

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
MARCH 07, 2017
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Michael Odinlo at 12:34 p.m.

II. Roll Call

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

S. Schorn arrived at 1:01 p.m.

III. Approval of Agenda

M/S/P (K. Dhillon/F. Khorasani) Motion to approve the agenda for March 07, 2017.

Main motion passes by general consensus

IV. Approval of Minutes

M/S/P (F. Khorasani/K. Dhillon) Motion to approve the minutes for February 07, 2017.

Main motion passes by general consensus

V. Chair's Report

None

VI. Action Items

A. Second Quarter Budget Report

M/S/P (K. Dhillon/F. Khorasani) Motion to accept the 2016-17 Second Quarter Budget Report as presented.

M. Odinlo presented the budget report to the committee and explained that the purpose of the report is to summarize the financial results of the University Student Union (USU) as of December 31, 2016. The report reflects financial operations for the sixth month period ended December 31, 2016. The optimal operating range is 50% of the yearly budget, although limits from 45% to 55% are acceptable.

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Summary

The USU's financial condition is very stable. There was an actual change in net assets (surplus) of \$728,219; a cash balance of approximately \$4.3 million; and a \$525,531 budget balance in unallocated reserves¹ due to identification of funds that may be reallocated to other projects or purchases.

A total of \$128,262 was returned to the unallocated reserves budget in the second quarter. This is an atypical amount of unutilized funds. The reason is due to the large number of long-term vacant staff positions and the corresponding employee benefits; multiple maintenance projects that require deferral to the next fiscal year; and revised utilities estimates based on current invoices for electricity, gas, and water.

In addition, funds were transferred in from the Major Repair & Replacement fund for the following:

1. \$195,745 to remodel the Northridge Center².
2. \$34,500 for a feasibility study to renovate the maintenance shop.

Year-to-Date Revenues

Total revenue is \$7,583,843, which is 49.5% of the revised budget of \$15,314,472.

Revenue categories that are outside the optimal range or have a budget adjustment greater than \$10,000 will be explained in this report (please reference the Statement of Activities included as part of this package).

○ **Rental Income: Subleases, Room, Equipment (44.6%)**

This category is slightly below the optimal range because the Northridge Center was not available to clients during remodeling.

○ **Food Service Commission (22.8%)**

This category is significantly below the optimal range because commissions in the amount of \$26,087 for October 2016 through December 2016 were not billed and/or accrued in the second quarter. The commission was billed in January 2017.

○ **SRC-Related Income**

This category is within the optimal range, but projected revenue was decreased by \$26,778 due to the following:

- Fitness & Wellness reduced Personal Training Income by \$8,395 because there was less demand than anticipated
- Fitness Programs reduced Fitness Program Income by \$5,363 because there was less demand for fitness classes than anticipated and some classes were cancelled due to the lack of available exercise instructors.

¹ "Unallocated Reserves" are monetary resources set aside to manage unexpected financial occurrences.

² The Northridge Center remodel budget was approved by the Board as a 2016-17 Major Repair & Replacement project at a total cost of \$200,000 to provide painting, new carpet, and fabric replacement on the sound panels. The cost of the remodel came in under budget at a cost of approximately \$195,745.

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- Membership Services decreased Sales - Taxable revenue by \$13,020 because Pro Shop sales have been surprisingly lower than projected.
- **Interest Income**
This category is within the optimal range at 52.8%; the budget was increased by \$21,000 based on the continual increase in interest income from the State Wide Investment Fund Trust (SWIFT).
- **Miscellaneous Income (55.4%)**
This category is slightly above the optimal range at 55.4%. The budget was increased by a net of \$23,925 primarily due to the following:
 - \$16,500 in Indirect Cost Recovery for the Operations department due to a refund of an overpayment from the previous fiscal year.
 - An increase of \$5,272 in the budget for late fees charged to USU Reservations & Events' clients.

Year-to-Date Expenditures

The total expenditures are \$7,085,869 which is 45.6% of the revised budget of \$15,544,716.

Expenditure categories that are outside the optimal range or have a budget adjustment greater than \$10,000 will be explained in this report. (Please reference the Statement of Activities included as part of this package).

- **Staff Salaries**
The budget for this category was reduced by a net of \$55,944. This is attributable to the vacancies in the Assistant Director and Accounts Receivable Technician positions in the USU RES department and the vacancy in the Assistant Director position in the Maintenance department.
- **Student Wages**
The budget for this account was reduced by a net of \$35,931. Student wages were reduced in the Maintenance department by \$15,984 because of two vacant student assistant positions. There was a combined \$19,947 reduction in student wages from the Intramurals, Fitness Programs, Technology Support Services, Human Resources, and Administration departments.
- **Benefits**
Savings of \$41,857 were identified based on a forecast of actual employee benefits costs to the end of the fiscal year. Benefits expense has decreased in part due to vacancies in staff positions. The savings were transferred to unallocated reserves.
- **Cost of Goods Sold (40.4%)**
This category is below the operating range because Pro Shop sales have been surprisingly low when compared to prior fiscal years; as a result, the purchase of Pro Shop inventory has declined. It is likely that unutilized funds will be returned upon completion of the third quarter budget analysis.

