

**THE UNIVERSITY CORPORATION  
BOARD OF DIRECTORS  
NOVEMBER 18, 2014**

A meeting of The University Corporation Board of Directors was called to order by Chair, Dianne F. Harrison at 3:05 p.m. on Tuesday, November 18, 2014, in the Sierra Center Colleagues Room, California State University, Northridge. A quorum was present.

**MEMBERS PRESENT:** Sevag Alexanian, Talar Alexanian, Harvey Bookstein, Dianne F. Harrison, Ryan Lassen, Dave Moon, Jeffrey Perez De Leon, Michael Phillips, Bob Rawitch, Louis Rubino, Michael Spagna, Sonia Vaswani, Ben Yaspelkis, Tiffany Zaich

**MEMBERS ABSENT:** Cristina Cadavid, Ronald Friedman, Jennifer Matos

**STAFF PRESENT:** Heather Cairns, Elizabeth Corrigan, Susan Dickman, Rick Evans, John Griffin, Georg Jahn, Tim Killops, Elizabeth Kioussis, Michael Lennon, Linda Turner, Kathryn Weeks

**OTHERS PRESENT:** Amy Berger, Robert Carlson

---

**ITEM I WELCOME NEW DIRECTORS**

The Board welcomed new directors:

Faculty:

Dave Moon Three-year term (2014-2017)

Students:

Sevag Alexanian Two-year term (2014-2016)

Ryan Lassen Two-year term (2014-2016)

Jeffrey Perez De Leon Two-year term (2014-2016)

Tiffany Zaich One-year term (2014-2015)

*(Completing the term of Luis Canton)*

**ITEM II CONFLICT OF INTEREST STATEMENTS AND DIRECTORS HANDBOOK**

Conflict of interest statements were distributed to Board members for signature.

The Executive Director discussed the fiduciary responsibilities of Directors. The Directors Handbook is updated annually and provided to Directors as a reference resource.

**ITEM III APPROVAL OF JUNE 4, 2014 BOARD MINUTES**

**MSP (Vaswani/Phillips): That the minutes of the June 3, 2014 Board of Directors meeting be approved as circulated.**

#### **ITEM IV OLD BUSINESS**

Mr. Evans stated that staff had assembled bookstore and food service information in response to questions raised by Directors at the last meeting. He asked Associate Director of CSUN Dining, Elizabeth Corrigan, to address the question related to food costs and pricing.

Ms. Corrigan presented a comparison of costs of goods sold (COGS) for CSUN, other CSU schools, and the industry. A request for information was sent to other campuses; responding were auxiliaries from Long Beach, Fullerton, Pomona, Dominguez Hills, Channel Island, and San Diego. Noting that each campus was different, Ms. Corrigan reported that the categories that allowed for the best comparisons were convenience stores, residential dining, and coffee houses. COGS for convenience stores are similar across campuses; the industry product mix includes cigarettes, gas, and alcohol, which realize better margins. For residential dining, the Corporation's COGS are much lower than other campuses, a reflection of ongoing efforts to maintain quality while controlling costs. Ms. Corrigan stated that CSUN Dining operates on an 'all you care to eat' model and COGS are expected to increase as food prices rise. Coffee house COGS are comparable. Catering at CSUN includes the Orange Grove Bistro restaurant operation, whereas other campuses have pure catering operations, which tend to have better COGS. Ms. Corrigan reported that over the last five years, through tighter controls and modified product mix and menus, COGS have remained fairly constant. Marketing efforts have increased sales, which in turn have improved efficiencies.

Ms. Corrigan continued that CSUN Dining strives to remain below street pricing, which is an ongoing challenge, given rising health care and food costs. A survey of restaurant pricing is done each summer. In a review of popular menu items, prices at franchise operations (Subway, Burger King) are typically the same. CSUN Dining offers combos, specialty pricing during promotions, and reductions in the hour prior to closing.

Mr. Evans addressed the question of budgeting for ongoing decreases in bookstore commissions. The Executive Director stated that commissions have tracked close to budget. This year's unanticipated enrollment increase helped. However, this year's freshman class is smaller and freshmen are the primary textbook customers. Mr. Evans stated that affordability initiatives have contributed to decreased commissions, as has competition from online providers.

Chief Financial Officer, John Griffin, responded to the request for a breakdown of bookstore sales for the fall 2014 rush, reporting that over the last four years, new book sales have decreased 16%, used books are down 59%, and book rentals are up 83%. Book rentals now represent 23% of textbook sales. Average yearly non-text sales include: technology (36%); apparel (24%); supplies (14%); convenience/graduation items (13%); gifts (8%); and general books/other (5%).

Mr. Evans added that over the last year, bookstore operator, Follett Higher Education Group has had significant changes in its senior management. Corporation Management will work closely with Follett on promotions and products for students, and service enhancements to assist faculty.

#### **ITEM V RECEIPT OF OCTOBER 9, 2014 EXECUTIVE COMMITTEE MINUTES AND CONSIDERATION OF ACTION ITEMS**

A. Pouring Rights (Executive Committee Item #3):

Mr. Evans advised that the pouring rights contract with the Pepsi Bottling Group will expire on December 31, 2014. He asked John Griffin to provide a recap on the request for proposal (RFP) process. Mr. Griffin reported that in preparing the RFP document, a review was done of other CSU pouring rights agreements and meetings were held with university administrators. Both Pepsi and Coca-Cola submitted strong proposals, with the Pepsi proposal being significantly better. Mr. Griffin provided a comparison of the proposal to the current contract. Key components include increased revenue, scholarships and marketing support. Management is finalizing the agreement.

