

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
BOARD OF DIRECTORS
GRAND SALON
DECEMBER 1, 2014
MINUTES**

I. Call to Order

The regular meeting of the USU BOD was called to order at 12:30 p.m. by Chair Martinez-Ramirez.

II. Roll Call

Present	Absent	Staff	Guests
Talar Alexanian	Shelley Ruelas-Bischoff	Patrina Croisdale	
Amber Bynum	Tonee Sherrill	Jimmy Francis	
Sharon Eichten (<i>arrived at 12:35 p.m.</i>)	Karina Winkler	Joe Illuminate	
Barbara Gross		Chris Jensen	
Jorge Guzman		Kingson Leung	
Debra Hammond		Audrey Martinez	
Jaelyn Kietzman		Carol Nardini	
Shahtaj Khan		Jonathan Navarro	
Jesus Martinez-Ramirez		Jack Raab	
Josue Najera			
David O'Neill			
Demontae Thompson			
Perlita Varela			
Asia Wheaton			

III. Approval of Agenda

M/S/P (A. Bynum/D. O'Neill) Motion to approve the agenda of December 1, 2014.

Motion passed 11-0-0.

IV. Approval of Minutes

M/S/P (J. Najera/J. Guzman) Motion to approve the minutes dated November 17, 2014.

Motion passed 11-0-0.

V. Open Forum

None.

VI. Chair and Vice Chair Reports

Chair Martinez-Ramirez thanked everyone involved with the program review meetings. The four consultants presented their initial findings on what the USU does well and what we need to improve. We expect their report in mid-January, 2015. The team reported that the board's relationship to the USU staff should be used as a model for other student unions, as well as our use of student fees and our long-term financial plan. We need to share our goals with everyone. Vice Chair Khan asked that the board consider a date to hold a winter retreat. She wished everyone good luck during finals week.

Director Eichten arrived at 12:35 p.m.

VII. Executive Director's Report

Director Hammond said that the semester is winding down and now the focus is on crunch time for finals week. Since the Satellite Student Union is controlled operationally by Housing, programs are planned only at the USU. The Computer Lab will set all of its printing stations to default duplex printing at the start of the 2015 spring semester. Single-sided printing will be a self-select option and everyone will need to be aware of this change. This will reduce the annual paper consumption with a potential savings of approximately \$27,000 annually. The USU program review was very enlightening and Hammond shared a comment she received from one of the faculty members. Dr. Ivor Weiner, a

former Faculty Representative for the USU BOD, said he attended one of the meetings with the consultants who asked the group what the USU could do better. Dr. Weiner said everyone was speechless. He considered it to be a rare moment for faculty members who have an opinion on everything. He said you could have heard a pin drop in the room. In the wrap-up meeting, the team identified a few key concepts including suggestions for organizational structure and how the USU can realign itself to be more efficient. We look forward to sharing the final report with the board once it is received sometime in mid-January, 2015. The SRC received recognition for being one of the 30 universities that are leading the way with wellness for students by the Top Counseling Schools Web site. Selection criteria evaluated each university based on its counseling offerings, exceptional fitness amenities and eco-friendly building features. Jack Raab, the Associate Director for Operations and Services, is leaving the USU. His last day is December 18, and Hammond thanked him for all of his hard work to the USU. He retired from UCLA after working for them for 25 years. A few of his accomplishments include the acquisition of the furnishings in the lounge areas, and Plaza Vista. It was his idea to offer staff the option of painting one of the walls in their offices a different color and to add texture. He was responsible for the East Conference Center (ECC) and it was his vision that allowed us to go in an upgraded and innovative direction for our facilities. She again thanked him for his service and everyone gave him a round of applause.

VIII. A.S. Report

Talar Alexanian, Vice President, Associated Students, reported that crunch time is here. She wished everyone good luck during finals week. A.S. will hold their annual “Final Flip” Wednesday night in front of the Oviatt to rejuvenate students as they prepare for their final exams. A.S. is offering 150 free tickets to the men’s basketball game December 4 at Pepperdine University. Bus transportation will be provided on a first come basis. The bus will be parked in the G3 parking lot at 5:00 p.m. A \$5.00 deposit is required to secure a seat on the bus which will be returned after the game. Tickets can be picked up at the A.S. ticket office. She was asked if there was any news on commencement and Ms. Alexanian reported that a meeting took place with President Harrison, Drs. Watkins and Ruelas-Bischoff. A final decision has not yet been made.

