an unfilled full-time position;
- Increase of $26,000 in other income due to licensing revenues from the *American Idol* television show;
- Savings of $12,000 in professional services from lower than expected IT and PeopleSoft support charges from campus;
- ($15,000) net increase in insurance expense caused by additional insurance expense charged to the Matador Bookstore Complex. This expense was incorrectly charged to the campus in the previous year but should be paid by TUC per the operating lease agreement;
- ($25,000) increase in utilities based on higher than budgeted costs.

Fiscal Year 13/14 Budget

FY 13/14 net G&A expenses are $158,000 or 7.4% higher than projected FY 12/13 results. Primary reasons for this increase are PRO-PI related efforts in Human Resources and Accounting Departments.

1. As reported at the January 25, 2013 Executive Committee meeting, the Human Resources Department is assimilating most of the functions previously provided by CSUN Human Resources to provide a one-stop TUC human resource service. Objectives include:
   a. One-stop shop for human resources needs;
   b. Streamlined processes for recruitment and hiring;
   c. Reduced processing times;
   d. Processes tailored to TUC compliance requirements;
   e. Enhanced customer service;
   f. Prepared for future Sponsored Programs growth.

2. As part of the PRO-PI service improvement initiative, the Accounting Department will reorganize the workflow and responsibilities in Accounts Payable by moving to the liaison model used successfully

in Sponsored Programs. The new model will provide added oversight, flexibility and efficiency as the department continues efforts to improve work flow and customer service. This includes filling an accounts payable position that remained vacant for two years as a cost containment measure.

Net G&A expense

12/13 Projected	13/14 Budget	*Variance*
$2,149,000	$2,307,000	*($158,000)*

Primary factors –

- ($181,000) increase in payroll and benefits from PRO-PI efforts in the Human Resources and Accounting departments. (Projected payroll and benefits for 12/13 are $55,000 lower than the 12/13 budget due to salary savings from a vacant position, creating a larger variance when compared to the 13/14 budget.)
- ($29,000) increase in depreciation expense resulting from a full year of depreciation for the PeopleSoft v9.1 upgrade that occurred in May 2012.
- ($11,000) increase in repairs and maintenance due to lower than budgeted expenses projected for FY 12/13. The budgeted repairs and maintenance amount of $116,000 is in line with historical averages.
- $22,000 reduction in interest expense resulting from the August 2012 refinancing of a portion of the Sierra Center bonds and lower interest expense on the remaining debt service.
- $41,000 increase in other income primarily from a rent increase for the College of Extended Learning in the Matador Bookstore Complex.

THE UNIVERSITY CORPORATION
General and Administrative
Fiscal Year 2013-2014
Budget Summary

	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014
Revenue:			
Bookstore Commissions	0	0	0
Food Service Sales	0	0	0
Food Service Commissions	0	0	0
Real Estate Rentals	0	0	0
Grants & Contracts	0	0	0
Indirect Cost Recovery	0	0	0
Licensing	$ 69,600	$ 90,000	$ 75,000
Rental Income	562,944	566,270	624,328
Endowment Admin. Fee	178,080	172,000	160,000
Other Income	371,121	379,808	389,580
Total Revenue	1,181,745	1,208,078	1,248,908
Operating Expenses:			
Grants & Contracts Direct Expenditures	0	0	0
Cost of Goods Sold	0	0	0
Salaries & Wages	1,145,922	1,120,406	1,243,451
Benefits	416,994	387,401	445,489
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges	20,100	19,507	20,100
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	49,621	53,557	178,023
Communications/Telephone/Pagers	22,904	23,379	22,340
Depreciation & Amortization	416,717	415,291	444,260
Dues & Subscriptions	5,450	8,993	8,350
Equipment/Equipment Rental	15,690	16,692	18,020
Fees	1,500	16	0
Royalties	0	0	0
Freight/Postage/Mail Service	9,800	13,145	13,000
Insurance	144,672	159,656	154,284
Interest Expense	224,868	219,539	197,213
Taxes & Licenses	8,750	9,900	9,750
Legal & Audit Fees	46,404	46,093	44,000
Marketing/Advertising	6,000	5,996	5,000
Paper Goods	0	0	0
Parking & Security	408	1,698	888
Professional Services	462,925	450,918	337,440
Rent/Lease Expense	0	0	0
Utilities	217,632	242,674	236,088
Repairs & Maintenance	111,717	104,929	116,354
Supplies	40,565	38,115	39,225
Training/Conference Fees	5,400	4,537	5,685
Travel/Hospitality	14,960	14,474	16,800
Miscellaneous	0	0	0
Total Operating Expenditures	3,388,999	3,356,916	3,555,760
Net Surplus (Deficit) Before G&A	$ (2,207,254)	$ (2,148,838)	$ (2,306,852)

