



EXECUTIVE COMMITTEE MEETING (REGULAR)
ASC CONFERENCE ROOM (CP 250)
MARCH 3, 2009 :: 4:00 PM

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

Excused: Steve Murray.

Staff: Pearl Cheng, Ann Ehl, John Jay, Tony Lynch, Peter Poon.

1. CALL TO ORDER

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

2. APPROVAL OF MINUTES

Prof. Pasternack moved, Mr. Hall seconded and motion carried to approve the minutes of the 12/03/08 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 \$722,000 through January, 2009. The ASC has a \$174,000 positive budget variance for the fiscal year to date. The net income actuals are \$78,000 for Food/Vending; \$1,386,000 for Titan Shops; \$250,000 for Grants and Contracts; and \$462,000 for College Park. Administrative net expenditures were \$992,000.

Regarding the Chancellor's Office compliance audit, Mr. Mumford said that the team will complete their on-site portion on Friday 03/06/09. We are currently aware of only six minor findings.

4. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that the IRVC lease is being reviewed; it is a tight schedule, but it appears that a new location can be ready in time for fall classes. The proposed location in Irvine is four blocks from the Irvine Spectrum. There will be a resolution to approve the letter of intent for the new location at next week's full Board meeting (the LOI is currently being negotiated). As in the past, the lease/sublease will be a pass-thru agreement with the University which will go before the board next Thursday.

On legal matters, our attorneys will meet with the Elks Lodge later this week.

Recently, five University Gables (UG) homes were available; with interested purchasers, that number is now down to two. However, the Housing Authority was recently informed that an additional five homes will be available in the near future, making the total number

of homes available at UG to seven. The City of Buena Park considered building a three-story parking structure adjacent to UG. However, at a recent City meeting, it was disclosed that a parking structure was very unlikely, given the costs. At Creekside, there are five units available; at University Heights (UH) five homes have been recently leased.

5. RESOLUTIONS

A. LINE OF CREDIT INCREASE TO HOUSING AUTHORITY

Mr. Mumford distributed an update of the debt service ratio calculation thru February. He reported that initially a 4.5% interest rate was used in our projections; thus far we paid 0.5% interest. While we anticipated 11 homes to be leased by March; only five homes are currently occupied.

Also, we have not booked interest (LAIF + 0.5%) on this line of credit. Mr. Bremner suggested that there be no “evergreen” on this line of credit extension; Mr. Rangel advised that this line of credit be given a term of three years. Mr. Carroll recommended that any additional funds from the Chancellor’s Office be used to pay down this line of credit.

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

Housing Authority Line of Credit Expansion

WHEREAS the CSU Fullerton Housing Authority (“Housing Authority”) has developed 86 affordable homes at University Gables and 42 homes at University Heights; and

WHEREAS sales at both the University Gables and University Heights have been impacted by the overall downturn in the economy; and

WHEREAS several contractors have initiated mechanic liens and litigation as a result of not having received payments due for work done at University Heights; and

WHEREAS the Elks Lodge has informed the Housing Authority that they believe the Housing Authority is liable for both construction delays and alleged defects present in their new lodge; and

WHEREAS the Housing Authority is contractually obligated to finish University Heights and correct the problems with the Elks Lodge and, in order to do so, is working with both the contractors and the Elks Lodge to settle their respective claims; and

WHEREAS these increasingly difficult sales conditions have prompted the Housing Authority to seek medium- and long-term financing as a means of addressing its overall financial problems, but, for the present, have created a temporary shortfall in cash in the amount of approximately \$500,000, in addition to the \$500,000 that was approved on 05/13/08, and \$250,000 approved on 10/18/08; and

WHEREAS the CSU Fullerton Auxiliary Services Corporation (“ASC”), has the resources to lend the Housing Authority the additional funds to cover the aforementioned cash flow shortfall.