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- **Supplies and Services**

This category had a net increase in the amount of \$46,070. The majority of the increase was attributable to \$34,500 transferred into the operating budget from the Repair & Replacement fund for a feasibility study to remodel the maintenance shop³.
- **Travel (30.4%)**

This category is below the optimal range due to the dates when major conferences occur throughout the fiscal year. The major regional, national, and annual conferences (ACUI⁴, AOA⁵, and NIRSA⁶), that account for the majority of the travel budget cost, do not take place until the third and fourth quarters.
- **Utilities**

Net savings of \$44,763 were identified based on a forecast of actual utilities costs. The utilities budget is based on a twelve month rolling average of actual costs for electricity, gas, and water. The savings were transferred to unallocated reserves.
- **Repairs & Maintenance (44.4%)**

This category had a net \$235,857 increase in the budget of which \$195,745 was for the remodel of the Northridge Center; \$10,000 for the repair of the Genie lift; and \$22,000 for the repair of the SRC elevator.
- **Fees and Charges (29.7%)**

This category is significantly below the optimal range since credit card fees were lower this quarter than anticipated. Even though credit card fees will increase when Sunny Days Camp registration begins in February, there is a possibility that unutilized funds will be returned to the organization after completion of the third quarter budget process.
- **Reserves**

Please reference the Reserves Summary included as part of this package.
- **Expendable Equipment (62.9%)**

The budget for this category was increased by \$39,873 due to a transfer of funds from the administrative contingency budget for a portable stage and table carts utilized by the USU Reservations & Events department.
- **Amortization & Depreciation (37.1%)**

This category is below the optimal range due to the timing of fixed asset purchases which results in the assets being put into service later than anticipated which in turn leads to lower depreciation expense. In addition, the decision not to purchase the maintenance shop dust collector and the SRC pool deck tension shade also contributes to the decrease in depreciation expense. Any unutilized funds will be returned to the organization after completion of the third quarter budget process.

³ The feasibility study was completed by LPA, an architectural firm that the USU has utilized on an ongoing basis for many years.

⁴ ACUI is the Association of College Unions International.

⁵ AOA is the Auxiliary Organizations Association.

⁶ NIRSA is the National Intramural Recreation Sports Association.

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Statement of Changes in Financial Position

Please reference the Statement of Changes in Financial Position included as part of this package.

Total assets are \$5,112,347 of which \$4,327,307 is liquid cash. Total liabilities are \$3,262,789 of which \$2,135,816 is the estimate to pay for the projected medical expenses of current and future USU retirees who are in the Retirement Health Benefits Plan (RHBP).

Investment Summary

The USU continues to yield positive returns on the financial resources invested in the CSU Systemwide Investment Fund Trust (SWIFT). The USU has earned \$17,262 in interest income as of December 31, 2016.

Unallocated and Designated Reserves

The budget for unallocated reserves was increased by \$128,262 during the quarter. The strategy of transferring unutilized/surplus funds to unallocated reserves to repurpose for other organizational priorities continues to be successful.

A total of \$47,654 of designated reserves was transferred to the operating budget during the second quarter for vacation advances, salary adjustments, and employer-paid payroll taxes.

Capital Outlay

One purchase for the Plaza del Sol Performance Hall - Front of the House & Monitor Consoles took place during the second quarter. In addition, the decision was made not to construct the SRC Pool Tension Deck Shade structure. Instead, funding from the SRC's operating budget was used to purchase large portable umbrellas.

USU/CSUN Foundation

The total cash balance on deposit at the CSUN Foundation is \$365,561 of which \$73,039 is donor restricted⁷.

Work Study⁸

The USU has received \$30,445 and has expended \$9,451 leaving a remaining balance of \$20,994 as of December 31st.

Main motion passes 3-0-0

B. Gift Card Policy & Procedure

M/S/P (K. Dhillon/F. Khorasani) Motion to approve the Gift Card Policy & Procedure as presented.

M. Odinlo explained that the purpose of creating a Gift Card Policy & Procedure is to encourage accountability in the gift card purchasing process. The committee has already discussed this topic during several previous meetings and all the members and attendees are familiar with the policy.

⁷ A donation which is donor restricted means that the donation can only be used for the purpose specified by the donor. Unrestricted donor funds can be utilized for any purpose that falls within the mission of the USU.

