

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
APRIL 04, 2017
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Michael Odinlo at 12:36 p.m.

II. Roll Call

Present	Absent	Staff/Guests
Khusbeen Dhillon, Student Representative (voting)	Thelmari Raubenheimer, Board Chair (non-voting)	Tina Jensen Kronqvist, Student Administrative Assistant
Sharon Eichten, University Representative (voting)	Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)	Scott Schorn, Associate Director, Operations & Services
Brenda Flores, Student Representative (voting)	Aleyna Williams, Student Representative (voting)	
Debra Hammond, Executive Director (non-voting)		
Joe Illuminate, Executive Secretary (non-voting)		
Farhad Khorasani, Student Board Representative (voting)		
Michael Odinlo, Committee Chair (voting)		

*Debra Hammond arrived at 12:38 p.m. Farhad Khorasani arrived at 12:47 p.m.
Debra Hammond and Scott Schorn departed at 12:48 p.m.*

III. Approval of Agenda

M/S/P (K. Dhillon/B. Flores) Motion to approve the agenda for April 04, 2017.

Main motion passes by general consensus

IV. Approval of Minutes

M/S/P (B. Flores/K. Dhillon) Motion to approve the minutes for March 07, 2017.

Main motion passes by general consensus

V. Chair's Report

Committee Chair, M. Odinlo, informed the members that Farhad was running late and would be arriving shortly, and Aleyna was not feeling well and would not be able to attend today's meeting.

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VI. Action Items

A. 2017-18 Capital Outlay Proposal

M/S/P (K. Dhillon/B. Flores) Motion to approve the 2017-18 Capital Outlay Allocation Proposal for \$197,860.

University Student Union Capital Outlay Allocation Proposal 2017-18							
No.	Item Description	Category	Base Cost	Contingency (10%)	Total Cost	In 30 Year Plan?	Priority
1	Virtual Desktop Infrastructure (VDI) Software Licenses	Software	\$65,910	\$6,591	\$72,501	N	1
2	Oasis: Mindful Garden Awning Structure	Furniture & Fixtures	\$8,978	\$897	\$9,875	N	1
3	Executive Board Room Conference Table (Sightlines Project ID #879)	Furniture & Fixtures	\$18,101	\$1,810	\$19,911	Y	1
4	Northridge Center House Lights Control System	Equipment	\$21,786	\$2,179	\$23,965	Y	1
5	Pool Heater System for Plaza Pool (Sightlines Project ID #424)	Equipment	\$33,099	\$3,309	\$36,408	Y	2
6	Performance Hall HVAC Unit Replacement (Sightlines Project ID #764)	Equipment	\$20,000	\$2,000	\$22,000	Y	1
7	Dolphin Wave Pool Vacuums	Equipment	\$12,000	\$1,200	\$13,200	N	1
TOTAL			\$179,874	\$17,986	\$197,860		

The committee discussed the 2017-18 Capital Outlay Proposal at the previous meeting. M. Odinlo informed the members that there had been no changes to the proposal since then. The fiscal impact is a potential reduction of \$197,860 in the cash balance of the USU general operating bank account.

Main motion passes 3-0-0

B. 2017-18 Major Purchases, Repairs, & Replacements Proposal

M/S/P (B. Flores/K. Dhillon) Motion to approve the 2017-18 Major Purchases, Repairs & Replacements Allocation Proposal in the amount of \$755,047.

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University Student Union Major Purchase, Repair, & Replacement Proposal 2017-18						
No.	Item Description	Base Cost	Contingency (10%)	Total Cost	In 30-Year Plan?	Priority
1	SRC Top Level Training Zone Equipment Upgrade	\$118,533	\$11,854	\$130,387	N	1
2	Meeting Room Audio Visual Upgrade Phase I	\$356,000	\$3,560	\$359,560	Y	1
3	Fire Alarm System - Panel Upgrades Sightlines ID #'s 184, 482, & 660	\$141,000	\$14,100	\$155,100	Y	1
4	Computer Lab Sidewalk Concrete Waterproofing & Replacement	\$100,000	\$10,000	\$110,000	N	1
TOTAL		\$715,533	\$39,514	\$755,047		

The committee discussed the 2017-18 Major Purchases, Repairs & Replacements Allocation Proposal at the previous meeting. M. Odinlo informed the members that there had been no changes to the proposal since then.

He explained that the funding source for major repairs and replacements is the Repair and Replacement fund which is administered by the campus on behalf of the USU. Expenditures from this fund are recorded in the University's accounting records. The fiscal impact is a potential reduction of \$755,047 in the available cash balance of the Major Repair & Replacement fund.

S. Eichten asked if the 10% contingency amount was always sufficient. J. Illuminate explained that based on experience, a 10% contingency level is adequate.

Main motion passes 3-0-0

C. Corporate Credit Card Policy

M/S/P (B. Flores/K. Dhillon) Motion to approve the increase in the single corporate credit card transaction limit from \$3,500.00 to \$5,000.00.

During the 2016-17 fiscal year, the Finance Committee has been working on replacing the current Purchasing Policy with a more robust Procurement Policy. A provision of the proposed Procurement Policy is to encourage the use of the corporate credit card for purchases less than or equal to \$5,000. This will create business efficiencies by minimizing the amount of vendor invoices, purchase orders, and payments.

The single transaction limit in the current Credit Card Policy is \$3,500. The single transaction limit in the proposed Procurement Policy must agree with the single transaction limit in the Corporate Credit Card Policy, and therefore there is a need to raise the single transaction limit from \$3,500 to \$5,000.

