Minutes

Members Present: Happy Almogela
Andy Bodman
Lois Carson
Dorothy Chen-Maynard
Ron Fremont
Brian Haynes
Josephine Mendoza
Tomás Morales
Anthony Ochoa
Ed Teyber
Val Zellmer

Members Absent: Bob Brown
Bob Gardner

Others Present: Debbie Burns
Lisa Iannolo
Cara-Marie Pham
Jeff Thompson
Diane Trujillo
Maya Ivanova, RAMS
Terry Shea, RAMS
Ann Fang, RAMS

Dr. Ed Teyber called the meeting to order at 4:07 p.m.

A. Introductions/Welcoming Remarks

Dr. Morales welcomed everyone and thanked them for serving on the University Enterprises Corporation’s Board of Directors. President Morales stated that CSUSB’s annual Convocation took place on September 16th and it went well. He stated that his first year at CSUSB has been very exciting and rewarding. US News and World Report recently ranked
CSUSB 17th among the Top Regional Public Universities in the West and 57th among all Western Universities. This year there were a total of 29 new Faculty that joined CSUSB as well as two Senior Administrators; Dr. Haynes and Dr. Sudhakar.

Dr. Morales affirmed that he is committed to an open and transparent budget. This year the budget appears to be healthier. Additionally, enrollment is up slightly and is expected to be 2% above the funded target. CSUSB is working closely with the San Bernardino City Unified School District to develop a number of programs that assures that local students have access to CSUSB. Also, admission policies will be an area of focus. CSUSB has reached a point where demand for access exceeds our ability to accommodate all eligible applicants. Starting in fall 2015, new admission requirements will apply to all freshman and transfer students. As a result of admitting the most qualified students, graduation rates should increase. Another area that will be a focus this year is building a “bridge” between the PDC and CSUSB campus. President Morales would like to further engage the PDC community with the CSUSB community.

B. Approval of Minutes

The minutes of the June 20, 2013 were reviewed and approved as written. (Bodman/Mendoza/Unanimous)

C. Audit Report & Approval

It was recommended that the Board approve the annual audit completed by the audit firm of Rogers, Anderson, Malody & Scott, LLP. Each year, an independent audit examination and report is completed by a firm that is hired by University Enterprises Corporation at CSUSB (“UEC”). The firm completes the process by using both “Governmental Accounting Standards Board” (GASB) and “Financial Accounting Standards Board” (FASB) rules. This is required by the CSU system.

UEC’s Audit Committee met with Maya Ivanova and Matthew Wilson from RAMS on June 6, 2013 prior to the audit process to discuss issues identified as important for the auditor to review. The audit results were reviewed with the Audit Committee prior to them being presented to the Board.

Maya Ivanova reviewed the audit with the Board. Maya began by applauding Lisa Iannolo and Auxiliary Accounting. The audit was complete and RAMS issued an unmodified opinion with no findings. Additionally, there were no findings this year on the single audit.

Maya highlighted areas that were of significant change from the last year. The substantial change is that total assets have gone down significantly this year and that is contributed to the transfer of the Observatory to the state. Post employment medical benefits have also shown a sizeable decrease from 2012. As of September of 2009, UEC no longer offers retiree medical benefits to new employees.

Lisa Iannolo, Director of Auxiliary Accounting, presented the June 30, 2013 Financial Statement of UEC to provide additional details and clarification to the audit report.
The Board approved the Audited Financials as presented. (Haynes/Mendoza/Unanimous)

D. Amended Bylaws

It was recommended that the Board approve a minor change to UEC’s Bylaws. This change is necessary due to the addition of an ex-officio position, Vice President of University Advancement, on the UEC Board of Directors. Debbie Burns informed the Board that the amended Bylaws will be filed with the Chancellors Office and posted on the UEC website. Debbie explained that the addition of the ex-officio position was the only change to UEC’s Bylaws.

The Board approved the minor change to UEC’s Bylaws without hesitation. (Bodman/Zellmer/Unanimous)

E. Conflict of Interest Statement – 2013-2014

It was recommended that the Board members review, sign, and return the attached Conflict of Interest Statement for the period July 1, 2013 through June 30, 2014 at the conclusion of the Board Meeting. It is UEC’s responsibility to ensure that all Board Members sign a Conflict of Interest Statement for the current year, in accordance with California Education Code, Sections 89906-89909. Debbie explained that this is a document that needs to be signed by each Board member yearly. It is an auditable item and after being signed the forms are given to Cara Pham to maintain in our files.

