

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
BOARD OF DIRECTORS
DECEMBER 2, 2013
MINUTES**

I. Call to Order

The regular meeting of the USU BOD was called to order at 12:32 p.m. by Chair Collin Johnson.

II. Roll Call

<u>Present</u>	<u>Absent</u>	<u>Staff</u>	<u>Guests</u>
Kandee Bracero	Shelley Ruelas-Bischoff	Jenny Cai	Joseline Cubas
Tiffany Castellanos	Diana Madueno	Jimmy Francis	Sarah Garcia
Sharon Eichten (<i>arrived at 1:23 p.m.</i>)	Gavan Rathje	Jeremy Hamlett	David Haygood
Jorge Guzman		Joe Illuminate	Chris Jensen
Debra Hammond (<i>left at 12:43 p.m.</i>)		Shannon Krajewski	Abbie Rombaoa
Collin Johnson		Carol Nardini	Nicholas Seaman
Jaelyn Kietzman		Jonathan Navarro	Brandon Urtiz
David O'Neill (<i>arrived at 12:44 p.m.</i>)			
Nicole Riley			
Tonee Sherrill			
Demontae Thompson			
Perlita Varela			
Ivor Weiner			
Christopher Woolett (<i>left at 1:19 p.m.</i>)			

III. Approval of Agenda

M/S/P (N. Riley/D. Thompson) Motion to approve the agenda of December 2, 2013.

Motion passed 10-0-0.

IV. Approval of Minutes

M/S/P (D. Thompson/T. Castellanos) Motion to approve the minutes dated October 21, 2013.

Motion passed 10-0-0.

V. Executive Director's Report

Executive Director Hammond said she will be leaving shortly because she is in the middle of interviewing candidates for the VPAC Director position. The Executive Director's report is unusually large because the November board meeting was cancelled. Many programs took place in the last two months and all were well attended. Of note, there was a Veteran's Day event. During the event, names of those who had lost their lives were called out by CSUN student veterans. Staff and students attended the ACUI (Association of College Unions International) Region 15 conference in Hawaii, and the NIRSA (National Intramural-Recreational Sports Association) Region VI conference in Los Angeles. Jimmy Francis, SRC Director, was the co-chair of the NIRSA Region VI conference. Reviews of the conference stated it was the best ever Region VI conference. Discussion Item A on the board's agenda is about the feasibility of delaying the one-time \$2.00 operational fee and \$2.00 inflation adjustment. Last year the students had other fee increases and the USU was in a financial position to postpone the increase. This year it will be necessary to implement the fee increase. Hammond fully supports the implementation of the increase.

VI. Open Forum

- Senator Sarah Garcia, College of Education, Associated Students (A.S.) Board of Directors, addressed the board and said that 5,632 people died as a result of Super Typhoon Haiyan which struck the Philippine Islands in November this year. A.S. is donating \$5,632 to the American Red Cross which equals \$1.00 for each person lost. A.S. is seeking to raise additional funds through campus organizations and asked the USU BOD to consider making a donation. Garcia said that if anyone had questions to contact her.

- Brandon Urtiz introduced himself saying that he is the Assessment Assistant from the Administration Department of the USU. On behalf of the Administration Department he thanked the board for selecting him to attend the ACUI Region 15 conference in Hawaii. He shared that the experience was unforgettable. The keynote speakers were his favorite part. Puanani Burges's message of identifying your gifts and thinking about what makes you happy was very impactful. It was incredible to meet people from different backgrounds and see how everyone can play an important role at their student union.
- Joe Illuminate, Associate Director, Finance & Business Services, stated that according to the USU Cash Donations Policy, the Executive Director, in consultation with the Chair of the USU Board of Directors and the Associate Vice President of Student Life, is able to authorize cash donations less than \$5,000 to 501(c) (3) organizations such as the Red Cross. For donations greater than \$5,000, both the Finance Committee and Board of Directors must approve the donation.

