

THE UNIVERSITY CORPORATION
Executive Committee
September 29, 2015

A meeting of The University Corporation Executive Committee was called to order by First Vice President, Ben Yaspelkis at 3:00 p.m. on Tuesday, September 29, 2015, in University Hall Room 250, California State University, Northridge. A quorum was present.

MEMBERS PRESENT: Sevag Alexanian, Michael Phillips (via telephone), Michael Spagna, Ben Yaspelkis

MEMBERS ABSENT: Dianne F. Harrison

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

ITEM 1 APPROVAL OF MAY 8, 2015 EXECUTIVE COMMITTEE MINUTES

MSP (Spagna/Yaspelkis): That the minutes of the January 29, 2015 Executive Committee meeting be approved as circulated.

The next item was taken out of order.

ITEM 4 FINANCIAL STATEMENTS AND AUDIT COMMITTEE UPDATE

Executive Director, Rick Evans reviewed the June 30, 2015 financial statements, noting that the FY 14/15 Adjusted Net Cash Generated to Replenish Reserves reflects the additional monies related to the Pepsi and Follett contracts, and added that all divisions did better than budget and the May 2015 year-end projections. The additional payment from Follett enabled the Corporation to replenish the real estate reserve. Investment returns equaled 2.53%.

CFO, John Griffin, reported on the independent audit and the Audit Committee meeting. This was the first year with new auditors, CohnReznick. There were no findings.

ITEM 2 SOCIALLY RESPONSIBLE INVESTING

The Executive Committee also serves as the Corporation Investment Committee.

Mr. Evans stated that this is a continuation of the conversation on including a sustainability factor in a small portion of the Corporation's portfolio and asked Michael Phillips to update the committee on his work with the student investment class. Prof. Phillips has done research in this growing area of interest. Though few sustainable mutual funds have done well, Prof. Phillips believes that it is possible to put together a portfolio that will perform well. He stated that the class will focus on direct company investments and identifying a roster of companies that students would research. Prof. Phillips advised that the undergraduate class currently manages two portfolios. The first is approximately \$2.25 million of Corporation funds that students have built up, and the second is \$1 million seeded by the CSUN Foundation. For the sustainable portfolio, Prof. Phillips stated that he has done extensive back testing on selecting/assembling a portfolio.

He would like to start with \$250,000 to allow for adequate diversification. He added that his preference would be to have an additional allocation for this purpose, rather than taking from the existing student-managed fund. The students should be ready by mid-November to begin investing, and he will report back to the committee. Mr. Griffin indicated that the money for this endeavor would be taken from available cash reserves.

(The call with Prof. Phillips ended.)

ITEM 3 NORTHERN TRUST

Northern Trust Portfolio Manager, Rich Barnett distributed a report, stating that overall, there was little change from previous year. He advised that investment decisions are based on two factors – size and value. He continued that currently value is underperforming, but the strategy is long-term and he would not recommend any changes.

Mr. Barnett noted the current year volatility, but added that the US economy continues to grow steadily and Europe is improving. China, while unpredictable, has vast resources, reserves, and capacity.

(Mr. Barnett left.)

ITEM 5 BUDGET SUMMARY OF COMPLETED PROJECTS

Tim Killops, Associate Director of Facilities and Projects, reported that the three student housing-related projects undertaken over the summer were completed under budget. Approximately \$50,000 remains, which could be used to install some tables and chairs in front of the Matador Mercado, with pathways leading to the store. The units have been well received. Mr. Evans reported that three hundred more meal plans were purchased this year over last.

ITEM 6 FRAUDPREVENTION PROGRAM

Georg Jahn distributed the Fraud Prevention and Ethics Advancement Plan, a report that is updated annually to reflect activity over the preceding year. Mr. Jahn overviewed the report, noting that procedures are now available online and the Chancellor's Office new employee background check policy has been implemented. After press reports on the Los Angeles Unified School District food service audit, the Corporation undertook an internal review of its food service operation, with positive results.

Michael Lennon, Associate Director of Retail Operations, reported on two recent events. The first involved a vendor employee, who presented fraudulent invoices; the Corporation made a report to the vendor, who terminated the employee. The second event was a break-in at the Mercantile Exchange; the thief took some food, but no cash was stolen.

ITEM 7 CHANCELLOR'S OFFICE COMPLIANCE AUDIT

The Executive Director reported that the Chancellor's Office performs a compliance audit of each campus's auxiliaries every three years; Northridge auxiliaries were audited over the summer. The draft report includes four findings for the Corporation, all of which are easily cleared. One relates to a new requirement that outside groups having catered events on campus purchase insurance for those events. Another relates to timeliness of grant closeouts, the result of the sponsored programs division being understaffed for several

months. The division is now fully staffed and there have been no issues with granting agencies. The third requires that certain notices to employees be distributed at time of hire rather than with the first paycheck. Mr. Evans asked Michael Lennon to explain the finding related to commercial units. Mr. Lennon explained that cashiers are supposed to use their assigned cards to log onto their registers, but managers will log on for them if they do not have their cards, contrary to established procedure. Procedures going forward will be more strictly enforced. Additionally, the day lock feature on safes will no longer be utilized; a full combination will be needed at all times to unlock a safe.

ITEM 8 RESEARCH AND SPONSORED PROJECTS – AWARDS AND EXPENDITURE REPORTS (APRIL, MAY JUNE 2015 AND JULY, AUGUST 2015)

Director of Sponsored Programs, Georg Jahn reviewed sponsored programs activity, noting that for 2014/15, direct expenditures were below budget while indirect cost recovery exceeded budget. The 2014/15 net available to campus from sponsored programs was \$1,734,000, exceeding budget by \$549,000. For the first two months of the current fiscal year, direct expenditures and indirect cost recovery are slightly below budget.

ITEM 9 ANNOUNCEMENTS

There were no announcements.

The open meeting ended at 4:00 p.m. and the Executive Committee went into executive session to consider personnel matters.

Respectfully submitted,



Michael Spagna, Recording Secretary