MATADOR BOOKSTORE

The FY 13/14 budget for the Matador Bookstore (Bookstore) reflects the continued challenges connected with declining sales in hardcover textbooks, and ongoing pressures from online sellers, peer-to-peer book sales, and off-campus bookstores. The commission decrease has been partially offset by the success of the textbook rental program.

Follett Higher Education Group operates the Bookstore under contract with TUC and collaborates closely with TUC on ways to reduce textbook costs for students while retaining revenues.

Fiscal Year 12/13 Projection

Bookstore 12/13 results are slightly worse than expected due to reduced sales activity and $12,000 of non-budgeted expenses associated with student spirit projects. The 12/13 budget assumed no enrollment increase.

	12/13 Budget	12/13 Projected	*Variance*
Commission	$1,326,000	$1,295,000	*($31,000)*
Operating Expenses	102,000	110,000	*(8,000)*
Surplus	1,224,000	1,185,000	*(39,000)*

Fiscal Year 13/14 Budget

The 13/14 Bookstore budget reflects a net decrease of ($46,000) in surplus before allocation, compared to 12/13 projected results, continuing the commission decreases of the past few years. Operating expenses are $10,000 less than projected 12/13 results, with commission estimated to decrease another 4.2%, or ($56,000). A small enrollment increase is anticipated compared to 12/13, with a higher number of freshmen.

Surplus before G&A allocation for FY 13/14 is budgeted at $1,155,000.

	12/13 Projected	13/14 Budget	*Variance*
Commission	$1,295,000	$1,239,000	*($56,000)*
Operating Expenses	110,000	100,000	*10,000*
Surplus	1,185,000	1,139,000	*(46,000)*

THE UNIVERSITY CORPORATION
TUC Bookstore
Fiscal Year 2013-2014
Budget Summary

	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014
Revenue:			
Bookstore Commissions	$ 1,325,500	$ 1,295,300	$ 1,238,800
Food Service Sales	0	0	0
Food Service Commissions	0	0	0
Real Estate Rentals	0	0	0
Grants & Contracts	0	0	0
Indirect Cost Recovery	0	0	0
Licensing	0	0	0
Rental Income	0	0	0
Endowment Admin. Fee	0	0	0
Other Income	0	0	0
Total Revenue	1,325,500	1,295,300	1,238,800
Operating Expenses:			
Grants & Contracts Direct Expenditures	0	0	0
Cost of Goods Sold	0	0	0
Salaries & Wages	22,500	22,500	22,500
Benefits	8,820	9,374	9,000
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges	0	0	0
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	0	44	0
Communications/Telephone/Pagers	0	0	0
Depreciation & Amortization	49,644	49,646	49,644
Dues & Subscriptions	0	0	0
Equipment/Equipment Rental	0	0	0
Fees	0	0	0
Royalties	0	0	0
Freight/Postage/Mail Service	0	0	0
Insurance	13,044	11,376	12,300
Interest Expense	0	0	0
Taxes & Licenses	1,600	1,681	1,800
Legal & Audit Fees	0	0	0
Marketing/Advertising	6,000	3,527	5,000
Paper Goods	0	0	0
Parking & Security	0	0	0
Professional Services	0	12,405	0
Rent/Lease Expense	0	0	0
Utilities	0	0	0
Repairs & Maintenance	0	0	0
Supplies	0	0	0
Training/Conference Fees	0	0	0
Travel/Hospitality	0	0	0
Miscellaneous	0	0	0
Total Operating Expenditures	101,608	110,553	100,244
Net Surplus (Deficit) Before G&A	$ 1,223,892	$ 1,184,747	$ 1,138,556

FOOD SERVICES

The Food Services division is comprised of twenty-three operating units, including four national brands (Burger King, Subway, Panda Express and El Pollo Loco), one regional brand (Juice It Up), five convenience stores (the Edge, Arbor Grill, West Side Snacks, La Tienda, and Mercantile Exchange), five self-branded Freudian Sip coffee houses, food operations consisting of the Sierra Center Marketplace, the Orange Grove Bistro, The Pub Sports Grill (serving food and beer), Geronimo's residential dining, Vending, Matador Concessions, Valley Performing Arts Center Concessions and Gift Shop, and Foodservices Management.