Director Hammond left at 12:43 p.m.

Director O'Neill arrived at 12:44 p.m.

VII. Chair's Report

Chair Johnson read from his report and said he enjoyed the *Nev from Catfish* event. It was held in the Northridge Center and was filled to capacity. More than 300 students were turned away. The information and events presented to students is hitting closer to home and because of this, the relationship between students and the campus is growing. Johnson attended the men's basketball team season opener and said it was nice to see that it was well attended. He attended both the Personnel and Finance Committee meetings and said they were very thorough and the students were engaged in great discussions. Everyone who attended the ACUI Region 15 conference said it was amazing. Out of all the participating schools in the region, CSUN sent the largest group of representatives. This speaks to our school's viewpoints and principles and how we value our students and staff members. He urged the board to take advantage of any opportunity that comes up during the rest of the year.

VIII. Action Items

A. 2012-2013 Form 990 (Time Certain 12:50 p.m.)

Motion from the Finance Committee to accept the USU's 2012-13 Return of Organization Exempt from Income Tax Information return.

Joe Illuminate, Associate Director, Finance & Business Services (ADFBS), stated that all nonprofit organizations with gross receipts of more than \$25,000 per fiscal year are required to file Form 990. Per the Form 990 Review & Disclosure Procedure, it is the responsibility of the ADFBS to ensure that each member of the Board of Directors receives a copy of the final draft of Form 990 prior to filing with the Internal Revenue Service. Compensation-related information of board members is removed from the copy disseminated to the board in order to protect their privacy in a public forum. However, this information is available to review in the office of the ADFBS during normal business hours.

David Haygood, Senior Manager, NSBN LLP, addressed the board and said he has served the USU for the last three years. Form 990 must be filed by November 15 of each calendar year. Since NSBN filed an extension on behalf of the USU with the IRS, the filing is not due until February 15, 2014. Once Form 990 is accepted by the board, it will be filed electronically by NSBN.

Mr. Haygood said that the financial information contained in Form 990 was essentially the same information presented to the board in the 2012-13 audit report in September.

Mr. Haygood then asked the board if they had any questions. There were no questions. He thanked Director Hammond and Mr. Illuminate for the opportunity to be of service to the USU.

Motion passed 10-0-0.

IX. Vice Chair's Report

Vice Chair Varela read from her report and talked about the ACUI Region 15 Conference. The conference consisted of numerous sessions from topics like: communication, what motivates people to do what they do, how to nail your dream job, how to manage it all as a student, and many more. The sessions made her think of what a tough job everyone has at the USU. She attended sessions put on by some of our USU representatives and they all did a great job. Varela said the conference expanded her potential for growth and she will be a better asset to the board and USU. Speakers shared their knowledge and were marvelous. Some shared that you have to find your passion in life. It will not be easy but it will be worth it. She thanked all the staff and students for their hard work, and expressed her gratitude to Director Hammond for making it possible. She attended the Finance Committee meeting and everyone was engaged. She thanked Sarina Loeb, Coordinator for the Pride Center, for putting on an amazing event for Trans Awareness Week. She wished the students good luck on finals, and everyone happy holidays.

X. A.S. Report

Mr. Woolett said that A.S. has a new program called “A.S. on Wheels.” A.S. members roam around campus which enables them to reach a wider group of students. They are taking informal polls and asking students’ questions like “what do you like about CSUN,” “what do you not like about CSUN,” etc. A.S. is considering changing their branding. It has been 11 years. A.S. will check with the USU who has been through the rebranding process. Woolett said he attended the Western Region Career in Student Affairs Day at CSU Long Beach in early November. It was a good event with great information, workshops and he enjoyed seeing many of the USU students at the event.

