

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

**I. Call to Order**

The meeting was called to order by Committee Chair, K. Perez at 3:02 P.M.

**II. Roll Call**

<b>Present</b>	<b>Absent</b>	<b>Staff/Guests</b>
Mia Armendariz, Student Committee Member (voting)		Reshini Ekanayake, Student Administrative Support Assistant, Accounting & Finance
Debra Hammond Executive Director (non-voting)		Jonathan Navarro, Accounting Manager
Joseph Illuminate, Executive Secretary (non- voting)		
Taylor Ketterling, Student Committee Member (voting)		
Karina Perez, Committee Chair (voting)		
Charlie Rodriguez-Salazar, Committee Co-Chair (voting)		
Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)		
Dr. Edith Winterhalter, Associate VP for Budget & Strategic Business Operations, Administration and Finance (voting)		
Mohamed Yousif, Student Committee Member (voting)		
Karen Zavala, Student Committee Member (voting)		

- *Dr. Ruelas-Bischoff arrived at 3:13 P.M.*

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

**III. Approval of Agenda**

M/S/P (C. Rodriguez-Salazar/T. Ketterling) Motion to approve the Agenda for October 01, 2021.

*Main motion passes by General Consensus*

**IV. Approval of Minutes**

M/S/P (C. Rodriguez-Salazar/M. Armendariz) Motion to approve the Minutes for June 01, 2021.

*Main motion passes by General Consensus*

**V. Chair's Report**

K. Perez requested all the committee members to introduce themselves to the committee and followed up with an ice breaker question of "if you could choose a season, what would it be?"

**VI. Action Items**

**A. Heart of Campus Project – USU Cash Contribution**

M/S/P (C. Rodriguez-Salazar/M. Armendariz) Motion to recommend approval of an additional \$6 million cash down payment to the New Heart of Campus Renovation Project.

Students passed a Student Fee Referendum in May 2019 authorizing the \$130 million for the New Heart of Campus Project. The Voter's Guide stated that the USU would provide a \$24 million cash contribution toward the down payment on the project.

Increasing the down payment on the New Heart of Campus project has several important financial benefits:

- A \$30 million USU cash contribution increases the down payment percentage from 18.5% to 23.1% of the total \$130 million project cost.
- Total debt service decreases by \$433,078 per year; by \$2,165,388 over a five- year period; and by \$12,992,325 over a thirty-year period.

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

ANNUAL DEBT SERVICE						
Down Payment	2026-27	2027-28	2028-29	2029-30	2030-31	Totals
<b>\$24M</b>	\$ 7,651,036	\$ 7,651,036	\$ 7,651,036	\$ 7,651,036	\$ 7,651,036	\$38,255,181
<b>\$30M</b>	\$ 7,217,959	\$ 7,217,959	\$ 7,217,959	\$ 7,217,959	\$ 7,217,959	\$36,089,793
<b>Annual Savings</b>	\$ (433,078)	\$ (433,078)	\$ (433,078)	\$ (433,078)	\$ (433,078)	\$ (2,165,388)

- Total Net Assets in the Revenue Fund increase by \$8,302,596 over a five-year period.

ENDING NETS ASSETS - REVENUE FUND						
Down Payment	2026-27	2027-28	2028-29	2029-30	2030-31	Totals
<b>\$24M</b>	\$ 13,977,528	\$ 13,714,213	\$ 13,420,892	\$ 13,116,443	\$ 12,788,425	\$67,017,502
<b>\$30M</b>	\$ 14,866,970	\$ 14,984,498	\$ 15,078,162	\$ 15,163,300	\$ 15,227,169	\$75,320,098
<b>Annual Increase</b>	\$ 889,441	\$ 1,270,284	\$ 1,657,270	\$ 2,046,857	\$ 2,438,743	\$ 8,302,596

- The Debt Service Coverage Ratio (DSCR) increases by 0.05 each year over a five-year period which maintains the DSCR at above the minimum 1.25 level. A 1.25 DSCR means that there is \$1.25 of net income for each \$1.00 of annual debt service. Annual debt service includes payment of principal and interest.