The Board approved the Conflict of Interest Statement for 2013-2104 (Zellmer/Mendoza/Unanimous).

F. Recommendation from Beacon Pointe RE: CRT Investments

It was recommended that the Board approve the mutual fund, Aston River Road, to replace the Denver/Westcore Small Cap Value mutual fund for the Charitable Remainder Trusts. Ed Teyber explained that at the last Philanthropic Investment Committee meeting Beacon Pointe notified the committee of the important change on the Small Cap value team at Denver Investment Advisors. The Director of Value Research has decided to leave the firm. Beacon Pointe believes that the loss of the team’s leader will undoubtedly have an impact on the organization and the management of Small Cap value equity portfolio.

The UEC Board is asked to approve this change in manager because UEC holds the Charitable Remainder Trusts. It is required that the CRT’s are housed with an organization that has been in business for at least five years. Therefore, the decision was made to leave the CRT’s in UEC until they can be transferred to the Philanthropic Foundation in 2016.

The UEC Board approved the transfer from Denver/Westcore to Aston River Road as recommended by Beacon Pointe (Carson/Chen-Maynard).
G. Policy Revisions

It was recommended that the Board approve the policies for Cost Sharing and Equipment/Property Management. The policies would become effective immediately. Having policies and procedures in writing is important for auditing purposes. Diane is in the process of making sure that all necessary policies are approved and updated. A motion was made to approve the updated Cost Sharing and Equipment/Property Management policies. (Bodman/Mendoza/Unanimous)

H. Board Roster Update

As an informational item, the Board was provided an updated roster. The additions to the Board of Directors include Ron Fremont (Ex-Officio Member), Yasha Karant (Faculty Member), Brian Haynes (Ex-Officio Member), and Anthony Ochoa (Student Member). Debbie welcomed the new members and thanked everyone for serving on the UEC Board.

I. Executive Director’s Report

Debbie Burns, Executive Director, informed the Board that due to time constraints she would not be giving her routine report at this meeting. However, she did provide a brief update. After UEC went out to bid for health insurance, they decided to go with Kaiser resulting in a 1.9% increase for UEC with no increase in cost for UEC employees. Debbie informed the Board that they are moving ahead on the new HRIS/Payroll system. They will be bringing to campus possible vendors to demonstrate a new software solution. Debbie will provide more details, as they are available. Lastly, due to an Office of Federal Contract Compliance Programs (OFCCP) audit, UEC has hired a consultant to assist with the process and audit requests.

J. Sponsored Programs Annual Review

Diane Trujillo, Director of Sponsored Programs Administration, and Jeff Thompson, Associate Provost for Research, reviewed the financial status of Sponsored Programs and provided an annual review. A 10-year recap of Indirect Cost Recovered was provided. Jeff explained that the reduction of expenditures has a direct relationship to the decrease in indirect that is available to distribute to the campus. Although there has been a reduction in the effective recovery rate, this is consistent among other CSU campuses. CSUSB is rated 7th in total expenditures and rated 8th in total new awards among other CSU campuses. With many new awards coming through this year and 29 new faculty employees, Jeff is confident that this will result in an increase in indirect available to the campus. Jeff stated that starting this year, the President has agreed that 1/4 of the President's indirect will be distributed back to academic departments.

Jeff and Diane provided a letter confirming the new modified direct rate of 44.5%. Prior to July, the rate was 43%. Additionally, the Board was given a list of all award agencies that CSUSB is pursuing. Further, Jeff and Diane provided data showing faculty grant and contract submissions as well as the award activities from 2007 to 2013.
K. Committee Reports

In lieu of committee presentations to the Board, drafts of all minutes of Standing Committees are provided with this Board meeting package.

L. Open Discussion

Lois Carson shared that they just finished up the Black Future Leaders Summer Residence Program and they were selected for an award. Proudly, Lois stated that Black Future Leaders provides a positive approach for keeping youth out of the juvenile system.

The meeting adjourned at 5:26 p.m.

Minutes approved by: [Signature]

Date: [Signature] 2-7-17