XI. Committee Reports

- Facilities & Commercial Services: No report.
- Finance Committee: Chair Demontae Thompson said he also attended the ACUI Region 15 conference and enjoyed it very much. There were great sessions and it was a fabulous learning experience. He will apply to attend the ACUI Annual Conference in Orlando in April next year. The Finance Committee’s last meeting was November 22. They approved their goals, the implementation of student fees, and USU scholarships were discussed.
- Personnel Committee: No report.
- Retirement Committee: Chair Perlita Varela said the committee held two meetings. At the November 8 meeting, the committee discussed the selection of a new company to oversee the retirement plans. Joe Illuminate met with a representative of the current company *The Standard*. They told him they want the chance to compete and stay with the USU. It was decided to push back the selection of a new vendor until the February meeting. Further investigation is needed. At the November 18 meeting, the committee discussed changes to the Retirement Plan Investment Lineup which is an action item on today’s agenda.

Mr. Woolett left at 1:19 p.m.

VIII. Action Items (continued)

B. Retirement Plan Investment Lineup Changes

Motion from the Retirement Plan Committee to approve the replacement of the following current funds in both the 403(b) plan and pension plans’ investment line-up with funds recommended by the USU’s financial advisor as presented in the following table:

Current Fund:	Replacement Fund:
TIAA-CREF Mid-Cap Val Ret	➔ JHancock Disciplined Value Mid Cap I
BlackRock Small Cap Growth Eq Instl	➔ T. Rowe Price New Horizons
Thornburg Intl Value R5	➔ MFS International Diversification R4
Vanguard Windsor II Inv	➔ Vanguard Windsor II Adm
Vanguard Ext Mkt Idx Inv	➔ Vanguard Ext Mkt Idx Adm
Vanguard Small Cap Index Inv	➔ Vanguard Small Cap Index Adm
Vanguard Balanced Index Inv	➔ Vanguard Balanced Index Adm

Director Varela said the first three **Current Funds** will be replaced by the last four (Vanguard) **Replacement Funds**. Joe Illuminate said that three funds were replaced on the watch list by the USU’s financial advisor and four funds were replaced on the Vanguard funds in the Investor Class with the same funds in the Admiral Class which has lower fees than the Investor Class (0.10% to 0.12% lower). Director Varela said the decision was made to add and remove funds to/from the investment lineup. Any assets remaining in the current funds will be automatically transferred to the listed replacement funds. All investment directives regarding future contributions will be automatically changed to direct contributions to the listed replacement fund. Any assets remaining in the current fund will automatically be transferred to the listed replacement fund. The changes apply to both the 403(b) Plan and the Employees’ Pension Plan.

Motion passed 10-0-0.

Director Eichten arrived at 1:23 p.m.

C. First Quarter 3&9 Financial Report

Motion from the Finance Committee to accept the 2013-2014 First Quarter Budget Report.

Director Thompson said that the USU does a thorough budget review every quarter. The first quarter budget report is for the first quarter ended September 30, 2013. During the 2012-13 third quarter budget review, it was communicated to the Finance Committee and the Board that a certain percentage of each department’s expenditure budget would be transferred to unallocated reserves during the first quarter (3&9) budget process in order to prevent a large surplus. Since total revenues and total expenditures are well within the operating range, a transfer

of expenses is not necessary at this time. Another analysis will be made during the second quarter (6 & 6) budget review to determine if expenses should be transferred to unallocated reserves.

Comparison of the First Quarter Budget to the Adopted Budget

Projected revenue has increased by \$13,562 and projected expenditures have increased by \$2,347. As a result, the budget surplus is projected to increase from \$9,690 to \$20,905.

Actual Change in Net Assets (Net Surplus)

The actual change in net assets of \$456,222 is greater than the budgeted net assets of \$20,905 by \$435,317. It is not unusual for the actual surplus to be greater than the budget surplus the first quarter of each fiscal year as explained in the following sections.

Revenues

Total revenue is \$3,381,119 or 26.7% to budget and total expenditures are 2,924,897 or 23.2% to budget. The combination of revenue above the 25% optimal range and total expenditures below the 25% optimal range is the principal reason why actual revenue exceeds total budget revenue by \$435,317 at the end of the first quarter of the fiscal year.