DEBT SERVICE COVERAGE RATIO (DSCR)					
Down Payment	2026-27	2027-28	2028-29	2029-30	2030-31
<b>\$24M</b>	1.21	1.22	1.23	1.24	1.25
<b>\$30M</b>	1.25	1.27	1.28	1.29	1.30
<b>Annual Increase</b>	0.05	0.05	0.05	0.05	0.05

- The delay in the project construction schedule has caused escalation which means that the \$24 million down payment does not provide sufficient funding to maintain the DSCR at the minimum 1.25 which is required for student unions as highlighted in the table above:
  - Note that the DSCR with a \$24 million down payment does not reach 1.25 until fiscal year 2020-31.
  - The \$30 million down payment is at or above 1.25 from fiscal years 2026-27 through 2030-31.
  - The table below shows how the DSCR was computed for fiscal year 2026-27:

Plus: Fall	Plus: Spring	Plus: Summer	Equals: Total Fees	Plus: Interest Income	Equals: Total Income	Less: Student Fees Transferred	Equals: Net Income	Divided by: Annual Debt Service	Equals: DSCR
\$ 16,824,640	\$16,824,640	\$ 1,619,245	\$ 35,268,525	\$ 147,897	\$35,416,422	\$ 21,053,140	\$14,363,282	\$11,458,667	1.25

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

- The funding source for the additional \$6 million down payment is the CSU Consolidated Investment Pool formerly known as SWIFT, the Statewide Investment Trust.
  - The current cash balance in the Investment Pool is \$9.5 million.
  - The additional down payment would be transferred from the Investment Pool e.g., the USU Operating Fund to the USU Revenue Fund over a 2 to 3-year period.
    - \$4.5 million would be transferred the first year and the additional \$1.5 million over the next year or two years.
  - The fiscal year that the \$4.5 million is transferred will result in a **planned** multimillion-dollar deficit although there would still be an operating **surplus** before the transfer is considered.
    - There is precedent for the USU to have a planned deficit. Six years ago, the USU loaned Housing \$4.7 million so Housing could renovate the building known then as the Satellite Student Union over which Housing assumed operational control. The funds were transferred from the USU Operating Fund to Housing which resulted in an overall multimillion-dollar deficit although there was an operating surplus.

The following questions were raised after the discussion:

- Dr. Winterhalter inquired how much the planned deficit would be and how long it would last.

*J. Illuminate informed the committee that the deficit will not exceed \$4.5 million. The actual amount of the deficit for 2021-22 depends on what the net surplus would be as of June 30, 2022. Any surpluses will reduce the amount of the planned deficit.*

*The planned deficit will only occur in the 2021-22 fiscal year.*

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

- M. Armendariz inquired what the CSU Consolidated Investment Pool (formerly SWIFT) is and how it is used by the USU.

*J. Illuminate informed the committee that the CSU Consolidated Investment Pool is an investment vehicle managed by the CSU whereby campuses and auxiliaries are able to invest idle funds in order to gain interest income. This investment vehicle serves as a cash reserve for the USU.*

***Motion passes 7-0-0***

**B. Reallocation of Surplus USU Funds**

M/S/P (C. Rodriguez-Salazar/T. Ketterling) Motion to recommend (1) the approval of the reallocation of \$39,053 from funding leftover from the 2020-21 surplus fees initiative and (2) the use of Unallocated Reserves in the amount of \$50,000 to pay for the distribution of care packages for randomly selected CSUN students.

The BOD approved a total allocation of surplus student fees in the amount of \$1,335,812 in fiscal year 2020-21.

The care packages that students will receive include a \$35 CSUN hooded sweatshirt and a \$50 Visa gift card. The \$89,053 total funding amount will provide care packages for 1,000 students including the cost of mailing.

The fiscal impact of this action item is \$50,000. The funding source for the \$50,000 is the Unallocated Reserves. The \$39,053 left over from the USU surplus fees initiatives have no additional fiscal impact because the expenses were occurred in fiscal year 2020-21.

The following table breaks down the components of the remaining surplus funds:

**REMAINING 20-21 SURPLUS FUNDS**

Book Store Grants	\$ 32,406.00
Fit Kits	\$ 5,564.00
Holiday Dinners	\$ 90.00
Phase II Allocation Contingency	\$ 993.00
<b>Total</b>	<b>\$ 39,053.00</b>

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

***Motion passes 6-1-0***

**C. 2021-22 Finance Committee Goals**

M/S/P (M. Armendariz/M. Mohamed) Move to approve the 2021-22 Finance Committee goals as presented.