IX. Committee Reports

- Facilities & Commercial Services: Director Najera reported for in the Chair’s absence, and said that there is a meeting tonight at 7:00 p.m. in the Glendale Conference Room (ECC).
- Finance Committee: Chair Perlita Varela said the board will vote on the First Quarter Budget today. One more meeting was needed and it has been scheduled for December 19 at 2:15 p.m. in the USU Conference Room.
- Personnel Committee: Chair Amber Bynum said the committee’s last meeting of the semester will be December 3 at 5:00 p.m. in the Moorpark Conference Room.
- Retirement Committee: Chair Shahtaj Khan said the committee’s next meeting is December 8 at 1:30 p.m. and will be held in the Executive Board Room.

X. Action Items

A. First Quarter Budget Report (3&9)

Motion from the Finance Committee to approve the 2014-2015 First Quarter Budget Report.

Director Varela reviewed the report with the board and said that it reflects financial operations for the three month period ended September 30, 2014. The optimal operating range is 25% of the yearly budget although operating limits from 20% to 30% are acceptable. The percentage for any particular revenue or expense category is computed by taking the actual revenue or expenditure amount and dividing it by the revised budget amount for that category. The percentage indicates the total amount of revenue earned or the total amount of expenditures incurred for any particular period (when compared to the revised budget).

Summary

Total revenue and total expenditures are within the operating range at 26.5% and 25.7%, respectively. The budget surplus is \$42,520 and the actual surplus is \$126,827. These figures indicate that department managers are proactively examining their budgets and making adjustments in a timely manner.

Revenue

Total budget revenue decreased \$58,681 when compared to the approved budget. Although the income for the Rental Income: Subleases, Rooms, and Equipment category is within the operating range (20.7%), this category for the Reservations & Event Services department is only 14.4% to budget. When income for the rental equipment category is included, the percentage increases to 16.8%.

An analysis is in process to determine why actual revenue from the meeting rentals is less than projected. We anticipate that the budget for rental income for this department will be decreased during the second quarter as a result of this analysis.

Rental Income (SRC Lockers and Towels) – this category is above the optimal range because members who purchase locker and towel services typically do so at the start of the semester. Purchases level out as the semester progresses. It is projected that revenue will be within the optimal range by 12/31/2014.

Food Service Commission – this category is within the operating range; however, the budget for this category was decreased by an estimated \$93,300 because the methodology for computing food commission will change as a result of transferring operational control of the Satellite Student Union (SSU) to Housing. Prior to the transfer, the USU earned 1% of all food purchases on campus from The University Corporation (TUC). After the transfer, the commission will be shared between Housing and the USU, with Housing receiving a larger percentage than the USU. This food commission sharing arrangement was not incorporated into the 2014-15 budget because the sharing arrangement had not been determined by the time the budget was completed. The commission sharing arrangement is still in the process of negotiation.

Summer Camp – this category is above the optimal range because 40.7% of the revenue was earned in July and August when camp is in session. The balance of projected revenue will be earned in the fourth quarter when camp resumes in June 2015.

SRC-Related Income – SRC-Related Income is composed of revenue from intramurals, fitness programs, memberships, guest passes, pool passes, and swim lessons. This category is 20.9% above the optimal range primarily because SRC membership sales have exceeded projections.

Miscellaneous Income- this category is well above the optimal range because revenue (e.g. AORMA) workers compensation (\$15,086) and general liability dividends (\$21,153) were received during the first quarter.

Expenditures

The budget for total expenditures decreased \$101,201 during the first quarter when compared to the approved budget.

Staff Salaries – this category is within the optimal range, but the budget was reduced by \$84,859 due to savings from vacancies in the assistant Director and HVAC engineer positions. These savings were used to offset an inaccurate projection of savings in custodial services provided by Metro as a result of the transfer of the SSU to Housing (please reference the “Repair and Maintenance” section for more details).

Hourly Wages – this category is above the optimal range in the Aquatics department and Fitness program department. The aquatics supervisor is scheduled to work more hours in the summer at the peak of the swim season. Group exercise instructors are working more hours than projected because there has been an increase in demand for fitness classes and personal training. The increase in hourly wage expense is offset by an increase in revenue derived from fitness classes and personal training.

