

THE UNIVERSITY CORPORATION
Executive Committee
September 12, 2016

A meeting of The University Corporation Executive Committee was called to order by First Vice President, Ben Yaspelkis at 3:01 p.m. on Monday, September 12, 2016 in University Hall Room 250, California State University, Northridge. A quorum was present.

MEMBERS PRESENT: Sevag Alexanian, Michael Phillips, Dianne F. Harrison, Michael Spagna, Ben Yaspelkis

STAFF PRESENT: Heather Cairns, Elizabeth Corrigan, Rick Evans, Elizabeth Kioussis, Michael Lennon, Linda Turner, Lih Wu

ITEM 1 APPROVAL OF MAY 5, 2016 EXECUTIVE COMMITTEE MINUTES

MSP (Alexanian/Phillips): That the minutes of the May 5, 2016 Executive Committee meeting be approved as circulated.

ITEM 2 BANK RESOLUTIONS

Due to the recent departure of the Assistant Director of Financial Services, the ensuing change in that position description, and the pending search for a Controller, new resolutions are required to update signatures on the Corporation's bank accounts.

MSP (Phillips/Spagna): That The University Corporation Executive Committee recommend that The University Corporation Board of Directors approve the resolutions required by Wells Fargo and Northern Trust Banks to provide signature authority to The University Corporation Controller.

(Chair Dianne Harrison arrived; Dr. Yaspelkis passed the gavel.)

ITEM 3 AUDIT COMMITTEE CHARTER

Executive Director, Rick Evans reported that the 2015/16 audit went well and there were no findings. The audit committee met with auditors on September 8 to review the audit report.

Previously the Auxiliary Audit Committee served The University Corporation, the North Campus Development Corporation and the CSUN Foundation. The Foundation recently established its own, separate audit committee. The charter was redrafted to reflect this change and to include more detail. The audit committee reviewed the draft charter and recommended approval.

MSP (Phillips/Alexanian): That The University Corporation Executive Committee recommend that The University Corporation Board of Directors approve the audit committee charter, as proposed.

ITEM 4 HOTEL PROJECT

Mr. Evans reported that the Corporation received five responses to the Request for Qualifications. Two development teams were selected to receive the Request for Proposal (RFP). The deadline for submission

of proposals is October 12, 2016. Mr. Evans and Vice President for Administration and Finance, Colin Donahue have had proprietary meetings with each team to answer their questions related to the RFP.

ITEM 5 RESEDA BLVD OFFICE BUILDING

Linda Turner, Associate Director of Real Estate, reported that the second story is fully occupied by the university's Center for Assessment, Research and Evaluation (CARE) and the CSUN/LA Cleantech Incubator. Renovation of the ground floor is expected to finish in mid-November, after which the CSUN Alumni Association will occupy the entire space. The ADA-required elevator is under construction. Once all work is completed and the building is fully occupied, there will be a celebration.

ITEM 6 FRAUD PREVENTION PROGRAM

The Board has delegated fraud oversight responsibility to the Executive Committee.

Mr. Evans reviewed the updates to the 'Fraud Prevention & Ethics Advancement Plan' that were included in the meeting packet, and asked Michael Lennon, Associate Director of Retail Services to report on recent events.

(Sevag Alexanian left.)

Mr. Lennon advised that due to a flaw in the Tapingo mobile food ordering registration process, four students were able to access other students' meal plans and use their dining dollars. The 16 impacted students were made whole; of the students who perpetrated the fraud, one repaid the debt in full, two have agreed to pay, and one has disappeared. To prevent such incidents in the future, additional security software was implemented over the summer.

ITEM 7 FINANCIAL STATEMENTS

Mr. Evans reviewed the 2015/16 'Net Cash Generated' schedule, noting that the \$1 million payment received from Follett in July 2015 is amortized over the first five years of the contract extension period, and is therefore included in the 'Net Cash Generated to Replenish Reserves' total of \$330,000. Mr. Evans commented that all divisions will struggle going forward.

Chief Financial Officer, Lih Wu reported that the Matador Bookstore Complex HVAC project has been delayed to December. Northern Trust rebalanced the Corporation's investment portfolio in May to bring it in line with the Corporation investment policy; international equities were reduced and junk bonds were eliminated. The 'Schedule of Reserves' includes a new \$750,000 reserve for a catering kitchen, construction of which will begin when the hotel developer is named.

ITEM 8 BUDGET AND FINANCIAL OUTLOOK

The Executive Director presented an overview of the Corporation's financial condition, projecting a FY 16/17 drop in 'Net Cash Generated to Replenish Reserves.' A similar decline is not anticipated for FY 17/18, yet neither is a return to the higher levels of prior years. Mr. Evans continued that the Corporation's surplus contribution is the university's most flexible source of funds. For 2014/15 and 2015/16, that contribution was \$1.25 million; the same amount is included in the 2016/17 budget. He added that 2017/18

reserves are projected at \$6.9 million, the lowest level in years. The decrease in this year's freshman class has meant a higher vacancy rate in university housing and a related decrease in the number of meal plans sold. CSUN Dining has increased its marketing efforts to students living in the immediate area. The Chair noted that there has also been a decrease in international students. The Corporation will consider various scenarios and potential cost cutting measures in developing a sustainable financial plan for the future.

ITEM 9 RESEARCH AND SPONSORED PROJECTS – AWARDS AND EXPENDITURE REPORT (APRIL, MAY, JUNE, JULY 2016)

Mr. Evans reported that 2015/16 was a record year for sponsored programs activities. Indirect cost recovery and service fees were higher than budget. Michael Spagna remarked that the university must find ways to support the continued level of activity with newly hired faculty.

ITEM 10 ANNOUNCEMENTS

There were no announcements.

There being no further business, the meeting ended at 4:04 p.m.

Respectfully submitted,



Michael Spagna, Recording Secretary