

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
MAY 09, 2018
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Jazmin Hernandez at 12:35 p.m.

II. Roll Call

Present	Absent	Staff/Guests
Aisha Bahadar, Student Committee Member (voting)	Iris Ramirez, Board Chair (non-voting)	Tamika Braud, Accountant I, Accounts Receivable
Sharon Eichten, University Representative (voting)	Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)	Lusine Dayan, Accounting Supervisor
Debra Hammond, Executive Director (non-voting)		Anita Kapil, Accountant I
Jazmin Hernandez, Committee Chair (voting)		Jonathan Navarro, Accounting Manager
Joseph Illuminate, Executive Secretary (non-voting)		Dave Ross, Assistant Director, Facilities & Maintenance
Alexis Lopez, Student Committee Member (voting)		Renise Weiss, Accountant I, Payroll
Clarissa Mejia, Student Committee Member (voting)		
Guadalupe Perez Barrios, Student Committee Member (voting)		
Angela Pham, Student Committee Member (voting)		

Debra Hammond arrived 12:40 p.m.

III. Approval of Agenda

M/S/P (A. Lopez/C. Mejia) Motion to approve the agenda for May 09, 2018.

Main motion passes by general consensus

IV. Approval of Minutes

M/S/P (A. Bahadar/A. Lopez) Motion to approve the minutes for April 11, 2018.

Main motion passes by general consensus

V. Chair's Report

Chair, Jazmin Hernandez, thanked all the members for their service during the 2017-18 fiscal year.

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VI. Action Items

A. 2017-18 Capital Outlay Request

M/S/P (C. Mejia/G. Perez-Barrios) Motion to increase the 2017-18 Capital Outlay Allocation Request by \$9,343 in order to upgrade the electrical in the USU Maintenance Shop.

Dave Ross, Assistant Director, Maintenance, explained that the electrical system in the shop, where metal fabrication occurs, is the 1974 original electrical system. New powered equipment, which will be installed in the shop, requires that additional circuits be added to the electrical panel to handle the increase in electrical power needed for the new equipment. The entire electrical panel will be replaced due to its age.

Dave stated the project will be completed prior to the end of this fiscal year if the Board approves funding on June 11, 2018.

Motion passes 6-0-0

B. 2018-19 Capital Outlay Allocation Proposal

M/S/P (A. Lopez/G. Perez-Barrios) Motion to recommend approval of the 2018-19 Capital Allocation Proposal in the amount of \$252,966.

Chair, Jazmin Hernandez, summarized every item in the Capital Outlay Allocation Proposal. This proposal was a discussion item for the second time at the Finance Committee meeting held on April 11, 2018. Please reference the table on the following page for a listing of the proposed items:

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No.	Item Description	Category	Base Cost	Contingency (10%)	Total Cost
1	Fire Curtain Release Mechanism Update & Service (Sightlines #881)	Equipment	\$31,290	\$3,129	\$34,419
2	Compact Hydraulic Shear	Equipment	\$16,996	\$1,700	\$18,696
3	Hydraulic Box and Pan Brake	Equipment	\$26,632	\$2,663	\$29,295
4	Key-Box Intelligent Series Locker	Equipment	\$6,237	\$624	\$6,861
5	Massage Chair Replacement	Equipment	\$26,440	\$2,644	\$29,084
6	Gender Inclusive Restroom - Sol Center	Leasehold	\$39,085	\$3,909	\$42,994
7	Intramural Office Renovation	Leasehold	\$36,400	\$3,640	\$40,040
8	Games Room Renovation	Leasehold	\$46,889	\$4,689	\$51,578
TOTAL			\$229,969	\$22,997	\$252,966
JUSTIFICATIONS:					
1	The Plaza del Sol Performance Hall - the current release mechanism does not meet current standards and is difficult to operate. The new system will permit manual push button operation releasing the fire curtain in a controlled descent. This will improve facility operations and safety systems.				
2	Hydraulic shears are used to cut metal. The Maintenance Shop has continued to increase its metal fabrication production. This work includes metal rails, cabinets, shelves, and custom fabricated racks. The current shear is a small, manual model that is limited to 16 gauge metal with 42 inch width. The hydraulic shear will cut 14 gauge metal up to 80 inches wide which increases the ability to fabricate items using thicker and larger pieces of metal.				
3	The hydraulic box and pan brake is used to bend metal. The current hydraulic box and pan brake is non-operational. It has been repaired, but it is a small manual piece of equipment. The repair was an interim step, but it still does not produce the desired bend. Therefore, a new box and pan brake is necessary. The requested model is hydraulic-powered which increases the ability to fabricate items using thicker and larger pieces of metal.				
4	This locker system has six compartments which will be used to securely store the Student Recreation Center (SRC) scoreboard remote controls that cost \$600 each. The cabinet can handle up to 500 users (codes with 1-8 characters) and store up to 3,600 events. The locker system is similar to the two Key Watcher systems the USU already has had in place for several years.				
5	The Oasis Wellness Center is proposing to purchase (4) four new massage chairs. Three of the four chairs will replace the three current chairs and one additional chair will be purchased to meet the needs of students who requested more chairs in a recent survey.				
6	Convert one restroom in the Sol Center to a gender inclusive restroom. The total cost includes signage.				
7	There are organizational and programmatic benefits to relocating the Intramural Coordinator to the Intramural office located inside the SRC. The staff member will be more accessible to student employees and student participants who visit the office. The scope of work includes demolition, plumbing, flooring, walls, ceiling & lighting, paint, and carpet.				
8	The walls, flooring, lighting, and ceiling tiles no longer match the current USU design standards and need replacement. The space has not received any updates in over eight (8) years.				