In addition, the hourly wages budget was increased by \$25,086 to provide for the addition of a special assistant in the Administration department (not included in the 2014-15 approved budget).

Student Wages – this category is within the optimal range. However, the student wages budget was increased by \$15,540 to provide for an additional student assistant in the Administration department (not included in the 2014-15 approved budget).

General Operating Expenses – this category is above the optimal range (35.6%) due to program food costs (68.8%) and marketing expense (39%). Program food costs consist of meals provided to Sunny Day campers while camp is in session during July and part of August. The balance of this account will be expended in the fourth quarter when camp resumes in June 2015.

Marketing expense is above the range because promotion for fall programs begins in the early summer months. It is anticipated that this account will be in the optimal range by fiscal year end.

Travel - this category is below the optimal range (9.1%) because travel for the ACUI and NIRSA regional conferences occurs during the month of November. The AOA annual conference, the ACUI annual conference, and the NIRSA national conference will occur in the spring.

Utilities - this category is within the optimal range, but the budget was decreased by \$25,345. The average utilities cost for the prior twelve months is actually less than average cost approved in the 2014-15 budget.

Repairs and Maintenance – this category is within the optimal range, but the budget was increased by \$74,518. The custodial services budget was based on an incorrect understanding of the level of overall custodial staffing required. Also, the impact of the minimum wage increase for custodial workers (passed on to the USU) was not taken into account during the budget process.

Fees and Charges – this category is within the optimal range, but the budget was increased by \$10,670. The increase is due to merchant charges being higher than anticipated. There is a higher volume of transactions in which customers are using credit cards resulting in higher merchant card fees charged to the USU.

Reserves – the Reserves expense category is composed of administrative contingencies and unallocated working capital reserves. Administrative contingencies are within the optimal range (25%). However, unallocated working capital reserves are zero (0%) percent to budget. The budget balance available for working capital reserves is \$337,277.

Grants and Scholarships – this category is above the optimal range because tuition reimbursement for the Board Chair, Vice Chair, and graduate assistants for the fall semester was paid in July.

Total assets include \$2,509,696 in cash on hand in bank accounts and money market funds. Total liabilities include \$1,280,409 for post-employment benefits. The total net asset figure indicates that the USU is in a good position to manage unexpected economic events or to take advantage of potential opportunities to expand student programs.

Investment Summary

The USU earned \$109 during the first quarter as a result of an ultra-low interest rate environment for investments that offer safety of principal and immediate liquidity which, according to the USU investment policy, takes priority over the rate of return.

Another reason for the low interest earnings is that the average cash balance on hand is \$2 to \$2.5 million compared to an average of \$6 million at this time one year ago. In June 2014, the USU transferred \$6.5 million from its operating fund to its revenue fund in order to earn higher rates of return and facilitate the transfer of the SSU to Housing.

Unallocated Working Capital Reserves and Designated Reserves

A total of \$85,097 of unallocated working capital reserves was transferred to the operating budget during the first quarter.

Work Study

The USU has earned \$14,104 and expended \$1,289 leaving a balance of \$12,815. All work study funds will be expended by fiscal year end.

The directors commended Director Varela for the excellent report.

Motion passed 12-0-0.

XIII. Discussion Items

A. Legal Issue (Closed Session)

M/S/P (D. Hammond/S. Eichten) Motion to go into closed session and include Jimmy Francis, Director, Student Recreation Center.

Motion passed 12-0-0.

M/S/P (A. Bynum/J. Kietzman) Motion to end closed session.

Motion passed 12-0-0.

XIV. Announcements

- Director O'Neil thanked Jack Raab for his service to the USU.
- Director Bynum wished everyone well on their finals and said that the student board members should continue to schedule time to meet with their constituents and share about the board.
- Director Thompson said that if anyone wants to learn more about ACUI that he would be happy to share his experience.
- Audrey Martinez, Supervisor, USU Events, wanted to extend her thanks to the board for the opportunity to attend the ACUI Region I conference at La Verne University. She said that Shanell Tyus, Manager, USU Events, and Randy Sorensen, Events Supervisor Intern, could not be here today but also extend their thanks.
- Director Guzman thanked Director Hammond for helping him meet his goal for the St. Jude's Children's Research Hospital charity.

XIV. Adjournment

The meeting was adjourned by Chair Martinez-Ramirez at 1:37 p.m.

Respectfully submitted by,

Debra L. Hammond,
Executive Director