A meeting of The University Corporation Executive Committee was called to order by First Vice President, Ben Yaspelkis at 3:00 p.m. on Thursday, May 5, 2016 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, Georg Jahn, Elizabeth Kiousis, Michael Lennon, Teresa Loren, Linda Turner, Lih Wu

OTHERS PRESENT: Scott Perez

ITEM 1 APPROVAL OF FEBRUARY 2, 2016 EXECUTIVE COMMITTEE MINUTES

MSP (Spagna/Alexanian): That the minutes of the February 2, 2016 Executive Committee meeting be approved as circulated.

ITEM 2 JUDGE JULIAN BECK INSTRUCTIONAL IMPROVEMENT PROJECTS

MSP (Alexanian/Spagna): 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

MSP (Spagna/Alexanian): That the Executive Committee approve appointment of a nominating committee to make recommendations for Corporation officers, one-year terms to begin July 1, 2016.

Ben Yaspelkis and Sevag Alexanian will comprise the nominating committee.

ITEM 4 FINANCIAL STATEMENTS

Executive Director, Rick Evans stated that much of the information was included in the budget presentation. Interim CFO, Lih Wu explained the additional ‘cash & investments’ sheets she had prepared, which show that net of quasi-endowments and reserves, cash available for day-to-day operations equals roughly $500,000.

Ms. Wu advised that Northern Trust was in the process of rebalancing to reduce the international equities segment of the portfolio. The Corporation investment policy limits international equities to no more than 20% of total equities; portfolio managers misinterpreted the limit as 20% of total investments. Statements will be reviewed quarterly to ensure compliance with policy.
Michael Phillips sought to ensure a uniform interpretation of what constitutes an international holding, and suggested that it depend on which exchange it is traded. American depository receipts held oversees but traded on the American stock market would not fall into the ‘international’ category. The CFO concurred.

ITEM 5  HOTEL AND CATERING KITCHEN UPDATE

Linda Turner, Associate Director of Real Estate, reported that the review committee is close to completing the review of developers’ Request for Qualifications (RFQ) submissions. Interviews will take place on May 17, after which three or four developers will be selected to receive the Request for Proposal (RFP) in June, with a submission deadline in September. The review committee is comprised of representatives from the Corporation and CSUN Administration & Finance, as well as faculty members, Mechelle Best (Dept. of Recreation and Tourism Management) and Ray Calnan (Dept. of Business Law - Real Estate Program).

Mr. Evans added that the estimated $1.5 million cost of the catering kitchen will be split equally between the Corporation and the university. The Corporation’s share is included in the proposed FY 2016/17 budget.

ITEM 6  2016/17 OPERATING BUDGET

Mr. Evans reviewed the executive summary, noting that the majority of ‘Net Cash Generated from Operations’ comes from three operations – bookstore, sponsored programs and food services. Continued declines in bookstore sales are expected, though buffered by Follett’s contractual minimum annual guarantee of $1,224,000. For the current year, commissions dropped 6%, in line with budget. A further reduction of 8% is anticipated for FY 16/17. Sponsored programs revenue has continued to moderately increase, despite the increasingly competitive grants environment; the FY 16/17 budget anticipates minor growth. Food services presents some challenges, primarily due to the projected loss of 100 meal plans. Nonetheless, Corporation net assets continue to grow, reserves are funded, and the 2016/17 budget still shows a surplus of roughly $1 million.

The Executive Director continued that given the budget challenges, management will defer adding three needed positions. Additional assignments will be distributed to current staff to the extent possible, and management will prepare budget projections and strategies for the next three years. During FY 16/17, the Corporation will plan for its information technology needs. The Reseda Annex will be fully renovated and occupied. The Corporation will participate in the on-campus hotel project, which will necessitate development of an expanded campus catering function. The Corporation also staffs the North Campus Development Corporation and will facilitate a study into the highest and best use of North Campus land.