Finance committee's goals for the 2021-22 fiscal year are listed in the table below:

No.	GOAL
1	Revise and update the USU long-term financial plan to determine the financial impact of the Heart of Campus Renovation Project. <b>(Ongoing throughout the Fiscal Year).</b>
2	Update the following policies:  1. Fixed asset Policy <b>(January 2022).</b>  2. Procurement Policy <b>(March 2022).</b>

The first goal, determining the financial impact of the Heart of the Campus, is a \$130 million project, the largest construction project in the history of CSUN and it is critical to get the numbers accurate.

The Fixed Asset Policy needs revision because it has not been updated since 2011. The current Procurement Policy states that the USU must ensure that all procurement activities comply with regulations applicable to ethnicity, race, gender, and sexual orientation. The committee will explore ways that the USU can better operationalize these concepts in its procurement practices.

***Motion passes 7-0-0***

**VII. Discussion Items**

**A. Explanation of USU Student Fees**

One of the Board's goals is to educate students about how their USU student fees are used. The USU has prepared an Infographic which will educate students on the campus on how their student fees are utilized.

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

The USU student fees have been approved by students in past student fee referendums. All enrolled students are required to pay the fee whether the students use the services or not.

The total student union fee for the 2021-22 fiscal year is \$806. \$311 for the fall and spring semesters and \$184 for the summer term.

- 26% of these fees are used for programs and services. These services include:
  - Resource Centers (Pride Center, DREAM Center, and Veterans Resource Center)
  - Diversity & Inclusion
  - General Programs such as Influencer lectures series, musical performances, Night Market, Carnival, and Crunch Time.
  - Craft Corner and Noon Time Concerts

Some programs are both virtual and in person.

- 24% of the USU fees are used for bond payments or annual debt service. All USU building and facilities were financed by borrowing money over a 30-year period.
- 16% of the fees are for supporting services which include all the departments that support the programming departments:
  - Administration
  - Human Resources
  - Accounting & Finance
  - Marketing and Technology Support
- 13% of the fees are for Building Maintenance & Custodial.
  - This category includes custodial, utilities, and all facility and building maintenance expenses.
- 12% of the fees are for Major Building Repairs and Replacements. This category includes:
  - Cash transfers for the \$30 million down payment on the new Heart of Campus project and

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

- Payments for Major Facility Systems such as Heating, Air Conditioning, and Ventilation; electrical, plumbing, and renovation of building spaces.
  
- 10% of the fees goes to Student Recreation Center Programs:
  - Intramurals
  - Fitness & Exercise
  - Membership Services
  - Aquatics
  - Oasis Wellness Center
  - Games Room and Esports
  - Sunny Days Camp

Additionally, the Board of Directors approved \$1.3 million in the 2020-21 fiscal year to meet students' needs. Examples include:

- Emergency housing
- Food Pantry
- Care packages
- Endowment for Scholarships for student communities
- Bookstore Grants
- Student Recreation Center Fit Kits
- MataCare Grant and Emergency Funding

The following questions were raised after the discussion:

- D. Hammond inquired if the Student Committee Members would be interested in seeing the Student Fee Infographic on the USU website and for any additional feedback.

*Charlie Rodriguez-Salazar informed the committee that it would be beneficial to post the Infographic on the USU website to make students aware of how their USU student Fees are used. All the other student committee members agreed with his statement.*

*Additionally, Student Committee Members shared their ideas on how the USU could make students aware of the Infographic by using social media platforms such as Instagram takeovers.*



**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
FRIDAY, OCTOBER 01, 2021  
MINUTES**

**VIII. Announcements**

K. Perez inquired if the student committee members would like to have an Orientation Meeting before the next Finance Committee Meeting. The student members agreed to have a separate meeting for the Orientation. The purpose of this Orientation is to familiarize the student committee members about the operations of the Finance Committee.

She additionally reminded the committee that the next Finance Committee meeting will be held on October 1<sup>st</sup> at 3:00 P.M. via Zoom.

**IX. Adjournment**

Committee Chair, K. Perez adjourned the meeting at 4:08 P.M.

Respectfully Submitted by,

Joseph Illuminate  
Associate Director, USU Accounting & Finance