Motion passes 6-0-0

C. 2018-19 Major Purchases, Repairs, & Replacements Allocation Proposal

M/S/P (C. Mejia/A. Bahadar) Motion to recommend approval of the 2018-19 Major Purchases, Repairs & Replacements Allocation Proposal in the amount of \$1,965,894.

Chair, Jazmin Hernandez, summarized every item in the proposal. This proposal was a discussion item for the second time at the Finance Committee meeting held on April 11, 2018. Please reference following table for the listing of the proposed items:

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No.	Item Description	Base Cost	Contingency (10%)	Total Cost
1	Student Recreation Center (SRC) Equipment Replacement	\$1,031,477	\$103,148	\$1,134,625
2	Interior Shell - Floor Replacements (Sightlines #852)	\$159,633	\$15,963	\$175,596
3	Interior Shell - Ceiling Replacements (Sightlines #832)	\$111,484	\$11,148	\$122,632
4	Interior Shell -Wall Replacements (Sightlines #862)	\$125,723	\$12,572	\$138,295
5	Tuepen Lift	\$101,000	\$10,100	\$111,100
6	Outdoor Tables for the Plaza del Sol	\$257,860	\$25,786	\$283,646
TOTAL		\$1,787,177	\$178,718	\$1,965,894

JUSTIFICATIONS:

1	The SRC is proposing to replace the selectorized strength equipment (equipment with mounted weight plates) and the majority of the cardiovascular equipment. The costs of replacement parts and labor to fix this equipment increases each year so it is recommended to replace this equipment. Warranties for this equipment ended in January 2018 for both the cardiovascular and selectorized equipment. The total USU preferred customer discount is \$219,715. In addition, the vendor's quotations provides an equipment trade-in allowance in the amount of \$60,000.
2	Replace floors on the second floor of the East Conference Center (ECC) to match the remodeled first floor.
3	Replace the ceiling on the second floor of the East Conference Center to match the remodeled first floor.
4	Replace the walls and paint on the second floor of the East Conference Center to match the remodeled first floor.
5	The Tuepen Lift is a specially designed to be utilized indoors through single wide openings. The lift is needed to access areas of the Student Recreation Center via any equipment currently in the possession of the USU. The current boom lift is only for exterior work and is in very poor condition. The Tuepen Lift can be used both indoors and outdoors. The cost to rent this type of lift costs \$2,200 per day.
6	Replace 40 outdoor tables that are over 12 years old. LPA consultants, the USU's architectural firm, has recommended the purchase of the Tangent Table 4-seat and 6-seat ensemble from the vendor, Forms & Surfaces. These tables have extruded aluminum slats. The Tangent Ensemble frames are comprised of vandalism-resistant powder coated cast and aluminum. The aluminum is 100% recyclable, and has an extremely high end-of-life intrinsic value. The Tangent Tables will be a combination of 10 four-seat and 30 six seat tables for flexibility and ADA compliance. The price includes an estimate of \$57,200, including contingency, for installation, but does not include the price of providing sun umbrellas for each table. The funding source for the purchase of the umbrellas is the 2018-19 operating budget.

Motion passes 6-0-0

D. 2018-19 Designated Reserves Allocation Proposal

M/S/P (A. Pham/A. Lopez) Motion to recommend approval of the 2018-19 Designated Reserves Allocation Proposal in the amount of \$1,265,896.