Fiscal Year 12/13 Projection

Primary factors impacting food service operations are Cost of Goods Sold (COGS), labor/benefits, and paper costs. Escalating raw food costs resulted in COGS surpassing budget; residential dining volume assisted in limiting the increase to 1.5%. Projected sales results are slightly better than budget. Systematic implementation of processes/procedures focused on expenses helped to achieve savings in labor.

	12/13 Budget	12/13 Projected	*Variance*
Sales	$12,624,000	$12,723,000	*$99,000*
COGS (cost of goods sold)	$4,350,000	4,574,000	*(224,000)*
Labor	3,030,000	2,998,000	*32,000*
Benefits	604,000	594,000	*10,000*
Other Operating Expenses	3,435,000	3,462,000	*(27,000)*
Operating Surplus	1,205,000	1,095,000	*(110,000)*
Other Income	612,000	576,000	*(36,000)*
Net Surplus	1,817,000	1,671,000	*(146,000)*
<u>Operating Costs (as % of Sales)</u>			
COGS	34.5%	36.0%	*(1.5%)*
Payroll	24.0%	23.6%	*0.4%*
Benefits *(as % of payroll)*	19.9%	19.8%	*0.1%*
Total Payroll & Benefits	28.8%	28.2%	*0.6%*

Fiscal Year 13/14 Budget

Sales are budgeted almost flat to Projected FY 12/13. The Affordable Health Care Act increases benefit expense, adding almost 5% to the labor model from prior year. Through sustained sales and close management of expenses, this budget shows a net surplus of $1,614,000, or ($57,000) less than the 12/13 projection through our commitment to:

- Ongoing operational efficiencies in payroll and COGS;
- Continued benefits from prior year capital investments;
- Operating hours of the four USU food units extending into later evenings and Saturdays since the opening of the Student Recreation Center;
- Growing proficiency in marketing to target audiences, including use of social media.

Food Services will focus on increasing sales through: corporate culture efforts; assessment programs (e.g. manager on duty, secret shopper); expanding Campus Cuisine to Go catering; capital improvements at Freudian Sip Oviatt Library and Orange Grove Bistro; marketing efforts with the MataMoney card and other 'Keep the Money on Campus' promotions; and ongoing commitment to excellent customer service.

COGS are budgeted lower to prior year projections. Food cost controls, utilizing the Computrition inventory management system and selective volume purchasing, along with targeted price increases will provide the necessary tools to stay within budget.

	12/13 Projected	13/14 Budget	*Variance*
Sales	$12,723,000	$13,041,000	*$318,000*
COGS	$4,574,000	4,590,000	*(16,000)*
Payroll Costs	2,998,000	3,107,000	*(109,000)*
Benefits	594,000	827,000	*(233,000)*
Other Operating Expenses	3,462,000	3,482,000	*(20,000)*
Operating Surplus	1,095,000	1,035,000	*(60,000)*
Other Income	576,000	579,000	*3,000*
Net Surplus	1,671,000	1,614,000	*(57,000)*
Operating Costs (as % of Sales)			
COGS	36.0%	35.2%	*0.8%*
Payroll	23.6%	23.8%	*(0.2%)*
Benefits *(as % of payroll)*	19.8%	26.6%	*(6.8%)*
Total Payroll & Benefits	28.2%	30.2%	*(2.0%)*

