



BOARD OF DIRECTORS MEETING – REGULAR
TITAN SHOPS CONFERENCE ROOM (SENATE CHAMBERS)
SEPTEMBER 17, 2009
7:00 – 9:00 PM

Present: Ted Bremner, Pat Carroll, Raul Davis, Bill Dickerson, Milton Gordon, Diana Guerin, Bob Hall, Scott Hewitt, Pam Hillman, Joseph Lopez, William Meyer, Frank Mumford, Steve Murray, Robert Palmer, Barry Pasternack, Linda Patton, Henoc Preciado, Ron Rangel, Juli Santos, Ephraim Smith.

Excused: Gary Del Fium, Zeke Luna.

Guests/Staff: Pearl Cheng, Ann Ehl, Patrick Guzman, John Jay, Tony Lynch, Peter Poon.

I. CALL TO ORDER

Chair Bremner called the meeting to order at 7:13 p.m.

II. APPROVAL OF MINUTES

Mr. Hall moved, Dean Murray seconded and motion carried to approve the minutes of the 06/11/09 Board of Directors meeting.

III. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions combined activities generated **(\$202,000)** in net income through July 2009; \$15,000 below budget for the fiscal year. The financial summary showed the net income actuals of **(\$80,000)** for Titan Shops; **(\$38,000)** for Food & Vending; \$64,000 for Grants & Contracts; and \$146,000 for College Park.

IV. PRESIDENT'S REPORT

Dr. Gordon thanked everyone for their continued support through this tough budget year. All of our employees for the first time in the state of California are on furloughs and this will be an incredibly difficult year. He, John Lynn (HR) and Willie Hagan did a television taping this afternoon addressing this and he will be as visible as he can to the campus community as he communicates what is expected in the next two years to reduce enrollment. Each year 50,000 applications are received; for the first time, enrollment will be brought down while the goal still is to serve as many students as State of California can afford. He congratulated everyone on working together, which has always been a mark of CSUF.

Recently, Pres Gordon met with Linda Hawkins of Winkleman Realty over lunch with Bill Dickerson. They believe that she would fill the real estate experience niche previously occupied by Bob Clark. President Gordon nominated her to the Board.

V. GRANTS & CONTRACTS REPORT

Ms. Patton reported that CSUF met the \$20M threshold and, with the building momentum, \$25M will be the goal for next year. \$17.1M was brought in last year. Today, they had an all-day Sponsored Programs/Grants & Contracts office retreat. The Office of Grants & Contracts (OGC) has had a two year vacancy in a coordinator position which will now be filled. OGC, with Human Development/Community Service, will share a position for a three year pilot project.

Dean Murray asked for details on how much the campus has received in stimulus funds. Ms. Patton replied that quarterly reports will be necessary for stimulus funded projects; otherwise, monies will be withdrawn as necessary.

VI. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that final sublease for IRVC was finalized a few weeks ago; Mr. Carroll added that this will likely be the last lease with LNR. Mr. Dickerson reported that only six homes were leased at University Heights at the time we met in June, but thanks to the successful efforts of Bob Clark Jr., 22 are now occupied and a 23rd has been leased leaving only three vacant homes. Discussions continue regarding relocating Titan Coffee from the second floor of Titan Shops to the Library. Plans are underway to install a Shop24 in the Humanities Plaza and to replace the Juice-It-Up with a new operation. There is also a provisional patent underway for Prof. Marcelo Tolmasky; two others, Profs. Zhuangjie Li and Fuming Tao, may also have patentable items in the near future.

Dean Murray added that there have been changes at Tucker Wildlife in the last few years. On 09/26/09, a new amphitheater will be dedicated to which the Board is invited. Funds and construction have been provided by various outside sources. There has been good community turnout and support for the amphitheater. Tucker has also seen increased traffic with the K-12 community, with private schools increasing in attendance. He commended Director Karon Cornell who has brought creativity and energy to Tucker.