⁸ Work Study is a federal program whereby the USU receives a reimbursement of 55% of the gross wages of USU student assistants who participate in the work study program.

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Main motion passes 3-0-0

C. **2016-17 Capital Outlay Reallocation Request**

M/S/P (K. Dhillon/F. Khorasani) Motion to approve the reallocation of \$66,139.72 from the 2016-17 Capital Outlay items (listed below) in order to purchase one replacement Fire Alarm Control Panel & two replacement Roll Down Fire Doors for the Plaza del Sol Performance Hall:

1. \$2,407.00 ADA Stage Lift
2. \$14,713.00 Maintenance Shop Dust Collector
3. \$3,644.00 Plaza del Sol Performance Hall - Front of House Console
4. \$2,542.00 Virtual Desktop Infrastructure
5. \$32,886.00 Student Recreation Center Pool Deck Tension Shade
6. \$9,947.72 Student Recreation Center Turf Field Access Booth

M. Odinlo began by explaining the risks associated with the current fire door gates. The replacement of the fire doors is a safety priority because there are mechanical issues with the motors that control the speed of the how the fire door gates are lowered during an emergency (e.g. fire). In their current condition, the motors are not slowing the speed of the gates and they drop very quickly. This is an obvious safety hazard that needs immediate correction because any individual standing under the gates could be seriously injured if a fire alarm were to be activated. He also explained that the reallocation of funding has no fiscal impact. The cost increase of the additional purchases is offset by the amount reallocated from approved capital outlay purchases.

S. Schorn informed the committee that the fire alarm control panel replacement and two roll down fire door replacements were identified in the Sightlines 30-year study as needing replacement for safety code compliance. Both of these items were identified as backlogged which signifies the replacement is overdue.

The fire alarm control panel was to be proposed in the 2017-18 Capital Outlay Proposal; however, the Associated Students Sustainability's alarm system will be tying into the alarm panel in the Performance Hall. This will require replacing the existing panel with the new technology this semester. The alarm panels are a proprietary product and are only available through the vendor holding the campus safety and security contract, SimplexGrinnell. The campus is working on a campus-wide replacement project of all alarm panels. The USU is working on doing the same.

The roll down fire door replacement was previously budgeted in the 2015-16 capital outlay request, but was de-allocated due to the inability to receive quotes since it was discovered by management that this is also a proprietary product of SimplexGrinnell.

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The two projects for the Plaza del Sol Performance Hall bring the total cost to \$66,139.72. The following table shows which approved projects are the source of the reallocation needed to purchase the fire control panel and the two roll down fire doors:

| | |
|---|--------------------|
| Reallocate: ADA Stage Lift (savings) | \$2,407.00 |
| Reallocate: Maintenance Shop Dust Collector (cancelled) | \$14,713.00 |
| Reallocate: Plaza Del Sol Performance Hall- Front of House Console (savings) | \$3,644.00 |
| Reallocate: Virtual Desktop Infrastructure (VDI) (savings) | \$2,542.00 |
| Reallocate: Student Recreation Center Pool Deck Tension Shade (cancelled – alternative purchase made) | \$32,886.00 |
| Reallocate: Student Recreation Center Turf Field Access Booth | \$9,947.72 |
| Total Reallocations Requested | \$66,139.72 |

Main motion passes 3-0-0

VII. Discussion Items

A. 2017-18 Capital Outlay Proposal

M. Odinlo explained that capital outlay or fixed assets are defined as a single item with a value greater than \$5,000 that has a useful life of more than one year and can be used in a productive capacity in the USU. The capital outlay budget is separate from the operating budget.

S. Schorn went over the 2017-18 capital outlay proposal with the committee, and explained that the USU is planning on purchasing the following:

1. Virtual Desktop Infrastructure (VDI) Software Licenses
2. Oasis: Mindful Garden Awning Structure
3. Executive Board Room Conference Table
4. Northridge Center House Lights Control System
5. Pool Heater System for Plaza Pool
6. Performance Hall HVAC Unit Replacement
7. Wave 2X2 Gyro Automatic Pool Vacuum

The justifications for these purchases are as follows:

1. The Technology Support Services (TSS) department is requesting the purchase of licenses and technical support as the second phase of conversion to the Virtual Desktop Infrastructure. The first phase was the selection of VDI storage and servers for the 2016-17 fiscal year, which has been purchased, and will be tested in the fall of 2017. After testing of the system is complete, it is expected that full implementation will take place in the fall of 2018. S. Schorn explained that this will make future updates of software much more convenient as TSS employees will not need to go to everyone's desk to install updates.

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S. Eichten asked why this project is being requested for 2017-18 when the purchase already took place in 2016-17. J. Illuminate responded that the hardware was bought in 2016-17 which came with trial licenses for testing. Now that trial license testing is complete, the next phase is the purchase of the actual licenses.