THE UNIVERSITY CORPORATION
Food Services
Fiscal Year 2013-2014
Budget Summary

	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014
Revenue:			
Bookstore Commissions	0	0	0
Food Service Sales	$ 12,623,660	$ 12,722,920	$ 13,040,749
Food Service Commissions	612,573	575,327	578,620
Real Estate Rentals	0	0	0
Grants & Contracts	0	0	0
Indirect Cost Recovery	0	0	0
Licensing	0	0	0
Rental Income	0	0	0
Endowment Admin. Fee	0	0	0
Other Income	0	0	0
Total Revenue	13,236,233	13,298,247	13,619,369
Operating Expenses:			
Grants & Contracts Direct Expenditures	0	0	0
Cost of Goods Sold	4,350,234	4,574,002	4,590,022
Salaries & Wages	3,030,367	2,998,437	3,107,200
Benefits	604,961	594,144	827,565
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges	299,363	277,442	282,295
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	121,051	99,233	113,313
Communications/Telephone/Pagers	23,675	22,027	25,085
Depreciation & Amortization	958,428	952,442	961,358
Dues & Subscriptions	22,112	18,962	17,339
Equipment/Equipment Rental	76,995	88,425	126,385
Fees	302,455	305,903	296,200
Royalties	0	0	0
Freight/Postage/Mail Service	180	293	0
Insurance	43,032	39,616	39,348
Interest Expense	246,276	235,635	189,424
Taxes & Licenses	707	1,031	2,772
Legal & Audit Fees	4,200	2,008	1,200
Marketing/Advertising	119,831	159,798	197,852
Paper Goods	279,715	309,179	312,933
Parking & Security	13,162	9,320	10,060
Professional Services	161,317	181,852	168,779
Rent/Lease Expense	0	0	0
Utilities	250,005	259,538	263,520
Repairs & Maintenance	326,234	296,379	274,901
Supplies	172,730	188,020	165,165
Training/Conference Fees	12,040	8,255	12,840
Travel/Hospitality	0	5,614	20,000
Miscellaneous	0	0	0
Total Operating Expenditures	11,419,070	11,627,555	12,005,556
Net Surplus (Deficit) Before G&A	$ 1,817,163	$ 1,670,692	$ 1,613,813

REAL ESTATE

The objectives of the Real Estate Department are: to provide housing for faculty and staff; to positively impact the areas surrounding campus; and to acquire, manage and grow property assets for the long-term benefit of the university. The long-term benefits derived from these activities include unrealized gains (market value higher than book value), long-term revenue and value opportunities. Rental properties also generally generate a positive cash-flow (after adding back depreciation).

General Real Estate. TUC acquired its second vacant lot adjacent to its Halsted Street single family home. The lot will be held for later use by the University. The lawsuit regarding former HUD housing in Memphis, Tennessee was concluded; no further costs are budgeted in FY 13/14.

College Court Townhomes. TUC owns 32 of the 36 units in the complex and plans to pursue the remaining units as they come on the market. The FY 13/14 budget reflects the beginning of an effort to systematically modernize the College Court units by increasing refurbishment during unit turnover, with a focus on updating countertops, sinks and faucets. The increased costs will be offset by a 3% rent increase.

Single-Family Residences. TUC monitors the market for available single-family homes contiguous to the campus. Utilizing the Real Estate Reserve, five homes have been purchased and added to the faculty/staff housing program over the past four years.

University House. In FY 12/13 a study was completed to assess University House energy efficiency and sustainability. Recommended upgrades will be completed in two phases. Phase I upgrades will be completed in FY 13/14 as a capital budget item.

Real Estate Reserve. In 2001, the Board established the Real Estate Reserve with a balance of $1.5 million to help provide for the university's future real estate needs. After purchasing five single-family homes, one College Court Townhome and one lot in the past four years, and allocating $658,000 as part of the FY 13/14 budget, the projected reserve balance is $977,000 as of July 1, 2013.

Fiscal Year 12/13 Projection

The FY 12/13 projected surplus is favorable to budget by $3,000.

	12/13 Budget	12/13 Projected	*Variance*
Revenues	$788,000	$795,000	*$7,000*
Expenses	900,000	904,000	*(4,000)*
Net Loss	(112,000)	(109,000)	*3,000*

Significant factors –

- $15,000 decrease in Professional Services;
- Largely offset by ($13,000) increase in Repairs & Maintenance due to unexpected turnover in one of the single family homes.

Fiscal Year 13/14 Budget

FY 13/14 budgeted net loss is $27,000 better than FY 12/13 projection.

	12/13 Projected	13/14 Budget	*Variance*
Revenues	$795,000	$845,000	*$50,000*
Expenses	904,000	927,000	*(23,000)*
Net Loss	(109,000)	(82,000)	*27,000*

This improvement is the net result of positive and negative factors, detailed below:

- $50,000 increase in other income resulting from:
  - 3% rent increase at College Court;
  - increase in single-family homes rental income (rent increase and the addition of another single family home);
- $18,000 decrease in legal fees related to the end of the lawsuit in Tennessee;
- $14,000 decrease in interest expense;
- ($27,000) repairs & maintenance increase due to upgrades to College Court units at turnover;
- ($11,000) increase in property tax expense (half-year for new home and new lot).