Dean Murray noted that the current patent policy he co-authored is old and that the current UPS policy ineffective. He also revealed that University of California faculty have to sign over their patentable rights and that the CSU should consider doing the same since it is common practice and part of the university infrastructure.

VII. RATIFICATIONS

Prof. Pasternack moved, Dean Murray seconded and motion carried to ratify the following three action items.

A. GRANT ACKNOWLEDGEMENT, WECARE PROJECT

WHEREAS the Board of Directors of the CSU Fullerton Auxiliary Services Corporation ("ASC") acknowledges the benefits and responsibilities to be shared between the Corporation for National and Community Service/California Volunteers and the ASC in the proposed agreement; and

WHEREAS, the ASC also acknowledges the continuation award for the WECARE Project in support of the 2009-10 program year; therefore,

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes Executive Director William M. Dickerson or his designee to sign and execute said agreement and all amendments thereto, except to increase the financial liability of said corporation.

B. TOGO'S FRANCHISE APPROVAL

WHEREAS, since August 1992, the CSU Fullerton Auxiliary Services Corporation ("ASC") has been operating a Togo's Eateries franchise ("Togo's") on the CSUF campus; and

WHEREAS, Togo's continues to be one of the most successful components of the CSUF Dining Services; and

WHEREAS, the ASC wishes to operate a second Togo's location at College Park's Nutwood Café; and

WHEREAS, Togo's has offered the ASC a second franchise on similar terms to the ASC's existing franchise agreement; therefore

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes the Executive Director to enter into the attached Togo's Franchise Agreement and Addendum in substantially the form presented.

C. SECURE ASC LOAN TO HOUSING AUTHORITY

WHEREAS, the CSU Fullerton Auxiliary Services Corporation ("ASC"), loaned the CSU Fullerton Housing Authority ("Housing Authority") fourteen million three hundred thousand dollars (\$14,300,000.00) ("Loan") in order to allow the Housing Authority to take out its construction loan with Citibank; and

WHEREAS, the increasingly difficult economic conditions facing our state and the downturn of housing market in general have placed the Housing Authority in a less than ideal financial condition; and

WHEREAS, the ASC Loan to the Housing Authority is currently unsecured; and

WHEREAS, the ASC believes it would be prudent to secure the ASC Loan to the Housing Authority by obtaining a security interest in the real property assets at University Heights of the Housing Authority; and

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE CSU FULLERTON AUXILIARY SERVICES CORPORATION DOES RESOLVE AS FOLLOWS:

Section 1. The ASC Board of Directors hereby directs its Executive Director or his designee to obtain a security interest in favor of the ASC against all real property held by the Housing Authority at University Heights.

Section 2. 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.

Approval was unanimous.

VIII. RESOLUTIONS

A. AUDIT ACCEPTANCE

Mr. Mumford introduced auditor Patrick Guzman, CPA. Mr. Guzman reported that the audit was an unqualified report. The main difference on the balance sheet from previous year is that investments are down \$1M; inventory is up \$1M; and due from affiliates (housing loan) is up \$14M in both assets and liability. Working capital is in good shape: with \$10.8M last year, and slightly over \$11M this year. On the income statement, last year was \$1M, with the ASC showing a \$400k loss this year.

Mr. Guzman also issued a report on the single audit, which was also unqualified with no material weaknesses. The ASC is a low risk auditee. A letter to management was issued discussing control deficiencies.

Prof. Pasternack asked if Mr. Guzman could expand on the University Extended Education (UEE) revenues. Mr. Guzman directed the Board to page four, where last year UEE had \$5M and \$4.2M this year. Mr. Dickerson said that in the late 1990s, it was unclear whether UEE was part of the University or Other Programs. At that time, it was clarified that credit courses are University Programs and noncredit courses were Auxiliary/ASC Programs. As of several years ago, the smallest portion of that program is now recorded thru ASC's assets and liabilities.