- 1) Student fee revenue in the amount of \$907,071 is received the first Thursday of each month. Since student fees accounted for 80.5% of total revenue in the first quarter, total revenue will not fall below the 25% optimal range.
- 2) \$183,307 or 40.7% of summer camp revenue for the fiscal year is received in July and August of which \$154,295 was deferred revenue as of 6/30/13.
- 3) \$240,805 or 60% of SRC-related income was received in the first quarter of which \$70,370 was deferred revenue as of 6/30/13.
- 4) \$34,431 or 70.9% of the miscellaneous income budget was received during the first quarter. The amount received each July, are insurance premiums returned to the USU as a result of excellent general liability and workers compensation claims history.

Expenditures-Wages & Benefits

Total salaries and benefits are 25.9% to budget. During the first quarter, the budget increased by only 0.1% or \$4,016.

Expenditures – Operating Expenses

Total operating expenditures are only 19.4% which is 0.6% below the low end of the operating range. The main reason is attributable to the travel and reserve categories which account for 18.8% of the total operating expense budget. Actual travel expenditures are only 4.0% to budget and actual reserves are 0.8% to budget. The travel and reserve expense categories accounts for less than 1% of actual operating expenditures as of 9/30/13.

Travel expenditures are low during the first quarter since travel for major conferences such as ACUI, NIRSA, and AOA do not take place in the first quarter.

Reserves expenditures are zero since it has not been necessary to allocate any of the \$470,000 working capital reserves. Also, only \$5,956 of the \$319,314 reserve for administrative contingencies has been utilized. It is anticipated that all reserves for administrative contingencies will have been expended by fiscal year end.

Statement of Changes in Financial Position

The USU is in a solid financial position as result of its sizeable cash reserve and its net assets that have grown by \$456, 222 since 07/01/13.

Investment Summary

The USU has earned only \$179 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 precedence over rate of return. The USU had approximately \$7,127,906 invested in short-term United States Treasury bills as of 9/30/13.

Reserves

There were no working capital reserves or designated reserves expended during the first quarter. The working capital reserve budget is \$470,000 and the designated reserves budget is \$274,272.

Capital Outlay

There were no capital outlay (fixed asset) purchases made from the capital outlay budget in the first quarter. The total capital outlay budget is \$112,448.

Work Study

The USU has received \$16,447 and expended \$5,079 leaving a balance of \$11,368. All work study funds will be expended by fiscal year end.

Director Thompson fielded questions from the board saying that work study funds need to be used in the same calendar year. Work study funds are used for training and travel for USU staff and students. If any of the work study funds are not used, they are transferred to miscellaneous income. Director Eichten said that the University receives work study funds from the federal government and auxiliaries are allocated a percentage of that money.

Motion passed 10-0-1.

XII.

Discussion Items

A. Implementation of Student Union Fee

Joe Illuminate addressed the board saying that one of the Finance Committee goals for the 2013-14 fiscal year is to determine the feasibility of delaying the implementation of the one-time \$2.00 operational fee and \$2.00 inflation factor until fiscal year 2014-15. Based on the most current long-term financial plan, it is necessary to implement these fees for the 2014-15 fiscal year as approved by the campus president in a letter signed on April 18, 2013.

In October 2009, a one-time \$15.00 operational fee increase and a \$2.00 inflation factor were approved by the campus president to go into effect the 2012-13 fiscal year. In December 2011, due to the positive condition of the USU, the campus president approved a reduction of the one-time \$15.00 operational fee to \$2.00 while retaining the \$2.00 inflation factor. The one-time \$2.00 operational fee and \$2.00 inflation factor were scheduled to go into effect in the 2013-14 fiscal year. In April 2013, due to the positive financial condition of the USU, the president approved a delay in the implementation of the one-time \$2.00 operational fee increase and \$2.00 inflation factor until fiscal year 2014-15.