THE UNIVERSITY CORPORATION
Real Estate
Fiscal Year 2013-2014
Budget Summary

	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014
Revenue:			
Bookstore Commissions	0	0	0
Food Service Sales	0	0	0
Food Service Commissions	0	0	0
Real Estate Rentals	$ 788,181	$ 794,907	$ 844,900
Grants & Contracts	0	0	0
Indirect Cost Recovery	0	0	0
Licensing	0	0	0
Rental Income	0	0	0
Endowment Admin. Fee	0	0	0
Other Income	0	0	0
Total Revenue	788,181	794,907	844,900
Operating Expenses:			
Grants & Contracts Direct Expenditures	0	0	0
Cost of Goods Sold	0	0	0
Salaries & Wages	64,450	64,272	67,618
Benefits	22,372	21,934	23,208
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges	0	0	0
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	1,800	295	1,200
Communications/Telephone/Pagers	2,760	2,411	2,700
Depreciation & Amortization	194,765	197,770	204,652
Dues & Subscriptions	2,075	1,967	2,150
Equipment/Equipment Rental	0	203	0
Fees	121,920	119,040	119,040
Royalties	0	0	0
Freight/Postage/Mail Service	1,260	592	840
Insurance	15,000	14,004	13,715
Interest Expense	118,864	125,662	111,396
Taxes & Licenses	103,416	99,312	110,520
Legal & Audit Fees	33,300	31,678	13,620
Marketing/Advertising	7,020	9,191	8,654
Paper Goods	0	0	0
Parking & Security	0	0	0
Professional Services	35,532	20,460	29,400
Rent/Lease Expense	0	0	0
Utilities	1,752	9,404	4,260
Repairs & Maintenance	166,044	179,150	206,604
Supplies	3,480	2,143	2,658
Training/Conference Fees	600	495	1,432
Travel/Hospitality	3,409	3,780	3,609
Miscellaneous	0	0	0
Total Operating Expenditures	899,819	903,763	927,276
Net Surplus (Deficit) Before G&A	$ (111,638)	$ (108,856)	$ (82,376)

SPONSORED PROGRAMS

Under its operating agreement with the university, TUC manages the post-award administration of sponsored programs. After deducting all direct costs of the Sponsored Programs Department, a reserve allocation, and a 3.9% service charge to cover related administration costs (accounting, human resources, IT, etc.), TUC returns to the university the remaining indirect cost recovery funds. As a result, the impact of sponsored programs on TUC's overall budget is limited to the 3.9% service fee.

Fiscal Year 12/13 Projection

FY 12/13 grant revenues are projected to reach $28.4 million, exceeding budget by 18.2%. The 3.9% service fee will also exceed budget and is expected to reach $1.1m.

Sponsored Programs operating expenses are projected below budget, due to an unanticipated $45,000 reduction of expenses, generated through handling fee income from a grant.

	12/13 Budget	12/13 Projected	*Variance*
Grants Revenue	$24,000,000	$28,357,000	*$4,357,000*
3.9% Service Fee	936,000	1,106,000	*170,000*
Operating Expenses	597,000	545,000	*52,000*

Fiscal Year 13/14 Budget

Due to the uncertainty of the federal budget sequester, FY 13/14 grant revenues are budgeted at $28.5 million, the same level as the 12/13 projection, with corresponding service fees budgeted at $1.1m. Indirect cost recovery is budgeted at a rate of 12.0%.

Sponsored Programs Department operating expenses are budgeted at $599,000. The $54,000 increase over previous year is due to a combination of:

- An increase of ($33,000) in personnel costs due to filling FY 12/13 vacancies, and increased benefits costs;
- An increase of ($26,000) in event costs to support recognition of Principal Investigators and the acquisition of new grants;
- A $23,000 reduction in Sponsored Programs' share of the CSUN HR service fee.

	12/13 Projected	13/14 Budget	*Variance*
Grants Revenue	$28,357,000	$28,500,000	*$143,000*
3.9% Service Fee	1,106,000	1,112,000	*6,000*
Operating Expenses	545,000	599,000	*(54,000)*

THE UNIVERSITY CORPORATION
Sponsored Programs
Fiscal Year 2013-2014 Budget Summary

