

THE UNIVERSITY CORPORATION
Executive Committee
May 8, 2015

A meeting of The University Corporation Executive Committee was called to order by Chair, Dianne F. Harrison at 3:03 p.m. on Friday, May 8, 2015, in University Hall Room 250, California State University, Northridge. A quorum was present.

MEMBERS PRESENT: Dianne F. Harrison, Michael Spagna, Sonia Vaswani, Ben Yaspelkis

MEMBERS ABSENT: Jennifer Matos

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

OTHERS PRESENT: Scott Perez

ITEM 1 APPROVAL OF JANUARY 29, 2015 EXECUTIVE COMMITTEE MINUTES

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

ITEM 2 JUDGE JULIAN BECK INSTRUCTIONAL IMPROVEMENT PROJECTS

The list of recommended projects was shared with the Executive Committee. Twenty-six proposals were submitted and reviewed by the Center for Innovative and Engaged Learning Opportunities (CIELO) Advisory Board and twelve were recommended for funding, totaling \$65,708.

MSP (Spagna/Yaspelkis): That The University Corporation Executive Committee approve the Judge Julian Beck Instructional Improvement grants for the year, as recommended by the CIELO Advisory Board.

ITEM 3 APPOINTMENT OF NOMINATING COMMITTEE

Executive Director, Rick Evans stated that the Chair, with the approval of the Executive Committee, traditionally appoints a nominating committee to make recommendations for officers for the coming year.

MSP (Vaswani/Yaspelkis): That The University Corporation Executive Committee approve the appointment of a Nominating Committee to make recommendations for Corporation officers, one-year terms to begin July 1, 2015.

Appointed to the nominating committee were Ben Yaspelkis (Chair), Michael Spagna and Sonia Vaswani. The nominating committee will present its recommendations at the June 4 Board meeting.

ITEM 4 FINANCIAL STATEMENTS

Rick Evans commented that the Corporation was tracking better than budget and there were no anomalies to note. He asked CFO, John Griffin to discuss investments. Mr. Griffin stated that the student-managed fund is doing well because it is invested in U.S. equities. While the U.S. equities in the Northern Trust-managed portfolio also have positive returns, the commodities and international equities components have not performed as well this year. The overall return on investments is 2.43% for the nine months ended March 31, 2015. The Northern Trust portfolio manager will be invited to an executive committee meeting in the fall.

ITEM 5 2015/16 OPERATING BUDGET

Mr. Evans reminded the executive committee that, as explained in earlier email communications, the detailed budget presentation would be made to the executive committee, with a shorter presentation at the board meeting. He reviewed the executive summary, noting that the current year Net Cash Generated of \$1,209,000 was \$344,000 greater than budget; this is adjusted to \$2,209,000 when including the first \$1 million additional payment from Follett. During this year, the Board made two commitments from Net Cash Generated - \$600,000 for the Reseda Blvd Building and \$650,000 for the Geronimo's expansion budget augmentation.

Next year's budget shows Net Cash Generated of \$1,359,000. FY 15/16 will be the second year of the increased \$1.25 million surplus contribution to the University. Major budget impacting factors include a 3% cost of living adjustment; the minimum wage increase to \$10/hour as of January 1, 2015; the opening of new food units in student housing; and continuing challenges in the college bookstore industry. Mr. Evans noted that the reserve for student housing-related projects would close once the three projects it funds were completed. The Real Estate Reserve was depleted with the purchase of a College Court townhome and the Reseda Blvd Building; Management recommends using the \$1 million additional payment from Follett to partially replenish this reserve.

CFO John Griffin noted that the Corporation received in FY 14/15 a one-time payment of \$125,000 from Pepsi, per the new campus pouring rights contract. He then reviewed the balance sheet and the reserves. FY 14/15 completes the three-year commitment to fund a support position in the Office of Research and Sponsored Programs. Regarding the Matador Bookstore Complex reserve, Mr. Evans interjected that once its new building is completed, the College of Extended Learning will vacate some of the space it occupies in the Matador Bookstore Complex. University administration will determine how the space will be utilized; significant owner required renovations will be necessary.

General and Administrative (G&A). Associate Director of Financial Services, Teresa Loren reviewed the G&A budget, commenting that while there is an increase in payroll and benefits, most other categories remain flat.

Matador Bookstore. Mr. Griffin stated that budget projections were conservative, including a six percent decrease in commissions, based on anticipated enrollment and bookstore sales trends.

Food Services. Elizabeth Corrigan, Associate Director of Dining explained that although there will be 400 new beds in student housing for FY 15/16, budgeting was based on 300 additional beds due to the unknown impact of enrollment reduction and the likely drop in voluntary meal plans, as happened in the current year. Ms. Corrigan added that there have been no meal plan price increases in four years. While a

4% increase will be implemented for FY 15/16, CSUN continues to maintain the lowest rates in the CSU. The budget includes a lower percentage on vending sales, per the new Pepsi agreement, a new concessions model for the Valley Performing Arts Center, and the new Shake Smart unit that will open in the University Student Union. Ms. Corrigan noted that payroll and benefits reflect the minimum wage increase effective January 1, 2015, the cost of living adjustment for managers, and the expanded sick leave law that goes into effect. Cost of goods sold shows higher for FY 15/16 because paper goods are included.