THEREFORE, BE IT RESOLVED that the ASC Board of Directors hereby approves an increase in the line of credit available to the CSU Fullerton Housing Authority in the amount of \$500,000 (bringing the total loan to \$1,250,000) for the purpose of paying claims arising from University Heights and covering ongoing operating costs; such loan to be repaid from the long term financing made available to the ASC through the California State University's commercial paper program and Housing Authority's net income; and

BE IT FURTHER RESOLVED that the Board of Directors hereby authorizes and directs its Executive Director and officers or any of them to take all actions necessary to implement the foregoing resolutions, including, without limitation, the executing loan documentation with the Housing Authority on the aforesaid terms.

The approval was unanimous.

B. CKE REMODEL INCENTIVE

Mr. Lynch reported that this resolution amends the current CKE agreement to reduce royalty fees by ¼%, through 10/08/12. Only franchises that have fully remodeled during a certain time period are eligible for reduced royalty fees which will save ASC thousands each year.

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

CKE Remodel Incentive

WHEREAS, the Franchise Agreement between the Auxiliary Service Corporation (ASC) and Carl Karcher Enterprises (CKE) calls for the ASC to pay a standard royalty fee of 4.0% of sales; and

WHEREAS, the completion of a full remodel of our Carl's Jr. restaurant during Fall 2008 makes the ASC eligible for a 0.25% reduction of royalty fees paid to CKE for up to four years.

THEREFORE, BE IT RESOLVED that the Board of Directors approves and authorizes the Executive Director to enter into the attached Remodel Incentive Agreement reducing the royalties paid to CKE to 3.75% through October 8, 2012.

Prof. Pasternack and Mr. Carroll abstained; the remaining members (Bill Barrett, Ted Bremner, Bill Dickerson, Bob Hall, Frank Mumford, Ron Rangel), a majority, voted to approve.

6. REPORTS

A. CAMPUS DINING REPORT

Mr. Lynch reported that the Starbucks at Mihaylo Hall held its grand opening on 12/11/08. With 2,000 cups of free coffee distributed, positive feedback and staffed entirely by CSUF students, the new location is off to a great start. Sales have exceeded \$3,500 daily. In the TSU, the newest concept The Fresh Kitchen held its grand opening last fall on 11/17/08. Sales at this location exceeds prior year sales of Titan Grill by 65%. Now that the Mihaylo College of Business is completed, sales at

Carls Jr have picked up, with spring semester sales up an average of 35% over the previous year. OC Choice Catering is undergoing a PR campaign to boost sales on campus. After CSUF's 50th anniversary campaign last year, sales have dropped significantly. Lastly, immediately north of the Humanities building, a structure is currently being designed to house many of the campus cart operations. Campus Dining is working with state, county and campus guidelines; these various requirements have increased previous cost estimates.

B. TITAN SHOPS REPORT

Covering for Chuck Kissel, Titan Shops Associate Director Peter Poon reported that 40 rental titles were available this semester, with 5,018 rented the first two weeks of classes. Spring Back to School sales brought in \$5.4M compared to \$5.7M last spring. There were questions regarding the spring data; Mr. Poon said that he will research the figures and will update Executive Committees once a review is complete. Additionally, Mr. Poon reported that online sales saw an increase of 37% from \$860K last year to \$1.2M this year. The e-services department is rebuilding online inventory to offer more graduation and baseball items for this semester.

C. SPONSORED PROGRAMS REPORT

Ms. Cheng reported that state-funded projects are coming in late due to the State's current budget problems. Our year-to-date net is currently ahead of budget but will need to consider a couple possible write-offs as a contractor has filed for bankruptcy and is not honoring ASC invoices. Lastly, the National Science Foundation has scheduled a site visit for April 2009.

7. OTHER BUSINESS

There was no other business.

8. REMINDERS

Next ASC Board meeting: Thursday 03/12/09 @ 6:00 p.m.

Next Executive Committee meeting: Tuesday 04/14/09 @ 4:00 p.m.

9. ADJOURNMENT

The meeting was adjourned at 6:10 p.m.

Approved by the Executive Committee, April 14, 2009.

Robert C. Hall, Secretary