The long-term financial condition (14/15 through 23/24) of the USU is more uncertain than was presented in prior financial plans e.g., ending net assets after working capital reserves have decreased from prior financial plans.

A delay in implementation of the operational fee and inflation factor until 2015-16 would cause an additional decrease in net assets after working capital reserves of \$3,334,263.

B. BOD and Committee Goals

Chair Johnson asked each committee chair to share their committee's goals with the board.

Johnson read the goals of the Facilities and Commercial Services Committee:

1. Conduct site visits and assessment to determine appropriate recommendations for the use of the Sol Center 2nd floor study lounge space. Possibilities will include converting the space into a high technology collaborative study lounge, retaining as a quiet lounge or a combination of both. [November 2013]
2. Conduct research for the development of a Draft Long Range Development Plan (LRDP) for the USU facilities, this goal will be two parts: 1) Conduct needs assessments of existing space, 2) prepare draft long range recommendations for the future expansion and development of all USU facilities. [Part 1: February, 2014; Part 2: April, 2014]
3. Examine current USU RES policies and procedures, draft revisions to reflect current and future operations, prepare draft policies for presentation and consideration of the Board of Directors. [March 2014]
4. Determine feasibility of renovating the games room to compliment the interior design of other new USU facilities and to promote an engaging student friendly environment. [Ongoing]

Director Thompson read the Finance Committee's goals:

1. Determine the feasibility of delaying the \$2.00 operational fee increase and \$2.00 inflation adjustment scheduled to take effect July 01, 2014. [12/1/13]
2. Determine the feasibility of using non-student fee revenue to make donations to CSUN students; 501 (C) (3) organizations; or CSUN campus departments students. [2/1/14]
3. Revise or create the following policies and procedures. [3/31/14]
 - a. USU Reserves Policy (revise)
 - b. USU Hospitality Policy (create)
 - c. USU Public Relations Policy (create)

Chair Johnson read the goals of the Personnel Committee:

1. Review and consider approving changes to the USU Employee Handbook regarding overtime approval. [Discussion 9/2013; Action 10/2013]
2. Review and consider approving an updated Student Assistant Performance Evaluation Form [Discussion 10/2013; Action 11/2013]
3. Review and consider approving a USU recruitment relocation policy. [Discussion 11/2013; Action 12/2013]

4. Review and consider changes to Regular Employee Performance Evaluation Form. [Discussion 2/2014; Action 3/2014]
5. Review and consider approving ANNUAL updates and changes to the USU Employee Handbook based on new laws. [Discussion 3/2014 Action 4/2014]
6. Review and consider approving changes to the USU policy regarding the use of USU electronic equipment and social media policy. [Discussion 3/2014 Action 4/2014]
7. TENTATIVE – Consider approving a Plan Document for USU Benefits for Retirees. [TBD]
8. TENTATIVE – Consider approving changes relative to employee benefit eligibility. [TBD]
9. Review and consider approving changes to the USU Employee Handbook regarding references. [TBD]

The Retirement Committee has one goal and Vice Chair Varela read it as follows:

1. Determine the feasibility of selecting a new retirement plan service provider in order to lower fees for USU plan participants. [4/30/14]

C. BOD Site Visit – January 8-9, 2014

Chair Johnson said that on January 8 and 9, 2014, the board is planning a site visit to San Diego State University and possibly UC San Diego. The board decided to visit the college and meet with their counterparts to discuss the structure of our board of directors.

XIII. Announcements

- Joseline Cubas, USU BOD graduate assistant, will send out an email, including the form, to the committee chairs to remind them to prepare the mid-year reports to be presented at the January meeting.

XIV. Adjournment

The meeting was adjourned by Chair Johnson at 2:01 p.m.

Respectfully submitted by,

Carol Nardini
Administrative Assistant to the Executive Director

Approved by:

Debra L. Hammond,
Executive Director