**MSP (Phillips/Vaswani): That The University Corporation Board of Directors approves entering into a ten-year pouring rights agreement with the Pepsi Bottling Group, said contract to commence January 1, 2015 and to incorporate all items included in the Pepsi proposal; that the Board authorizes The University Corporation Executive Director or his designee to finalize and execute the pouring rights agreement and any required documents related thereto.**

B. Real Estate Fund Replenishment (Executive Committee Agenda Item #4)

John Griffin reported that the July 2014 purchase of the Corporation's thirty-third unit in the College Court Townhomes reduced the Real Estate Reserve to \$16,000. Management projects net cash generated of roughly \$650,000 at the end of November and seeks approval to transfer \$600,000 to the Real Estate Reserve as a partial replenishment.

**MSP (T. Alexanian/Vaswani): That The University Corporation Board of Directors approves the transfer of \$600,000 from net cash generated into the Real Estate Reserve.**

**ITEM VI RESEDA BLVD. OFFICE BUILDING PROJECT**

Mr. Evans reported that university administration had sought the Corporation's assistance in acquiring real estate to help meet the university's space needs. A Reseda Boulevard office building was identified in March 2014. The Advisory Committee on University Real Estate supported its acquisition, but the owner took it off the market. In October, the property owner contacted Corporation Legal Counsel to see if the university had interest in the building. (*Note:* Corporation Legal Counsel also represents the property owner.) The inquiry came after the Executive Committee meeting agenda had been set. University administration confirmed their interest in the building; Corporation Management again consulted with the Advisory Committee on University Real Estate and they reiterated support for the acquisition.

The 11,000 sq. ft. building is located at 9324 Reseda Boulevard, and sits on a 16,000 sq. ft. lot with thirty-nine parking spaces. The seller is asking \$3 million. The building's location would support university programs with a strong community focus. In order to do necessary inspections, the Corporation provided a non-binding letter of intent to the seller on October 15. On October 27, the University provided a letter of commitment to lease the space. Legal Counsel has presented to the seller a formal purchase offer, contingent upon Corporation Board approval. The seller is willing to close escrow in May 2015 to give the Corporation and the university time to complete due diligence and obtain financing approval from the California State University (CSU) Board of Trustees. The Corporation will pursue CSU System-wide Revenue Bond financing, with the goal of providing reasonable rent for the university and cash neutrality for the Corporation.

**MSP (Phillips/Vaswani): A) That The University Corporation Board of Directors approve the acquisition and renovation of the office building located at 9324 Reseda Blvd., Northridge, California 91325 (the project) for a total not to exceed three million six hundred thousand dollars (\$3,600,000); B) That The University Corporation Board of Directors approve the resolution required by the California State University to finance the project through System-wide Revenue Bonds; and C) That the Board delegate and authorize The University Corporation Executive Director or designee to sign documents related to the property purchase, and to negotiate and execute a lease agreement with California State University, Northridge that incorporates the terms outlined in the university's October 27, 2014 letter of commitment.**

#### **ITEM VII SUSTAINABILITY 2.0**

Mr. Evans introduced Karina Ward, Special Projects Coordinator. Ms. Ward provided an overview of the Corporation's expanded sustainability program, referred to as 'Sustainability 2.0,' comprised of four components: the Real Food challenge, food waste composting, eco-friendly PUCCs (plates, utensils, cups and containers), and the campus farmers market.

Ms. Ward reported that the CSU Board of Trustees' has incorporated the Real Food Challenge into its new sustainability policy. This is a student-led effort to bring more organic, local, and humanely/sustainably raised foods to university campuses. CSUN Dining has signed on to the challenge. The goal is to have 20% of campus food meet the program guidelines by 2020. Student volunteers will assist in the first step of the process, establishing a baseline.

Elizabeth Corrigan advised that in 2013, CSUN Dining diverted eight tons of pre-consumer food waste to compost, which was then used in the campus garden. CSUN Dining seeks to expand the composting program to include post-consumer food waste, which will require specialized treatment.

Michael Lennon, Associate Director of Retail Services, described efforts to identify more eco-friendly plates, utensils, cups and containers.

A weekly on-campus farmers market will begin in February 2015 and will include some prepared foods. The Corporation will hold the contract with the non-profit group, Raw Inspiration.

Program and Marketing Manager, Susan Dickman presented the new Sustainability 2.0 logo and highlighted Corporation involvement in promotion/education efforts, such as America Recycles Day and Earth Day.

#### **ITEM VIII UPDATE ON RECENT PROJECTS**

Linda Turner, Associate Director of Real Estate, reported that in order to reduce water use and to improve functionality for university events, the Corporation installed drought tolerant landscaping and hardscape at University House. With its recent acquisition of another unit in the College Court Townhomes, the Corporation now owns thirty-three of the thirty-six units in the complex. Finally, the Corporation assisted the university in securing a lease of ground floor space in the Meridian complex on Reseda Blvd., as a first step in meeting the university's growing space needs.

