



**Minutes of the Regular Meeting of the Board of Directors
September 5, 2013**

Center for Children and Families Classroom

Attendees:

- Members:** Ann Bersi (Chair), Matthew J. Ceppi, David Chang, Linda Hawk, Graham Oberem, Susan Schnepf, Camille Schuster, Sharon Whitehurst-Payne, Ernest Zomalt (Vice Chair)
- Absent:** Tres Conrique, Brandon Losey
- Staff:** Sarah Derho, Michelle Hinojosa, Grant Hubbard, Tipper Phillips, Dora Knoblock, Greg Svatora
- Guests:** Chuck De Leone, Professor of Physics and Kent Gibson, Finance & Administrative Services Consultant

Convening of the Regular Meeting

A quorum being present, Chair Bersi called the meeting to order at 4:15 p.m. Having followed the Annual Meeting, Bersi had already provided welcome and introductions to Kent Gibson, Finance & Administrative Services Consultant, Sharon Whitehurst-Payne, former Board member and Board member nominee, and Chuck De Leone, Professor of Physics, CSUSM.

Changes to Agenda

Agenda Item IX, Campus Partner Presentation by PepsiCo was removed.

Minutes of the May 23, 2013 Regular Meeting

A motion was made and seconded (Zomalt/Schnepf) to approve the May 23, 2013 regular meeting minutes. Motion carried.

Minutes of the June 26, 2013 Special Meeting

A motion was made and seconded (Oberem/Zomalt) to approve the June 26, 2013 special meeting minutes. Motion carried.

Special Guest Presentation

Dr. Chuck De Leone, Professor of Physics in the College of Science and Mathematics provided a presentation to the Board on the Impact of the STEP project, facilitated through the Office of Sponsored Projects. Dr. De Leone also currently serves as the non-UARSC Board member faculty representative on the Sponsored Projects Committee.

University Update, Administration and Committee Reports

Finance and Operations Committee

Bersi reported. The Finance & Operations Committee met on August 27th and received updates on healthcare, benefits, audits and administration. The Committee reviewed the quarterly financials, compensation administration guidelines and a revision to the Operating Agreement which will all be considered for action later in the meeting.

Joint Audit Committee

Chang reported. The Joint Audit Committee of the four CSUSM auxiliaries (UARSC, Foundation, UCorp and ASI) met on August 13th. Chang reported on the upcoming reorganization of the Committee composition. The Foundation and UCorp are in the process of establishing and staffing their own separate audit committees. Once that process is completed, the Joint Audit Committee reorganization to include only the UARSC and ASI auxiliaries will become effective. The soft timeline is January 2014 for this change. Until the reorganization, the Committee consisting of all four auxiliaries will move forward with business as usual to include pre-audit discussions and review of the draft audit reports and 990 Information Returns. Chang reported that the Committee also took action to revise the current Committee charge including all four auxiliaries and the future Committee charge to include UARSC and ASI which will come before the Board for consideration later in the meeting. The major changes to the charges included clarifications on audit committee membership and the addition that staff members are now permitted to attend the meetings with time provided at the end of each meeting for the Committee to converse separately with the auditors without the presence of staff. The auditors, McGladrey & Pullen, also presented their annual pre-audit presentation to the Committee. Chang reported that staff was excused and the JAC meeting ended with a discussion between the auditors and Committee members.

Zomalt inquired and there was discussion regarding the contract term with the current auditors and future plans for an RFP for audit services.

Administration Update

Knoblock reported. UARSC continues to successfully adapt to the restructuring and consolidation of UARSC business practices with our State-side colleagues which began in fall 2012 and shared some highlights. The electronic signature project for checks has been accomplished. The Peoplesoft conversion project is in full swing and on schedule for implementation for July 1, 2014. UARSC and State employees continue to meet often to assist in learning auxiliary business operations.

Due to time restraints of this meeting, the Campus Partners update included just Follett and Sodexo and the other updates will be provided in November.

Follett is starting into its second year doing exceptionally well. Rent eligible titles have increased to 51% and 294 digital titles are available this semester. Their new "Rent Fearlessly" campaign allows students to highlight and write in the books they rent. Ecommerce sales are up 10.89% this month and 14.81% for the year. A challenge Follett is facing is that online sales still require limited shelf space. Follett is increasing its campus outreach, participating in new student orientations, ASI Board meetings, and invitations for future Academic Senate and Student Life and Leadership meetings.

