



EXECUTIVE COMMITTEE MEETING (REGULAR)
ASC CONFERENCE ROOM (CP 250)
JUNE 2, 2009 · 4:00 PM

Present: Bill Barrett, Ted Bremner, Pat Carroll, Bill Dickerson, Bob Hall, Frank Mumford, Steve Murray, Ron Rangel.

Excused: Barry Pasternack.

Staff: Pearl Cheng, Ann Ehl, Omar Iftikhar, John Jay, Chuck Kissel, Tony Lynch.

1. CALL TO ORDER

Chair Bremner called the meeting to order at 4:10 p.m.

2. APPROVAL OF MINUTES

Mr. Rangel moved, Mr. Hall seconded and motion carried to approve the minutes of the May 5, 2009 Executive Committee meeting.

3. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions' combined activities generated a net income of \$748,000 through April 2009. The ASC is \$226,000 positive for the fiscal year. He further reported that the net income actuals were \$338,000 for Food/Vending; \$1,524,000 for Titan Shops; \$270,000 for Grants and Contracts; and \$548,000 for College Park. Administrative net expenditures were \$1,383,000.

4. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that CSUF was granted a lease extension to the Irvine Campus until August 2010. Also further extended was our motion for summary judgment, which was rescheduled for 07/31/09.

At the Elks Lodge, Jim Alexander and Bob Farrell continue to produce positive results, addressing problems as soon as they are discovered. We expect a meeting with the Elks group next month. At University Gables, there are eight homes available with an additional two currently in escrow. This year, thus far, five homes have been sold. This is reflective of the affordability of the outside market and UG owners taking advantage of those prices. There was a homeowners meeting last week with approximately 40 in attendance, representing 20-25 homes. At Creekside, the 19th home closed escrow yesterday and the 20th (and final) home is scheduled to close escrow on 06/11/09, at which time we will be completely free of Creekside. At University Heights, four new tenants moved in last weekend. This means that 12 homes have been leased with 14 now available.

Titan Coffee is located on the second floor of Titan Shops. Although nothing is yet definite, we are discussing using that space for other purposes. Initially, it was one of the few coffee locations on campus and frequently busy. Currently, the space allocation is not justified by the amount of coffee it serves.

Titan Shops will co-host Titan House in Omaha. The costs are reasonable when taking the success of Titan Baseball into consideration.

At College Park, the last non-university tenant moved out, with all tenants now university-related. The entire tenth floor remains unoccupied. Also, with a handful of tenants asking for air conditioning after-hours, quotes were obtained to operate and restructure the current CP a/c system. Three quotes were received and the best price scenario was \$150,000 to restructure the current system. The campus has begun repairing and resurfacing the CP parking lot; these costs are being covered by parking.

5. RESOLUTIONS

A. RECLASSIFICATION OF SECTION 509(a) STATUS

Mr. Mumford reported that the ASC is currently a 501c3 (charitable org). However, the IRS has three difference possibilities under section 509a; the additional subclassification necessary to obtain FICA exemption for student employees. Currently, we are a 509a1, but should be 509a3, which is an organization that supports a 509a1.

Mr. Dickerson added that former attorney John Frances actually helped get the Student FICA exemption thru the IRS back in the '70s.

Mr. Rangel moved, Dean Murray seconded and motion carried to adopt the following resolution.

Reclassification of Section 509a Status

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“Corporation”) has been formed for the purpose of furthering the educational programs of California State University, Fullerton (“University”) as more fully described in the Articles of Incorporation of the Corporation (“Articles of Incorporation”); and

WHEREAS, the Corporation is an auxiliary organization of The California State University governed by California Education Code Sections 89900 et seq. and the administrative regulations of The California State University as set forth in Title 5 of the California Code of Regulations; and

WHEREAS, the Corporation previously received an IRS determination of tax exempt status under IRC §501(c)(3) – as a charitable organization, and is further defined as a §509(a)(1) organization, classifying it as a “public charity”; and

WHEREAS, the Corporation desires to change its section §509(a) status to be in compliance with IRC Sec. 3121(b)(10)(B), relating to the taxability of student employees for FICA/FUTA; therefore,

BE IT RESOLVED that the Board of Directors of the Corporation authorizes the proposed federal exempt status reclassification as a supporting organization described in Section §509(a)(3). Furthermore, the Board authorizes and directs the Corporation's Executive Director, or his designee, for and in the name and on behalf of the Corporation, to execute the required documentation.

The approval was unanimous.

B. APPROVAL OF LOAN POLICY

Mr. Mumford noted that this resolution brings our policy in line with our practice, which allows us to charge less than prime-plus on loans to the university and the Housing Authority.

Mr. Dickerson added that up until the CBE loan, we charged the university prime plus ½ %, but prime was around 6% at that time. As opposed to charging such a high interest rate, instead, it was determined to use LAIF plus ½%; LAIF, at the time, was closer to 2% resulting in a considerably smaller interest rate. It is common practice throughout the CSU for auxiliaries to charge prime plus one-two percent to discourage campus borrowing. This policy, as revised, provides ASC flexibility and discretion in determining the interest rate to charge.

