Dr. Ed Teyber called the meeting to order at 3:11 p.m.

A. **Introductions**

Board members and guests were asked to briefly introduce themselves to the other members and guests.

B. **Welcoming Remarks**

Dr. Albert Karnig, CSUSB President, welcomed the Board and provided a brief update on California State University, San Bernardino. Despite the increasing
tuition and fees, higher student/faculty ratios and greater staff responsibilities than ever, CSUSB remains one of the most affordable universities in the United States. The significant budget cuts will come from a variety of sources, including vacant positions, reduced travel, and savings derived from utilities and other administrative cut backs. President Karnig stated that this year the CSU’s budget was cut by $650 million and in addition, it looks like there could be another $100 million cut in January. To partially compensate for this cut, trustees approved a 12% fee increase for this academic year. Dr. Karnig emphasized that fiscal management is the key during these challenging economic times.

C. Audit Report and Acceptance

Recommendation:

It is recommended that the Board accept the annual audit completed by the audit firm of Rogers, Anderson, Malody & Scott, LLP (“RAMS”).

Background:

Each year, an independent audit examination and report is completed by a firm 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 Terry Shea, CPA, and his staff prior to the audit process to discuss any issues they identified of importance for the auditor to review. The audit results were reviewed with the Audit Committee on September 16, 2011.

Discussion:

Ms. Ivanova reviewed the Statement of Activities in detail pointing out the significant changes between 2010 and 2011. Under "Liabilities" the data shows a significant increase in post retirement medical benefits. The increase is due to the rise of healthcare costs and because the 2008/2009 liability was booked at the pre-funded amount. In addition, The University Advancement division had included two gifts-in-kind for pledge receivables in 2008 which increased net assets for that period. After discussion, it was decided that RAMS would do a prior period adjustment. Lastly, two trusts recorded in 2001 were removed from net assets because the Foundation is the beneficiary and does not control the trusts.
Maya Ivanova reported that there were no findings for the 2011 audit. She also stated that internal controls were very well designed and implemented.

Action:

The Board moved to accept the Audit report as long as there are no significant changes from the draft presented today and the final version (Chen-Maynard/Carson/Unanimous).

D. July 19, 2011 Meeting Minutes – Previously Approved

So that UEC could provide appropriate documentation to the Attorney General’s Office of the intended transfer of assets to the new CSUSB Philanthropic Foundation, the Board was asked to approve the July 19, 2011 Minutes via email. A quorum of the Board provided their approval on August 8, 2011. The signed Minutes of the July 19, 2011 Board of Directors Meeting indicating such approval were attached to the Board packet.

E. Executive Director’s Report

Debbie Burns, Executive Director, updated the Board regarding the status of UEC operations and other relevant matters.

Status of Agreements with Follett & Sodexo

Debbie informed the Board that she has entered into discussions with Sodexo and Follett regarding term extensions. After much discussion, it was recommended that Debbie Burns be granted Board approval to enter into any necessary negotiations, subject to the approval of VP Gardner and President Karnig (Carson/Dorothy Chen-Maynard/Unanimous).

Agreements with SJSURF for F&A 2011 Cost Proposal and Rate Negotiation

Jeff Thompson provided the status of the A&F cost proposal and rate negotiation. He indicated that the current rate of 43% expires in 2012 and then there is a provisional period the following year. The rate lasts three years with a one-year provisional period. Due to the increased level of grant activity, we are now required to file a “long form” with the DHHS and it will be more costly.

Marketplace on Campus

Debbie Burns informed the Board that she will follow-up on the possibility of having a marketplace on campus during the weekends and will involve the
Commercial Enterprises Committee. Frank Rincon suggested that we evaluate competition from the Orange Show as we move forward.

Employee Health Insurance Premiums – 2012

Debbie Burns provided an informational handout showing the 2012 UEC healthcare premiums. Compared to 2011, the Blue Shield premiums have increased approximately 9.9% and Kaiser’s premiums have increased by .04%. UEC’s cost will increase 2.5%.

CSU Auxiliary Organizations Transparency & Accountability Act

Debbie Burns discussed the CSU Auxiliary Organizations Transparency & Accountability Act, also known as the Public Records Act, to the Board. Effective January 1, 2012, CSU auxiliaries are required to disclose information as if they are a public entity. There have been guidelines given by the Chancellor’s Office to all auxiliaries.

FY 2011-2012 Financial Status

Lisa Iannolo, Director of Auxiliary Financial Services, informed the Board that the July and August financial statements have not yet closed but within the next few weeks the members will receive them via email.

Diane Trujillo and Jeff Thompson will prepare the Indirect Cost Recovery report by division and bring it back to the next Board meeting.

G. Committee Reports

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

The meeting adjourned at 4:58 p.m.

Minutes Approved By:  

Title:  

Date: 12-15-11