2. The Oasis Wellness Center is requesting the purchase and installation of an awning structure to cover the Mindful Garden. The awning framework will be 18' long, 13' feet wide, and 9' 6" tall and constructed of steel. The canopy will be made of a fabric slide-wire shade system and will provide shade for students using the Mindful Garden.

3. The Operations Department is requesting the purchase of a new conference table to replace the existing table in the Executive Board Room. The current table is outdated and does not provide the options required for today's technological needs. The new table is oval-shaped to allow 16 individuals to sit around the table. Power and data hook ups will be built into the top of the table for convenient connection. New chairs were purchased for the Executive Board Room last year and this table purchase will complete the update to the furnishings in the room.

4. The Reservations & Event Services Department is requesting the purchase of a new lighting system that will control the current house lights, provide more options for event lighting, allow for better control of performance lighting, and tie into lighting equipment purchased last year for the NRC. The USU staff will do the installation and programming of the new system. S. Schorn added that most of the lighting system is portable, so it can be moved to various locations if needed.

5. The Facilities & Maintenance Department is requesting the purchase and installation of a new pool heater system for the Plaza Pool. The current heater system is backlogged in the Sightlines report for replacement. The heater system is over 15 years old and should have been replaced in 2003. The heater system maintains the pool temperature allowing students and guests to swim year round. The Plaza Pool has served as a backup when there have been issues with the SRC pool.

6. The Facilities Maintenance department is requesting the replacement of a small HVAC single-zone (5-ton) unit in the Performance Hall. The project was identified in the Sightlines report. The maintenance crew is limited on what can be controlled in the area for air flow and temperature. The compressors and the control panels within the unit that control the main operations need to be replaced and updated with new technology to better control the temperature and air quality in the building.

7. The two pool vacuums that service the Student Recreation Center and Plaza pools were purchased five years ago. One vacuum has failed and the other vacuum is at the end of its life cycle. Two new pool vacuums are needed to sweep the pools on a routine basis to keep them free of debris that could damage the pools' mechanical systems.

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

S. Schorn went over the 2017-18 major purchases, repairs, & replacements proposal with the committee, and explained that the USU is planning on purchasing the following:

1. SRC Top Level Training Zone Equipment Upgrade

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2. Meeting Room Audio Visual Upgrade Phase I
3. Fire Alarm System – Panel Upgrades
4. Computer Lab Sidewalk Concrete Waterproofing & Replacement

The justifications for these purchases are as follows:

1. The Student Recreation Center is requesting the purchase of new fitness equipment for the Top Level Training Zone to replace outdated equipment that is older than 5 years. The space will also be reconfigured to help meet the needs of members and accommodate more individuals at the same time while taking advantage of new and emerging fitness trends.

2. The Operations Department, the Reservations & Event Services Department, and the Technology Support Services Department are requesting the purchase and installation of audio/visual equipment for the following meeting rooms: Burbank, Flintridge, Glendale, Lakeview Terrace, Pasadena, Calabasas, Thousand Oaks, Santa Susanna, and Ventura. This request is phase I of a multi-year project to update the AV technology and provide a better experience for guest use. In 2016, Waveguide Consulting, Inc. provided design criteria for all the meeting rooms and, based on the priority and current condition of AV in the meeting rooms, divided the requests into phases.

3. The Facilities & Maintenance Department is requesting funds to purchase and replace three fire alarm panels. The replacement of the panels was identified in the Sightlines report. The panels that will be replaced are in the East Conference Center, the Sol Center, and the Southwest Building. The estimated cost per panel is \$47,000 and must be purchased through Simplex Grinnell, the fire and security services company that holds the campus contract.

4. The Facilities & Maintenance Department is requesting funds to repair a water intrusion issue in the ceiling above the inclusive restrooms of the Oasis. The waterproof membrane has failed and water is getting down through the concrete to the ceiling of the restrooms below. The older section of the concrete walkway between the Computer Lab and the International & Exchange Student Center of the C Building needs to be completely removed. After the concrete has been removed, a new waterproof membrane will be installed and a new concrete walkway will be put in. This project was recently added to the Sightlines report. S. Schorn explained that putting in the new concrete walkway has been planned for many years now, and hopefully it can be carried out during the summer while there are less students on campus.

VIII. Announcements

M. Odinlo informed K. Dhillon that she is eligible to run for the Board of Directors, and if she is interested, he will give her instructions on what to do.

He also announced that he has started a project with the Board of Directors in which they write notes for terminally ill children. He encouraged everyone to stop by and participate in this project.

IX. Adjournment

The meeting was adjourned by Committee Chair, Michael Odinlo at 1:28 p.m.

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Respectfully submitted by,

Joseph Illuminate
Associate Director, USU Accounting & Finance