Real Estate. Georg Jahn, Director of Sponsored Programs and Real Estate, commented that the major change for the Real Estate budget was the addition of the Reseda Blvd Building, the Corporation's first commercial property. Interest expense reflects the bond financing. No rent will be received during the months of renovation. Though FY15/16 shows a net deficit before G&A, when adding back depreciation, the Real Estate division is in the positive.

Sponsored Programs. Mr. Jahn advised that although sponsored projects did not make budget for FY14/15, due to increased proposal submissions, more grants are anticipated in FY15/16, reaching an anticipated record of \$31 million.

Capital Budget. Director of Administrative Services, Heather Cairns listed key capital projects for FY15/16, including Geronimo's restroom renovation in coordination with expansion, an energy efficient air conditioning system for University House, replacement of two electric carts used in commercial operations, an emergency operations generator for Geronimo's to meet the university's emergency operations plan, and a remodel of the Arbor Grill kitchen for faster service. The capital budget remains at \$300,000.

MSP (Yaspelkis/Vaswani): That The University Corporation Executive Committee recommend that The University Corporation Board of Directors approve the 2015/2016 operating budget as proposed.

ITEM 6 STUDENT HOUSING-RELATED PROJECTS

Mr. Evans stated that the three projects are progressing without the need of another budget augmentation. He asked Tim Killops, Associate Director of Facilities and Operations to give an update. Mr. Killops advised that Bamboo Terrace @ Geronimo's is nearing the halfway point, with completion expected by July 31. Contractor S. C. Anderson, Inc. found savings in the lighting and kitchen equipment packages. The savings on this project will supplement the funds set aside for the two smaller projects, as those bids also came in high. For Freudian Sip @ Student Housing, the Corporation is working with VISCOM on an art piece for the space. The relocated, expanded, and renamed convenience store, Matador Mercado, will be completed by July 17. All units will open for the fall 2015 semester. Mr. Evans added that there will be a grand opening celebration in conjunction with University Housing in August.

ITEM 6 FRAUD PREVENTION PROGRAM

The Corporation's fraud prevention plan includes regular reporting. The Executive Committee oversees the plan. Mr. Evans advised that there were two incidents to report and introduced Human Resources Manager, Kathryn Weeks.

Ms. Weeks reported on an incident involving an employee at the Magaram Center, who falsified time cards. The Corporation is the employer of record, but the position is funded by donations to the CSUN Foundation. The employee admitted to the falsified time sheets, was terminated, and returned the overpayment of approximately \$600. The Corporation met with Magaram Center administrators to assist in tightening their oversight/supervision.

Michael Lennon, Associate Director of Retail Services reported on the second incident, which had come to light two days earlier. A convenience store student employee transferred dining dollars from meal plan accounts onto MataMoney cards. Fraudulent transactions totaled \$1,650.00. Although security cameras recorded most of these fraudulent transactions, the employee did not admit to anything. The employee was terminated, a police report was filed and the office of Student Affairs was notified. Funds were re-deposited onto meal plan cards. Management is working with the point-of-sale provider to improve controls in the system and a reporting process has been put in place to quickly identify improper activity. The Corporation is looking into a new system, with better controls.

ITEM 8 RESEARCH AND SPONSORED PROJECTS – AWARDS AND EXPENDITURE REPORTS (JANUARY, FEBRUARY, MARCH 2015)

Mr. Jahn reported that although sponsored programs direct expenditures are below budget, the indirect cost recovery (IDC) rate is better than budget and the Net Available to Campus exceeds budget. Mr. Jahn added that the last two months of the year tend to be the strongest, so it is still possible to make budget. Scott Perez, Director of the university's Office of Research and Sponsored Projects (ORSP), added that the pace of submissions is increasing. ORSP is focused on getting more people engaged in these activities.

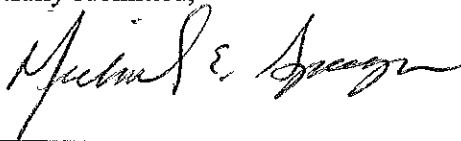
ITEM 9 ANNOUNCEMENTS

New Audit Firm: After a joint auxiliary RFP process, the Audit Committee interviewed three firms and selected CohnReznick as the external auditor. CohnReznick won the contracts for all campus auxiliaries. The firm has higher education, non-profit and A-133 audit experience.

Second Vice President, Sonia Vaswani thanked Corporation Management and fellow officers for making her term on the Board and her year on the Executive Committee a rewarding experience.

There being no further business, the meeting adjourned at 4:18 p.m.

Respectfully submitted,



Michael Spagna, Recording Secretary