

THE UNIVERSITY CORPORATION
Board of Directors
March 4, 2015

A meeting of The University Corporation Board of Directors was called to order by First Vice President, Ben Yaspelkis at 3:02 p.m. on Wednesday, March 4, 2015, in the Sierra Center Colleagues Room, California State University, Northridge. A quorum was present.

MEMBERS PRESENT: Sevag Alexanian, Talar Alexanian, Cristina Cadavid, Ronald Friedman, Dianne F. Harrison (via telephone), Jennifer Matos, Dave Moon, Jeffrey Perez De Leon, Bob Rawitch, Louis Rubino, Michael Spagna, Sonia Vaswani, Ben Yaspelkis, Tiffany Zaich

MEMBERS ABSENT: Harvey Bookstein, Ryan Lassen, Michael Phillips

STAFF PRESENT: Heather Cairns, Elizabeth Corrigan, Rick Evans, John Griffin, Tim Killops, Elizabeth Kioussis, Teresa Loren, Linda Turner

OTHERS PRESENT: Scott Perez, Mary Perry, Mary Lee Schneider, Derek Schuckman

ITEM I APPROVAL OF NOVEMBER 18, 2014 MEETING MINUTES

MSP (Rawitch/Vaswani): That the minutes of the November 18, 2014 Board of Directors meeting be approved as circulated.

Dr. Yaspelkis stated that agenda items will be taken out of order to allow the Chair time to join the meeting.

ITEM III RECEIPT OF JANUARY 29, 2015 EXECUTIVE COMMITTEE MINUTES AND CONSIDERATION OF ACTION ITEM

Discussion and Action Item:

Construction Projects in Support of University Housing (Executive Committee Agenda Item 3): Mr. Evans stated that this was a request for a budget augmentation on the Geronimo's expansion project. The bids came in higher than anticipated; the Board was notified via email and an information session via telephone was held. Mr. Evans introduced Tim Killops, Associate Director of Facilities and Operations. Mr. Killops reported that contractors were consulted to determine the reasons for the high bids; reasons cited were the rapidly changing construction environment, escalating costs, and difficulty in engaging subcontractors for projects of this size. S. C. Anderson, Inc. was awarded the contract; representatives of the firm indicated that there are opportunities for savings through further value engineering, primarily in kitchen equipment and lighting. Nonetheless, a \$650,000 budget augmentation was requested, which includes contingency funds. Mr. Killops added that because the project must be completed in time for the start of the fall 2015 semester, a notice to proceed was signed once the executive committee voted to recommend approval of the augmentation.

MSP (Spagna/Matos): That The University Corporation Board of Directors approve an additional \$650,000 to augment the budget for the Geronimo's expansion project.

(Talar Alexanian arrived. Ron Friedman arrived.)

ITEM IV RESEDA BLVD OFFICE BUILDING PROJECT

On November 18, 2014, the Board approved the purchase of the office building located at 9324 Reseda Blvd. Mr. Evans stated that this will be the Corporation's first commercial property, which will help meet university needs and give the university a presence on Reseda Blvd. He introduced Georg Jahn, Director of Sponsored Programs and Real Estate.

Mr. Jahn reported that escrow will close in late May and repairs will begin immediately. The property was purchased for \$3 million. Inspections revealed \$1.4 million in required renovations to modernize the building and meet current codes and university standards. These improvements will increase commensurately the value of the building. System-wide revenue bond financing of the project will be considered by the California State University Board of Trustees at their meeting on March 24 and 25.

ITEM V ANNOUNCEMENTS

Audit: After a request for proposal process, the Audit Committee has selected CohnReznick as the external audit firm.

(Chair, Dianne Harrison joined the meeting via telephone.)

Socially Responsible Investing: The CSUN Foundation and the Corporation are investigating socially responsible investing. The focus will be on sustainability, a university planning priority.

ITEM II MATADOR BOOKSTORE

Executive Director, Rick Evans stated that this item came to the Board without Executive Committee review because Management was still doing its due diligence at the time of the Executive Committee meeting. Mr. Evans continued that discussions had been initiated several months earlier with Follett Higher Education Group (Follett) regarding a possible extension of their ten-year bookstore operating agreement. Management engaged a consultant to assist as they considered the benefits of a contract extension versus a request for proposal (RFP) process, which would include the only other major bookstore operator, Barnes & Noble. As part of its due diligence, Management did meet with a Barnes & Noble representative. Commenting on the changing textbook industry, Follett's affordability initiatives, and the strong established partnership, Mr. Evans reported that Management believes that an RFP process would yield neither a better agreement nor stronger terms than those proposed today, and recommends a contract extension. Follett's 'best and final' offer includes a higher commission rate retroactive to August 1, 2014; a guaranteed annual minimum; \$2,000,000 in additional payments; and funds for store renovations. Follett has also committed to negotiating a separate Freudian Sip® licensing agreement, wherein Follett would open and operate Freudian Sip cafes on college campuses. Mr. Evans stated that Follett operates thirteen CSU stores; these are the best terms for any of their CSU agreements. He advised that he had updated officers of Follett's offer.

Mr. Evans introduced Follett representatives, Mary Perry, Derek Schuckman and Mary Lee Schneider.

Ms. Schneider discussed Follett's status as largest outsource provider, stating that the company touches 54% of all students in the United States. She stated that Follett's e-commerce site is highly rated, adding that 73% of orders made on site are picked up in stores, which provides additional marketing opportunities. Follett will invest \$250 million over the next three years in information technology. In the area of textbook affordability, CSUN was one of the first four campuses to introduce rentals, and over the last eight years the program has saved students \$13.8 million. Ms. Schneider advised that 30% of students go without course materials, adding that the primary factor in the cost of materials is timing of adoptions.

Regional Manager, Derek Schuckman provided an overview of Follett technology initiatives, including Connect Once, which updates enrollment information to facilitate book ordering, and Follett Discover, which consists of Faculty Discover and Student Discover. Faculty Discover is a tool for faculty to research and adopt course materials, while Student Discover is a tool for students to easily access and purchase course materials.

(The Chair arrived at the meeting.)

Ms. Perry, Vice President of Marketing, spoke to Follett's relationship with the Corporation and discussed Follett's new marketing efforts that are aimed at supporting university visibility, athletics, and in-store events.

MSP (Vaswani/Spagna): That The University Corporation Board of Directors: a) approve negotiating a ten-year extension to the contract with Follett Higher Education Group (Follett) for operation of the Matador Bookstore, incorporating the terms presented in the Follett proposal; b) approve negotiating a licensing agreement with Follett to license the Freudian Sip coffee house concept in Follett-operated bookstores; c) delegate and authorize The University Corporation Executive Director or designee to execute both agreements and any other required documents related thereto.

There being no further business, the meeting adjourned at 4:20 p.m.

Respectfully submitted,



Michael Spagna, Recording Secretary