Student member, Guadalupe Perez-Barrios, summarized every item in the proposal. This proposal was a discussion item at the Finance Committee meeting held on April 11, 2018. Please reference following table for the listing of the proposed items:

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Designated Reserve Category	Amount	Description
Staff Wages	\$ 247,000	General Staff Salary Reserve*
Payroll Taxes	\$ 18,896	Employer-Paid Payroll Tax Reserve**
Fund the Retirement Health Benefits Plan	\$ 1,000,000	RHBP Funding***
Total Reserves	\$ 1,265,896	

**The General Staff Salary Reserve includes general salary increases and merit increases; salary reclassifications; potential bonuses; and accrued vacation taken as cash (vacation advances).*

***The Employer-Paid Payroll Tax Reserve is used to pay taxes on salaries funded by the General Staff Salary Reserve.*

****The Retirement Health Benefits Plan (RHBP) provides USU retirees reimbursement for approved healthcare-related expenses. This reserves does not increase the overall 2018-19 expenditure budget because the expense has already been incurred in previous fiscal years.*

Motion passes 6-0-0

E. 2018-19 Operating Budget Allocation Proposal

M/S/P (A. Bahadar/G. Perez-Barrios) Motion to recommend adoption of the 2018-19 Operating Budget Proposal with projected revenues and expenses of \$17,174,394.

An overview of the Operating Budget Proposal and Long-Term Financial Plan was presented at the Finance Committee meeting held on April 11, 2018.

The proposal was presented by Joseph Illuminate. First, he stated that the Operating Allocation Proposal is the means by which we provide the people and facilities needed to remove those barriers to graduation. He conveyed the Operating Budget Proposal in a story-telling format with the goal of communicating complex financial information in a simplified manner. The student members expressed appreciation regarding the use of story-telling approach.

He provided a PowerPoint presentation and then discussed the highlights of the Budget Message emphasizing the following three points:

1. We have a financial plan that forecasts our financial health 10 years into the future. It was our financial plan that revealed our Debt Service Coverage Ratio was going to fall below the required 1.25. As a result, we developed our \$6/\$7 Fee Restoration Plan so that now our Debt Service Coverage Ratio is projected to remain above 1.25 for the foreseeable future.
2. We have unallocated reserves which provides a financial cushion against unexpected price increases and adverse economic conditions. Unallocated reserves are defined “*as a cushion of potential resources which allow an organization to adapt to internal pressure of adjustment or to external pressures for change in policy as well as to initiate change in strategy with respect to the external environment*”.

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3. The proposed 2018-19 budget has increased by only 3.2% when compared to the 2017-18, 6&6 budget. This is despite increases in the minimum wage, one-time staff salary increases, employee benefits, and inflation.

Next, he summarized the Exhibits included in the Budget Message.

Motion passes 6-0-0

F. Third Quarter Budget Report (3&9)

M/S/P (C. Mejia/A. Pham) Motion to accept the 2017-18 Third Quarter Budget report as presented.

Jonathan Navarro, Accounting Manager, presented the report by first stating that this report reflects financial operations for the nine-month period ended March 31, 2018. The optimal operating range is 75% of the yearly budget, although limits from 70% to 80% are acceptable.

Big Picture

The USU's financial position as of March 31, 2018 is stable. We have \$5.7 million cash on hand; \$3.3 million total net assets; and \$446,000 remaining in unallocated reserves

The budget is within the optimal range for total revenue (74.9%). However, the budget is below the optimal for total expenditures (66.4%) which has contributed to the relatively large surplus of \$1,439,300.

Revenues

Actual revenue is \$12,486,130. Revenue categories that are outside the optimal range or have a budget adjustment greater than \$10,000 are briefly explained in this report.

- **Rental Income: SRC Lockers and Towels (83.7%)**
This category is above the optimal range because most rentals for locker and towels are sold at the beginning of the semester. This category should be within the optimal range by fiscal year-end.
- **Food Service Commission (61.9%)**
This category is below the optimal range because the USU has not received the March 2018 report from The University Corporation in order to record the commission.
- **SRC Related Income (87.6%)**
This category is above the optimal range because most of the projected revenue for memberships and Intramurals are sold at the beginning of the semester. This account should be within the optimal range by fiscal year-end.
- **Grant Income (36.7%)**

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This category is below the operating range because we anticipate that only \$42,650 of the \$53,000 Campus Quality Fee (CQF) allocated to fund the Black Male Scholars (BMS) Program and the WISDOM Program will be used¹.

Expenditures

Actual expenditures are \$11,046,830. Expenditure categories that are outside the optimal range or have a budget adjustment greater than \$10,000 are briefly explained in this report.

○ **Staff Salaries (69.0%)**

There was a net reduction of \$17,400 due to savings from the vacancies in the Assistant Director, Diversity & Inclusion and the SRC Membership Services Coordinator positions.

○ **Student Wages (69.8%)**

There was a net reduction of \$76,210 as a result of unfilled shifts and vacancies:

- \$30,000 Human Resources
- \$20,000 SRC Fitness & Wellness
- \$10,000 Membership Services
- \$10,071 SRC Fitness & Programs

○ **General Operating Expenses**

There was an increase of \$16,460 due to the following purchases made by Technology Support Services:

- Radios for USU RES
- A heavy-duty printer for the SRC.
- Handi-mover carts
- Cabinets for bin storage.