Follett has enhanced their concession services to Athletics and attend most on-campus games. They are also working with Athletics on a new design for athletic polos. Knoblock reported that she has received approval from VP Hawk for her and Kent Gibson to begin very preliminary discussions with Follett Corporate regarding repurposing the Dome dining space once the new USU comes on board. This has sparked discussions about new services that Follett could provide for students such as a technology area to include tablets, notebooks and possibly Apple products, a small c-store, clothing and gift product expansion and additional needed space for online purchases. Knoblock and Gibson will facilitate a proposal to bring forward to VP Hawk. A big highlight for Follett was the installation of a vending machine that includes scantrons, blue books, flash drives available 24/7. It is such a hit, that a second machine has been requested to be installed near the new USU.

Sodexo just completed its first year as dining and catering service provider. Thirty plus new students were hired for fall in the Bistro, C-store, Catering and Starbucks. Meal plan dollars sold from June 2013 to present is up to \$65,000. The Starbucks agreement was renewed for another decade and a new coordination agreement between UARSC/Starbucks/Sodexo has been signed allowing Sodexo to operate and manage it. Starbucks is doing exceptionally well and sales are up 14%. The Starbucks corporate team has asked if they may use our campus Starbucks store as a model for their other university accounts. Starbucks business development team members came on campus this week to provide new ideas, options and solutions for enhancing sales and building the business. One challenge for UARSC will be that our Starbucks has not been refreshed since its opening which is a requirement of the contract. The current estimate for renovations is \$75,000 to \$100,000. Starbucks has agreed to delay the renovation project until next year in light of the equipment and utilities expenses UARSC will incur to move to the new USU. Knoblock reported that she just signed the Notice to Proceed to commence work on the new USU for the food concepts. Sodexo has hired a General Contractor to lead the construction of the new food concepts, new c-store and new café. Knoblock attends weekly coordination construction meetings and Sodexo is on schedule with timeline for completion and also attends all the coordination meetings. Knoblock also reported that Sodexo VP for Operations and Regional Manager had the opportunity to meet with President Haynes and share with each other levels of expectations. Ceppi added that local Sport Chalet has just been approved to begin carrying CSUSM Athletics products. Gibson suggested that Sodexo be approached for financial assistance with the Starbucks renovations needs.

Knoblock reported that the fuel cell project is moving along nicely. Agreements have all been signed, the design phase is in full swing and most recently the funding from the Self-Generation Incentive Program (SGIP) has been confirmed. An engineering and geotechnical study have been completed. Knoblock reported that an alternate proposal has been presented to Ed Johnson, the Director of Sustainability and Utility Services and he will be invited to a future meeting to provide more information and an update on the current project. Zomalt inquired as to UARSC's participation as a conduit only for the fuel cell projects and suggested that the alternative proposal need not be brought

forward to the Board. The fuel cell alternative proposal will be provided as an information item only.

Conflict of Interest Acknowledgments

A hard copy of the annual conflict of interest acknowledgment statement was provided to each Board member and Knoblock asked that they please sign and return the form today.

Healthcare and Benefits Update

Hinojosa reported on healthcare and benefits updates for UARSC. She gave an overview on the new Healthcare Reform Act and changes to the Defense of Marriage Act (DOMA) and reported on UARSC's steps to be in compliance with all regulations. UARSC will review all employee classifications and how it categorizes independent contractors in addition to updating payroll processes and the Employee Handbook.

UARSC's broker Wells Fargo just this week negotiated another fee increase pass this year for our dental, a savings of 6% and will also provide a comparison with another dental plan. UARSC will continue to offer six medical insurance options through CalPers. There are both increase and decreases in rates for these six plans. Based on current employee participation in the plans, there is an anticipated overall 1% decrease in medical costs to UARSC this year. The Vision Plan increase to UARSC is 2% and represents regulations passed through the Affordable Care Act, the costs of which are being passed to the employers and represents the entire increase.

UARSC Audits Update

Svatora provided updates on all the recently completed and current ongoing audits at UARSC: The recently completed Chancellor's Office 3-year Audit, findings and responses, the annual Financial Audit by McGladrey & Pullen of the four auxiliaries, the annual A-133 Compliance audit on grants and contracts, a new Centers & Institute Audit by the Chancellor's Office to include Center Artes, the National Latino Research Center and the California Indian Culture and Sovereignty Center for which UARSC provides accounting and administrative support, and a new audit on the year-old Institute for Palliative Care by the California Healthcare Foundation which provided the start-up funds. Hinojosa reported on first-time EDD Audit on UARSC which is currently in process.