Mr. Evans noted that for FY 16/17, ‘Net Cash Generated to Replenish Reserves’ is $941,000, a drop from the current year $1.3 million. Contributing factors include: the increased surplus commitment to the university of $1.25 million; a two percent salary increase; the minimum wage increase to $10.50/hour as of July 1, 2016 (after the January 1, 2016 increase to $9/hour).

Ms. Wu reviewed proposed transfers: $300,000 into the Real Estate Reserve; $750,000 into a catering kitchen reserve; and $250,000 into the Matador Bookstore Complex building reserve, to begin rebuilding it, since the current balance will be used for HVAC and roof repairs.
**General and Administrative (G&A):** Director of Administrative Services, Heather Cairns reviewed significant factors, including a shift of some salaries into G&A to better reflect how the Corporation operates, increased depreciation related to the Matador Bookstore Complex HVAC/roof repairs, and increases in professional services due to higher ADP payroll system and campus services costs.

**CSUN Campus Store:** Ms. Wu noted the projected higher commission for the current year.

**Food Services.** Elizabeth Corrigan, Associate Director of Dining Services, discussed key factors impacting current year. She stated that the Freudian Slp-Student Housing budget was too aggressive and the Freudian Slp-Bookstore had shifted to Follett operation under their licensing arrangement with the Corporation.

For FY 16/17, Ms. Corrigan discussed the anticipated drop in sales, primarily in the meal plan. Reduced enrollment is a primary concern, particularly with groups that traditionally purchase meal plans – freshmen, transfers, and international students. The Student Housing vacancy rate is also expected to grow. A meal plan task force will focus on marketing the meal plan to students living immediately off-campus.

**Real Estate.** Linda Turner, Associate Director of Real Estate, noted that the current year projection is better than budget. FY 16/17 revenues will increase with a full year of Reseda Annex rent, compared to nine months for the current year. The increase in expenses is due to increased depreciation.

**Sponsored Programs.** Director of Sponsored Programs, Georg Jahn, reported that in the current challenging funding environment, many CSU campuses have experienced declines in external funding. CSUN’s sponsored activities and the related service fees continue to rise modestly but steadily. Mr. Jahn stated that information technology consulting and equipment expenses will increase in FY 16/17 as the Corporation begins its transition to paperless systems.

**Capital Budget:** The three main projects are a retrofit of the Matador Bookstore Complex elevator, renovation of the Matador Bookstore Complex restrooms, and energy-efficient window replacement at University House.

Michael Phillips suggested that the term ‘cost of living adjustment’ was inaccurate and should be replaced with a different label. The budget document will be revised to use the term ‘salary increase.’ Prof. Phillips asked if University Housing is available to international graduate students. Lih Wu responded that most adult students do not want to live in campus housing. Michael Spagna asked if there were areas other than personnel that could be scaled back. Mr. Evans responded that although the Corporation is not generating the cash it once did, it is far from a fiscal crisis. To ensure long-term fiscal responsibility, management will present three-year budget projections and strategies during the next fiscal year.

**MSP (Spagna/Phillips):** That The University Corporation Executive Committee recommend that The University Corporation Board of Directors approve the 2016/2017 operating budget as proposed.

**ITEM 7.**

**RESEARCH AND SPONSORED PROJECTS – AWARDS AND EXPENDITURE REPORT (JANUARY, FEBRUARY, MARCH 2016)**

Mr. Jahn reported that for the nine months ended March 31, 2016, indirect cost recovery exceeds budget by 16%, service fee income exceeds budget by 4%, and net available to campus exceeds budget by 40%.
Michael Spagna recommended tracking who is submitting proposals for the purpose of building a professional development network within and across colleges. Successful grant getters could serve as mentors to newer faculty as a means of building such a professional development network.

ITEM 8. ANNOUNCEMENTS

There were no announcements.

There being no further business, the meeting ended at 3:58 p.m.

Respectfully submitted,

Michael Spagna, Recording Secretary