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Main motion passes 3-0-0

C. BOD Committee Member of the Year Award

M/S/P (K. Dhillon/B. Flores) Motion to approve the selected Finance Committee nominee for the BOD Committee Member of the Year Award.

M. Odinlo explained that the Board of Directors' Committee Member of the Year Award goes to an outstanding committee member. Each Committee Chair discusses the award with their committee, and the committee will then nominate one of their members. The Committee Chair is not eligible for the award, but the board representative on the committee is eligible. The Committee of the Year Award recipient receives a plaque and a nominal monetary gift. The winner is announced at the annual Year End Celebration.

The committee voted to elect Brenda Flores as the nominee for the Committee Member of the Year Award due to her dedication to the committee over the past two years.

Main motion passes 4-0-0

VII. Discussion Items

A. 2017-18 Designated Reserves Allocation Proposal

The Designated Reserves Allocation request for 2017-18 is \$376,359: a \$349,614 reserve for General Staff Salaries and a \$26,745 reserve for Employer-Paid Payroll Taxes.

J. Illuminate clarified the difference between designated and unallocated reserves. Designated reserves are used for specific purposes whereas unallocated reserves are available for any financial contingency that may arise.

The General Staff Salary Reserve is designated for general salary increases, Employers Group Compensation Survey salary adjustments, salary reclassifications, potential bonuses, and vacation taken as cash (vacation advances). The Employer-Paid Payroll Tax pays the Social Security and Medicare payroll taxes on salaries paid out of the General Staff Salary Reserve.

B. 2017-18 Operating Budget Proposal

J. Illuminate explained that the proposed operating budget expenditures are in alignment with total expenditures in the financial plan for 2017-18. The expenditures proposed in the operating budget is only 0.027% more than the total expenditures in the financial plan.

Student headcount and the Debt Service Coverage Ratio were the main points discussed about the financial plan.

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The amount of student fee revenue is dependent on student headcount. The financial plan assumes a 38,000 average fall/spring headcount for each fiscal year in the plan. Student fees account for 86% of operating revenue for the USU.

The Chancellor's Office requires the Debt Service Coverage Ratio (DSCR) to be equal to or greater than 1.25 for student unions. A 1.25 DSCR signifies that there is \$1.25 of student fee revenue for each \$1.00 of annual debt service. The projected DSCR is gradually trending downward because expenditures are outpacing revenues over time. The 2018-19 budget development process will be critical in exploring ways to increase revenues and slow down the increase in expenditures in order to reverse the downward trend in the DSCR.

C. Procurement Policy & Procedure

J. Illuminate presented an updated PowerPoint presentation outlining the changes to the policy since the February meeting. He also reiterated the main points of the policy and the reasoning behind changing the policy from a purchasing policy to a procurement policy.

Encouraging low-value purchases via the corporate credit card is the driving force for creating the Procurement Policy. Encouraging low dollar purchases equal to or less than \$5,000 with the corporate credit card should reduce the amount of invoices, purchase orders, and payments.

Purchase orders are required for any contract for services because of insurance and risk management considerations. All acquisitions of fixed assets (capital outlay) also require a purchase order. To increase business efficiency, the policy explicitly encourages the use of blanket purchase orders that allow the creation of only one purchase order with multiple orders of similar products with the same vendor. In addition, with limited exceptions, the dollar amount where a purchase order is not required will be increased from \$25 to \$500.

According to the proposed policy, exceptions to the purchase order and contracting requirements may be made by the Executive Director/designee when there is an emergency involving the public health, welfare, safety, or protection of USU property. This is an example of how the current policy has not kept up with current practices, because the USU already engages in emergency transactions, but it has previously not been part of the policy.

Added to the policy is a section about deadlines due to feedback from the Accounting & Finance department. The purpose is to make department managers aware of the importance of adhering to deadlines, since the USU is subject to audit findings for missed deadlines.

The proposed dollar threshold level for obtaining three written quotations levels would be \$10,000 to \$50,000. The current threshold level in the Purchasing Policy starts at \$5,000. Purchases greater than \$50,000 and equal to or less than \$100,000 would require an informal, non-advertised solicitation process with a written scope providing a brief summary of the purchase, the purchase price, and when the purchase will take place. Purchases greater than \$100,000 would require a formal bidding process.

Contracts for artistic services are exempt from all threshold level requirements, since each artist is unique and the USU will have to determine the appropriate price depending on who the artist or

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what the artistic service is. There would be no point of obtaining written quotations from three different vendors when there are no three artists who are the same.

J. Illuminate further explained the importance of preparing a well-written justification for sole source and sole branding purchases. These purchasing methods should be used sparingly since sole sourcing and sole branding limits competition.

VIII. Announcements

M. Odinlo announced that Shannon Krajewski recently ended her employment with the USU. In memory of her service to the USU, he wanted to share with the committee a quote that Shannon taught him: “Don’t try to make a fish fly or a bird swim; we should always focus on what we are good at.”

J. Illuminate asked the members to be available for the next meeting on May 12, 2017. This will be the annual budget meeting and may last up to four hours. He reminded the members that this meeting is taking place on a Friday, not on a Tuesday as the other meetings this semester have. It will start at 2:15 p.m. in the Executive Board Room. Light refreshments will be provided.

J. Illuminate stated that the 2017-18 budget binder could be created using a software called Digital Binders. The expectation is that the budget binder will be sent to the members 10 calendar days prior to the May 12, 2017 meeting.

IX. Adjournment

Committee Chair, Michael Odinlo adjourned the meeting at 1:40 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, USU Accounting & Finance