○ **Supplies and Services (55.9%)**

This category is significantly below the operating range because \$107,000 allocated for the LPA Consulting contract will not be utilized this fiscal year and because of the following events that will take place in the fourth quarter:

- Matador Nights
- Crunch Time
- Rainbow and Veteran's graduation receptions

Any unused funds will be returned to unallocated reserves.

○ **Travel (67.1%)**

This category is expected to be within the operating range by fiscal year-end when the expenditures for the Association of Colleges Union International (ACUI) and the National

¹ The BMS program was scheduled to begin in fall 2017, but due to the lack of staff and program conceptualization, it did not begin until spring 2018. Because of the late start, \$8,500 allocated for the BMS program will not be used. In addition, \$1,850 allocated for the WISDOM program will not be used.

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Association of Student Personnel Administrators (NASPA) conferences are recorded in the fourth quarter.

- **Utilities (75.2%)**
This category was increased by \$25,640 based on the rolling forecast of the past 12 months of actual costs. This unexpected increase was offset by using unallocated reserves.
- **Fees and Charges (56.5%)**
This category is significantly below the optimal range so any unused funds will be transferred to unallocated reserves.
- **Reserves (-1.0%)**
Please reference the Reserves Summary included as part of this package for further details.
- **Grants and Scholarships (85.5%)**
This category is above the optimal range because tuition reimbursement for the BOD Chair, Vice-Chair, and the SRC Intramural graduate assistant were paid in January 2018.
- **Expendable Equipment (66.3%)**
This category will be within the operating range by fiscal year-end. The budget was increased by \$111,110 for the following purchases to be made in the fourth quarter:
 - Sixteen (16) Meeting Room Displays
 - Ten (10) Replacement Printers for the Computer Lab
 - Dell Laptops
 - Desktop Computers for the Oasis
 - Massage Chairs for the Oasis
 - Cushions for the Plaza Pool and SRC Outdoor Furniture

Statement of Changes in Financial Position

Total Assets are \$6,612,035 of which \$5,723,645 is liquid cash. Total Liabilities are \$3,280,077 of which \$2,524,702 is the estimate to pay for the projected medical expenses of current and future USU retirees who are eligible to participate 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 \$46,581 in investment income fiscal year-to-date.

Unallocated and Designated Reserves

The Unallocated Reserves balance is \$446,297. Reserves in the amount of \$31,912 were transferred to other expenditure categories in the third quarter.

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The Designated Reserves balance is \$196,172. Reserves in the amount of \$15,600 were transferred to the operating budget during the third quarter for vacation advances.

Capital Outlay

The Capital Outlay budget balance is \$274,195 with a remaining balance of \$133,273. The purchases for the Virtual Desktop Infrastructure Software Licenses and the Plaza del Sol Performance Hall Heating, Ventilation, Air Conditioning unit replacement will take place in the fourth quarter.

USU/CSUN Foundation

The total cash balance on deposit at the CSUN Foundation is \$245,941 of which \$211,607 is unrestricted and \$59,334 is restricted.

Work Study

The USU has received \$47,686 and has expended \$23,653 leaving a balance of \$24,032.

VII. Discussion Items

A. 2017-18 Finance Committee Goals Review

Chair, Jazmin Hernandez, reviewed the committee's progress on meeting its 2017-18 goals. Please reference the following table:

No.	GOAL	PROGRESS
1	Revise the following policies and procedures (5.31.18): <ul style="list-style-type: none"> • Travel Policy • Credit Card Policy* • Risk Management & Contracts Policy • Fixed Assets Policy • Cash Donations Policy 	<ul style="list-style-type: none"> • Travel Policy - Not Completed • Credit Card Policy - Completed • Risk Management & Contracts Policy – Not Completed • Fixed Assets Policy – Not Completed • Cash Donations Policy – Completed
2	Update the long-term plan to ensure there are sufficient financial resources for the estimated costs of USU Renovation Project as determined by the Brailsford & Dunlavey report (12.31.17).	Not Completed – the timing of the project has been delayed so updated figures are not yet available to update the financial plan.
3.	Scholarship Policy Revisions*	Completed
4.	Finance Committee Code Revisions*	Completed
5.	\$6/7 Student Fee Restoration Plan*	Completed

**These goals were added during the fiscal year.*

B. Committee Member Appreciation

Chair, Jazmin Hernandez, presented all the members with a Certificate of Appreciation for their service on the committee for the 2017-18 fiscal year. Joseph Illuminate presented Jazmin Hernandez with a certificate of appreciation too.

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VIII. Announcements

Chair, Jazmin Hernandez, wished all the students “good luck” on their finals.

IX. Adjournment

Committee Chair, Jazmin Hernandez adjourned the meeting at 1:53 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, USU Accounting & Finance