With minor changes to the policy, Dean Murray moved to approve the following resolution, Mr. Rangel seconded and motion carried.

Policy Approval: Loans to University

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation adopts and approves the revised Loans to the University Policy, which is attached, effective June 11, 2009.

The approval was unanimous.

C. EMPLOYEE BENEFITS

Mr. Dickerson stated that this is our annual review of the benefits package. The benefit changes takes into consideration this year's budget which does not have any merit increases. Increases to health payments will remain flat to employees and will be covered by ASC.

Mr. Rangel moved, Dean Murray seconded and motion carried to adopt the following resolution.

Benefit Plan, Fiscal Year 2009-2010

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC) desires to provide a competitive benefit plan for its salaried and hourly employees; and

WHEREAS, the ASC regularly reviews its employee benefit plans as part of the annual budgeting process; therefore,

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves the attached benefit plan for the 2009-2010 fiscal year and beyond, in absence of any change

The approval was unanimous.

D. ASC BUDGET

Mr. Mumford reported that the budget shows anticipated decline of interest income; the net anticipated loss is \$1.2M. While commercial operations remain flat, all food service operations, with the exception of Carl's Jr and CBE Starbucks, had a loss. A bakery renovation, which has not been done for a dozen years, is being discussed; Titan Shops anticipates 6% income growth, while reduction in COGS is expected to offset reduction in sales. College Park operations will remain flat, with all revenues restricted back to bond payment and will not impact ASC budget. For next year, we will operate with \$106K less than the current year. Also, CSUF enrollment was projected to be 2% less than the previous year.

Dean Murray noted that SPO may have to budget more for expense, considering the increase of stimulus grants and reduced IDC. He said that we'll have a need for more staff for both pre- and post-award.

Mr. Rangel suggested we either adjust University Needs now or discuss it if we cannot meet those needs when the budget is finalized at the end of next year.

Mr. Mumford added that we need to discuss how the reserves are planned and whether we have enough money set aside to cover capital projects; noting that both Fresh Kitchen and Carl's Jr, renovated last year, experienced increased sales.

Mr. Carroll asked from where the capital money is obtained. Mr. Mumford said that it comes from reserves, operating cash and revenues. He also said the \$100k Yum renovation would show as a capital project this year, but would appear as depreciation in future years.

Mr. Carroll asked about the \$200K in the 1103 project line. Mr. Mumford replied that while salary increases will not be given this year, only a few necessary merit increases will be given from the 1103-line. Retiree benefits (limited to medical only) were also pooled into 1103.

Dean Murray asked whether we used campus resources and staff for improvements at Carl's Jr. Mr. Mumford replied that while it is less expensive to use non-campus contractors, these are leased facilities not necessarily subject to state resources.

Mr. Rangel moved, Mr. Hall seconded and motion carried to adopt the following resolution.

Operating & Capital Outlay Budgets, Fiscal Year 2009-2010

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC) operates on a fiscal year beginning July 1st and ending June 30; and

WHEREAS, the CSU Fullerton ASC Board of Directors approves operating and capital outlay budgets for each fiscal year; and

WHEREAS, said budget also includes a University Needs component which is intended to enable the University to further its educational mission in a manner consistent with the stated public relations policies of both the ASC and the University; therefore

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves the attached operating and capital outlay budgets for the fiscal year beginning July 1, 2009 and ending June 30, 2010; and

BE IT FURTHER RESOLVED, that with his signature below, CSUF President Milton A. Gordon signifies his approval of said budget and authorizes ASC management to proceed with implementation effective July 1, 2009

The approval was unanimous.

6. REPORTS

A. TITAN SHOPS

Mr. Kissel reported that 75% of the departments submitted textbook requisition by deadline compared to last year's 67%. By Buyback, 80% of the requisitions were received compared to 68% the previous year. CSUF graduated 11,000 students, its largest class, ever. While UCI lost its first regional tournament, CSUF will be hosting the super-regionals this weekend, playing Louisville. Fullerton baseball is currently ranked #2, just behind #1 Texas.

B. SPONSORED PROGRAMS

Ms. Cheng reported that total awards thru May were \$17.6M. Some programs experienced director and project investigator changes; these changes require support staff to oversee transition. The OC Film Commission was recently closed out. While the Film Commission did well in its first three years at CSUF, we can no longer afford to assist running the program. The only possible way of bringing the program back is if it can raise outside funds. This is one of two agencies that the University took on after the County of Orange dropped oversight of them; the second program, still running, is the Center for Demographic Research.

Dean Murray noted that the Maria Linder grant is incorrectly credited to HSS (on page one, fourth from bottom).

C. DRAFT 2009-10 MEETING SCHEDULE

Mr. Bremner asked members to review the meeting schedule and report back conflicts.

7. OTHER BUSINESS

There was no other business.

8. ANNOUNCEMENTS

BOARD MEETING: THURSDAY 06/11/09 @ 6:00 P.M.

EXECUTIVE COMMITTEE MTG: TUESDAY 08/04/09 @ 4:00 P.M.

9. ADJOURNMENT

Mr. Bremner adjourned the meeting at 6:00 p.m.

Approved by the Executive Committee, August 3, 2009.

Robert C. Hall, Secretary