University Update

Ceppi reported. CSUSM has over 12,000 students attending this semester. He shared the results of President Haynes' triennial review and will provide the Board with the Open Letter from Chancellor White. CSUSM will continue to see 5% growth through 16/17 based on State funding and how the CSU looks at CSUSM strategically. Native American enrollment has doubled and Veteran enrollment is strong. Ceppi reported that CSUSM's yield is up for the local service area as well as the area to include Orange County, Riverside, San Diego and Imperial Regions, as CSUSM is becoming more of a first-choice institution. He reported that with the addition of the Quad, 1,200 students live on campus now versus 400 in 2004 when student housing first opened. A

groundbreaking for a new Veterans Center will take place in November with an anticipated early spring opening. The groundbreaking for the new Student Health Center took place and he reported on plans to expand the Clarke Field House to include a new gym seating 1500-2000 people and locker rooms. Ceppi shared that Chancellor White plans to visit CSUSM on October 24th. Ceppi shared information regarding expectations/timelines for campus growth, the Master Plan, and construction priorities in response to questions.

Action Items

Quarterly Financial Report 06/30/13

Svatora reviewed the quarterly financial report ended 06/30/13 and the summary provided. UARSC's net operating revenues for fiscal year 12/13 came in at (\$260,000) versus the budgeted \$8,000. He reported that food services revenues fell below budget due to the delayed Sodexo transition and recently revised negotiations for delayed commissions until 2019. UARSC will also now be responsible to provide utilities for food services for the new USU of approximately \$40,000 annually without the commission revenue offset. He reported on investment income outcomes and strategies and the flat grants activity due to the slow down in federal funding. The Follett bookstore generated commissions of \$385,000, higher than expectations. Gibson added that our Follett store is doing extremely well compared to campuses of similar size. Svatora reported on below-budget campus program activity due to moving the American and Language Culture Institute state-side. Additional unexpected administrative expenses were also incurred as a result of increased audit fees and organizational transition costs this past year. *A motion comes moved and seconded from the Finance and Operations Committee to approve the Quarterly Financial Report ended 06/30/13 as presented. Motion carried.*

Proposed 13/14 Compensation Administration Guidelines

Hinojosa reviewed the proposed 13/14 Compensation Administration Guidelines and answered questions. No changes are recommended from last year and Hinojosa reviewed that UARSC has recommended no increases for regular non-sponsored projects staff for the past four years. Sponsored projects staff have been eligible with some restrictions and any increases are performance-based and must fall within the project budget. *A motion comes moved and seconded from the Finance and Operations Committee to approve the 13/14 Compensation Administration Guidelines as presented. Motion carried.*

Ratification of UARSC Operating Agreement Revision

Knoblock reported that the UARSC Operating Agreement with the campus expired on June 30, 2013 and was renewed through 2018. The only revisions to the agreement were related to the format/template received from the Chancellor's Office. All activities and functions of the auxiliaries remain the same. *A motion comes moved and seconded from the Finance and Operations Committee to ratify the executed UARSC Operating Agreement revision effective July 1, 2013 to June 30, 2018. Motion carried.*

Revision to current Joint Audit Committee Charge

Svatora reviewed the revision to the current Joint Audit Committee Charge of the four auxiliaries. The major revisions include clarifications to audit committee membership, that staff are now permitted to attend committee meetings, and that a time will be set aside at the end of each meeting for the Committee to converse separately with the auditors without the presence of staff. *A motion comes moved and seconded from the Joint Audit Committee to approve the revision to the current Joint Audit Committee charge of the four auxiliaries as presented. Motion carried.*

Revision to new Joint Audit Committee Charge – UARSC & ASI Only

Svatora stated that the Joint Audit Committee Charge for UARSC & ASI only is basically the same as the version just approved to the current charge. The minor revisions have to do with composition of the committee membership due to the removal of the Foundation and UCorp auxiliaries. This new JAC Charge for UARSC and ASI only will become effective when the Foundation and UCorp establish and staff their separate audit committees, timeline expected beginning of 2014. The current charge of all four auxiliaries will remain in effect until then. *A motion comes moved and seconded from the Joint Audit Committee to approve the revision to the Joint Audit Committee charge to include UARSC and ASI auxiliaries only, effective date to be determined, as presented. Motion carried.*

Closed Session

At 5:25 p.m., *a motion was made and seconded (Whitehurst-Payne/Zomalt) to move to Closed Session. Motion carried.* The purpose of the closed session is to review the results of the UARSC organizational assessment study conducted by Finance and Administrative Services consultant, Kent Gibson. All UARSC staff members in attendance were excused by Chair Bersi.

Reconvening of Regular Board Meeting


At 6:25 p.m. Bersi reconvened the regular Board meeting and a motion was immediately made to adjourn.

Adjournment

The meeting adjourned by acclamation at 6:25 p.m.

*Respectfully submitted,
Sarah Derho*

I, Dora Knoblock, Secretary, hereby certify that the above Minutes were approved by the University Auxiliary and Research Services Corporation Board of Directors at a regular meeting held on November 14, 2013, at San Marcos, California.


Secretary

11-15-13
Date