

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
APRIL 18, 2014
MINUTES**

I. Call to Order

The meeting was called to order by Chair, D. Thompson at 2:15 p.m.

II. Roll Call

Present	Absent	Staff/Guests
Franck Fassutomta, Student representative (voting)	Arianna Mesbahi, Student Representative (voting)	
George Guzman, BOD representative (voting)	Pierre Jackson, Student Representative (voting)	
Sharon Eichten, University Representative (voting)		
Debra Hammond, Executive Director (non-voting)		
J. Illuminate, Executive Secretary (non-voting)		
Collin Johnson, USU Board Chair (non-voting)		
Truitt Leth, Student Representative (voting)		
Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)		
Febe Ruiz, Student Representative (voting)		
Demontae Thompson, Committee Chair (voting)		

Frank Fassutomta arrived at 2:21 p.m. Debra Hammond arrived at 2:30 p.m. Dr. Shelly Ruelas-Bischoff arrived at 2:35 p.m.

III. Approval of Agenda

M/S/P (S. Eichten/T. Leth) motion to approve the agenda for April 18, 2014.

Motion passed by general consensus

IV. Approval of Minutes

M/S/P (F. Ruiz/G. Guzman) motion to approve the minutes for March 14, 2014.

Motion passed by general consensus

V. Chair's Report

None

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
APRIL 18, 2014
MINUTES**

VI. Action Items

A. USU Reserves Policy & Procedure

M/S/P (S. Eichten/G. Guzman) motion to approve the revisions to the USU Reserve Policy & Procedure as presented.

This action item was discussed at the March 14, 2014 meeting.

J. Illuminate reiterated that auxiliaries are required to have reserves per Executive Order (EO) 994 Financing and Debt Management Policy and that the current policy only addresses the reserves methodology in the USU's operating fund. The policy was revised in order to address the need to create a methodology for establishing reserves in the USU's revenue fund.

The revised policy states the USU will maintain reserves for major maintenance & repair/capital renovation and upgrade, working capital/catastrophic reserve and capital development for new projects in the revenue fund. The USU will also maintain reserves for working capital, salary and benefits, and Board designated reserves in the operating fund.

The policy also states that an in-depth review to assess the adequacy of reserves will be conducted a minimum of once every three years for the both the revenue and operating funds.

Motion passes 6-0-0

VII. Discussion Items

A. Cash Transfer to the Revenue Fund

Chair, D. Thompson explained that one of the USU's Strategic Priorities for the 2013-14 fiscal year was to examine and develop alternate uses for the Satellite Student Union (SSU). As a result, the USU and Housing have been actively engaged in discussions to transfer control of the SSU facilities from the USU to Housing.

He further explained that the USU would be recommending the approval of a \$6.5 million transfer (prior to June 30, 2014) from the USU's operating fund to its revenue fund in order to renovate the Satellite Student Union at an estimated cost of \$4,729,000 for the purpose of preparing the facility for transfer to Housing.

It was noted that the potential transfer of the SSU is contingent upon several factors, including a viable financial plan from Housing, and administrative approval from the University as well as approval from the CSU Chancellor's Office.

Without the cash transfer, there would be insufficient ending net assets in the revenue fund to complete the renovation. The USU would pay the renovation cost upfront which Housing would pay back over a mutually agreeable period of time. The \$6.5 million transfer would provide sufficient funding for all current and future renovation projects while at the same time leaving acceptable levels of ending net assets in the revenue fund.

A secondary reason for the cash transfer would be to earn higher rates of return on cash investments. The USU would be able to earn higher rates of return with cash on hand in the revenue fund because the fund is maintained by the campus. The campus has hired investment professionals from two banks who have a wide array of investment options that are not available to the USU. The USU's Investment Policy & Procedure

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
APRIL 18, 2014
MINUTES**

restricts the USU to the safest of investments which currently provide ultra-low rates of return. The policy places a higher priority on liquidity and safety than the rate of return earned on any particular investment.

The disadvantage of the cash transfer is that it would be necessary to disclose a one-time multimillion dollar reduction in net assets in the Statement of Activities that will be included in the 2013-14 audit report. This reduction in net assets has been discussed with personnel in the campus Financial Accounting office and with the USU's external audit firm, NSBN. A detailed audit report footnote to the financial statements will be prepared that will explain the cash transfer and corresponding reduction in net assets in detail. The cash transfer proposal will be presented to the Finance Committee and USU Board of Directors for consideration.

It is the consensus of USU management team that the advantages of \$6.5 million transfer to Housing outweigh the stated disadvantages.

B. Satellite Student Union Transfer to Housing

Chair D. Thompson explained once again that one of the USU's Strategic Priorities for the 2013-14 fiscal year was to examine and develop alternate uses for the Satellite Student Union with the main proposal to transfer the facility to Housing.

Housing would remodel the Northern part of the SSU for use as administrative offices. The USU has an interest in transferring control because there have been dramatic increases of student usage at its main facilities over the past several years while seeing decreases in usage at the SSU facility. This is primarily due to additional services being provided at the USU's main campus facilities including the addition of the Student Recreation Center, Pride Center, Veteran's Resource Center and the expansion of the Computer Lab. The USU is supportive of the proposal to remodel the Northern building for Housing use. The USU has proposed paying for the remodeling costs to help facilitate the transfer of control of the facility, with Housing repaying all remodeling construction costs over a mutually agreed period of time.

The transfer of the SSU would result in net estimated annual savings of \$341,000. The USU would lose \$87,000 in both food commission and room rental revenue, but \$428,000 in reductions in utilities, janitorial, sanitation, and building supply expenses (among others).

The SSU transfer proposal will be presented to the Finance Committee and USU Board of Directors as action items for consideration.

C. 2014-15 Proposed Budget Procedure

J. Illuminate explained the procedure for the annual Finance Committee budget meeting to take place on May 09, 2014. The committee members would be receiving prior to the meeting via email the entire 2014-15 operating, reserves, and capital outlay budget proposals electronically. His emphasis to members was to review the budget message and the summary financial information included in the first sections of the report. Debra Hammond emphasized to committee members that it their responsibility as members to review the budget in order to ensure that there are sufficient funds to maintain the financial viability of the organization and that funds are allocated in accordance with the organization's mission statement and values.

VIII. Announcements

Chair D. Thompson requested that all members make the effort to review the budget prior to the annual budget meeting. The expectation is that all members be available for four hours in order to have sufficient time to review the budget. He also encouraged all members to attend the USU's annual year-end celebration that will take place on May 2nd.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
APRIL 18, 2014
MINUTES**

IX. Adjournment

The meeting was adjourned by Chair, D. Thompson at 3:11 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, Finance & Business Services