	Budget 2012-2013	Projected 2012-2013	Proposed Budget 2013-2014
Revenue:			
Bookstore Commissions	0	0	0
Food Service Sales	0	0	0
Food Service Commissions	0	0	0
Real Estate Rentals	0	0	0
Grants & Contracts	$ 21,428,570	$ 24,953,994	$ 25,446,429
Indirect Cost Recovery	2,571,430	3,402,817	3,053,571
Licensing	0	0	0
Rental Income	0	0	0
Endowment Admin. Fee	0	0	0
Other Income	0	0	0
Total Revenue	24,000,000	28,356,811	28,500,000
Operating Expenses:			
Grants & Contracts Direct Expenditures	21,428,570	25,303,519	25,446,429
Cost of Goods Sold	0	0	0
Salaries & Wages	401,099	396,709	408,566
Benefits	138,825	131,411	156,207
Temporary Help	0	0	0
Allowance for Doubtful Accounts	0	0	0
Bank Charges & Bad Debts	0	0	0
Bldg/Operating/Health Reserves	0	0	0
Building/Sanitation/Custodial	0	0	0
Communications/Telephone/Pagers	2,160	1,968	1,560
Depreciation & Amortization	0	0	0
Dues & Subscriptions	5,000	5,253	5,538
Equipment/Equipment Rental	5,000	5,000	3,000
Fees	0	0	0
Royalties	0	0	0
Freight/Postage/Mail Service	6,200	5,532	6,200
Insurance	20,990	20,433	20,904
Interest Expense	0	0	0
Taxes & Licenses	0	0	0
Legal & Audit Fees	22,200	22,160	23,400
Marketing/Advertising	0	0	0
Paper Goods	0	0	0
Parking & Security	0	0	0
Professional Services	89,047	84,572	82,135
Rent/Lease Expense	0	0	0
Utilities	0	0	0
Repairs & Maintenance	500	1,036	500
Supplies	8,300	(32,985)	(6,900)
Training/Conference Fees	0	395	0
Travel/Hospitality	6,260	3,980	30,310
Miscellaneous	0	0	0
Total Operating Expenditures	22,134,151	25,948,983	26,177,849
Net Surplus (Deficit) Before G&A	1,865,849	2,407,828	2,322,151
Allocation of General & Administrative	936,000	1,105,916	1,111,500
Sponsored Projects - Available to Campus	$ 929,849	$ 1,301,912	$ 1,210,651
Net Surplus (Deficit) From Operations	0	0	0

The University Corporation

Capital Budget

CAPITAL BUDGET

The capital budget serves as the basis for TUC's fixed assets renewal program, including major and minor upgrades/replacements of facilities, systems, equipment, furniture and fixtures. The FY 13/14 $300,000 capital budget will primarily replace and refresh existing equipment and infrastructure.

<u>*Orange Grove Bistro:*</u> Remaining items of the 2009 physical feasibility study which serves as a framework for improvement projects. Completed items include interior paint, new carpeting, roof repair, wood trellis, patio construction with enhanced lighting, door replacement, and exterior 'skin' replacement. • *Restroom Remodel* – to comply with ADA requirements. • *Bar Refurbishment* – Resurface cabinetry and seating. Purchase flat screen TV. • *Walk In Refrigeration* – Replace antiquated system. • *Kitchen Floor* – Upgrade/refinish floor with slip resistant tile.	$150,000
<u>*Fernandino Room:*</u> Replace flooring to better connect dining spaces. Upgrade lighting and ceiling for enhanced dining experience.	42,000
<u>*University House Building Performance Upgrades – Phase I:*</u> In keeping with the university's commitment to sustainability, an energy efficient upgrade will be completed in FY 13/14, including the installation of a solar photovoltaic system, new insulation and crawl space upgrades to green fiber and vapor barrier materials throughout the home, and closing off air leaks for air quality control.	35,000
<u>*Facilities/Maintenance Truck:*</u> Replace utility truck purchased in 1998 with a full-sized pick-up truck that can tow the emergency generator when needed to support the university's emergency operations plan.	20,000
<u>*Online Ordering System:*</u> Website development by professional web design company to enable online ordering and online payment of campus catering and Campus Cuisine To Go. The website will be integrated into TUC's site and utilize a secure third party payment management system.	20,000
<u>*Geronimo's:*</u>	
• *Combination Oven* – Replace current model with double-stacked conventional and convection features.	5,000
• *Hobart Floor Mixer* – Replace current model with upgraded components.	5,000
<u>*Arbor Grill Ice Machine:*</u> Replace with upgraded model and new condenser.	10,000
<u>*Unallocated:*</u> Covers unanticipated expenditures such as unforeseen upgrades and replacements, unexpected capital repairs, and possible new concepts.	13,000
Total:	**<u>$300,000</u>**