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

Acceptance of 2008-09 ASC Audit

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

WHEREAS, the ASC entered into a two year contract last year with the accounting firm of Guzman & Gray CPAs to conduct an audit for the fiscal year ended June 30, 2009; and

WHEREAS, Guzman & Gray CPAs certified various other audit reports required by the CSU and the federal government; therefore

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation accepts Guzman & Gray's audit reports of the CSU Fullerton Auxiliary Services Corporation for the fiscal year ended June 30, 2009.

The approval was unanimous.

B. RESOLUTION

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

Mr. Mumford reported that this is a result of a CSU audit finding that addressed vacancies on our Board. This resolution makes changes to the Articles which would bring us into compliance while giving us flexibility on the number of Board members.

Approval to Amend and Restate the Articles of Incorporation

WHEREAS, the number of directors serving on the board of CSU Fullerton Auxiliary Services Corporation has fluctuated from time to time; and

WHEREAS, the Corporation's Articles of Incorporation call for a set number of directors and at times due to resignations or retirements, the Corporation had fewer directors than called for by the Articles of Incorporation; and

WHEREAS, the Board believes it would be beneficial to allow for greater flexibility by providing that the Board have not less than fifteen or more than twenty-five directors, rather than a set number; and

WHEREAS, the proposed amended and restated Articles of Incorporation accomplishes this goal; therefore,

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves amending the Articles of Incorporation through the filing of the Amended and Restated Articles of Incorporation.

The approval was unanimous.

IX. REPORTS

A. UNIVERSITY CONTRIBUTIONS

Mr. Dickerson said that these are monies that have come thru the ASC. This year the ASC is at \$1.7M, whereas last year we were at \$1.9M. \$319K in IDC was returned to the University, while \$195K is ASC's direct funding in support of OGC staff and their travel. We also cover CDR's (Center for Demographic Research) rent at 50%. Campus Dining shares its revenue with various campus entities; for example, 50% of its net operations at TSU goes back to the TSU. Pepsi provides \$225 each year which is divided among Athletics, Advancement and the University.

Prof. Pasternack suggested that the ASC consider how much time we spend on University projects like the Housing Authority; Mr. Dickerson replied that this report reflects actual cash and not time.

Dean Murray added that most universities return unused IDCs (indirect cost) back to the PI (principal investigator) or dean to stimulate grant writing.

- Mr. Davis asked that with catering now open to outside vendors, how much off-campus caterers have made? Mr. Dickerson responded that it was difficult to determine an actual number, but that it was substantial.
- B. PROPOSED COMMUNITY MEMBER: MS. LINDA HAWKINS
This item was discussed under agenda item IV/President's Report. There was general concurrence by the Board that Ms. Hawkins would be a welcome addition to the Board.
- C. BYLAWS
Mr. Jay reported that the changes to the Bylaws reflect the same changes made to the Articles of Incorporation. We will not vote on this at this meeting, but at the next Board meeting to comply with legal requirements.
- D. LEGAL UPDATE
Mr. Jay gave a privileged legal update.
- E. GOALS & OBJECTIVES, 2008-09
Mr. Dickerson reported that the enclosed report provides the year-end report for the 2008-09 year and the list of goals for the current year is also provided.
- X. OTHER BUSINESS
- A. 2009-10 BOARD MEETING SCHEDULE
Mr. Bremner asked that Board members review the enclosed schedule and notify Mr. Dickerson of possible meeting conflicts.
- B. CONFLICT OF INTEREST STATEMENTS
Mr. Bremner asked Board members sign the enclosed statement and return them to Ms. Ehl.
- XI. ANNOUNCEMENTS
The next Board meeting is scheduled for Thursday, December 10, 2009.
- XII. ADJOURNMENT
Mr. Bremner adjourned the meeting at 8:45 p.m.

Approved by the Board of Directors, December 10, 2009.

Robert C. Hall, Secretary