

ASC BOARD OF DIRECTORS

Minutes – Regular Meeting

ASC Offices, Lower Level

1121 N. State College Blvd, Fullerton, CA 92831-3014

September 20, 2018

Present: Rosalina Davis, Riley Duncan, David Forgues, Bob Hall, Theresa Harvey, Rebecca Hesgard, Danny Kim, Chuck Kissel, Kari Knutson Miller Sudarshan Kurwadkar, Gia Ly, Tariq Marji, Dale Merrill, Bill Meyer, Greg Saks, Mark Stohs, Teresa Saldivar, Sean Walker, Fram Virjee.

Absent: Joshua Borjas, Amir Dabirian, Berenecea Eanes.

Staff: Keya Allen, Kim Ball, Rosario Borromeo, Cindy Dowling, Danielle Garcia, Crystal Gomez, Tony Lynch, Andy Maffia, Mike Marcinkevicz, Peter Poon.

I. CALL TO ORDER

Chair Bob Hall called the meeting to order at 4:13 PM. Quorum was present. Chair Hall announced that Saba Ansari resigned from the Board on 09/16/2018. ASI President Joshua Borjas appointed Rebecca Hesgard for the remainder of Saba's term (through 06/30/19).

II. APPROVAL OF MINUTES

Vice-chair Harvey moved, Dean Merrill seconded and motion carried to approve the corrected minutes of the 06/21/2018 regular meeting of the ASC Board of Directors. The are as follows: Laila Dababhoy was present, not absent; Joshua Borjas was present, not staff. Under Agenda Item I. Call to Order, the second sentence should read, "Mr. Hall recognized Joshua Borjas, ASI President; Riley Duncan, TSC Chair was appointed by the ASI President to serve a two-year term (07/01/18-06/30/20) on the ASC Board of Directors."

III. PUBLIC COMMENT

There was no public comment.

IV. PRESIDENT'S REPORT

President Virjee mentioned that Concert under the Stars is next weekend. Graduation rates for first-time freshman graduating in four years improved from 22.6% (LY) to 25.4% (TY). Graduation rates for first-time freshman finishing in six years improved from 66.2% (LY) to 67.6% (TY). Graduation rates for 4-year transfer students improved from 74.8 to 79.4%, achieving 5% of GI 2025 goal. The University conferred a record-breaking 12,200 degrees last June. CSUF received over 75,000 applications with a 44% acceptance rate.

This summer, CSUF reopened the south side of the renovated library. In 1966, the Library was home to just 100,000 books. It has now amassed over one million books and serves the campus and the greater community with nearly 2M visitors annually. CSUF is still working

to open the other floors in the library and are working with the State Fire Marshal. Also this summer, Club 57 opened; serving as a location where faculty and staff can meet and collaborate. If lunch demand continues to grow, the campus will look for ways to expand.

Pres. Virjee provided a few highlights from the Office of the President's website. Academic Affairs continues to grow access for high impact practices (HIPS) and collaborate with IT. Nearly 8,000 students participate in HIPS covering 282 courses across all eight colleges. HRDI hired a student employment specialist to support and mentor more than 2,000 student employees on campus. IT created the degree progress dashboard. CSUF had its highest fundraising year in history with almost \$24M in gifts. Philanthropic will never replace state funding or tuition, but it is important to provide programming for student success.

CSUF had Constitution Day yesterday with a great forum on controversial topics. The university participated in a voter registration campaign, with students competing with other CSU campuses to obtain voter registration. CSUF will release its new strategic plan next month. CSUF is currently working to complete its new physical master plan.

V. OFFICERS REPORT

A. TREASURER'S REPORT

Mr. Marji reported July is typically the slowest month of the year and anticipates revenues to increase in August and September. The corporation's total revenue is \$4.4M with an anticipated loss of (\$100K). The Administration recognized \$190K compared to a budget of \$154K and Grants & Contracts had an 11% increase.

The Building Operation remained consistent to budget. Titan Shops had a deficit of (\$162K) with a variance of \$57K. Total sales were \$312K, a decrease from last year by 34%. However, this is not an indication of how Titan Shops will perform at the end of the year. July sales vary, and there can be improvements as the year progresses. Dining Services reported a \$16K budget variance. Total sales were \$177K, an increase from last year by 11%. Extended Education increased by \$13K. Campus Programs reported \$25K and Designated Fund \$2K over budget. Cash declined (\$1.4M) due to the first part of the year having inventory purchases.

Ms. Harvey raised concerns about Titan Shops and asked if there are plans to address this during a board meeting. Ms. Ball replied that it will be addressed later in her report.

B. EXECUTIVE DIRECTOR'S REPORT

Mr. Kissel highlighted the status of Titan Hall, with minor construction beginning on the four-story building with the remaining seismic work completed. ASC is awaiting fire life safety and fire sprinkler plan approval from the State Fire Marshal (SFM). ASC currently anticipates completing construction in December 2018, with the campus taking possession in January 2019. The construction audit is only the second auxiliary construction audit performed by the Chancellor's Office (CO); the first was last year at Fresno State. CSUF's construction audit focused on 1 Banting. The CO anticipates completing the audit report in the next few weeks. The final audit report will be shared with the board once complete.

This summer was a very busy time on campus with lots of accomplishments, as stated by President Virjee. Mr. Kissel shared that this was the first time he has seen multiple people productively collaborate to complete projects. A definite reflection on new campus administration.

VI. ACTION ITEM: RESOLUTION, AUDIT APPROVAL

Mr. Marji introduced Andy Maffia from Aldrich, CPA; Mr. Maffia is a partner who oversaw the single audit and financial audit. Mr. Maffia reported to the Board that he went through the packet in detail with the Audit Committee. The final report is due to the CO by 09/21/18. The reports to the Board of Directors summarize the significant points during the audit process. The Executive Summary notes that Aldrich was hired by the Board and not management to ensure their independence during the audit. The opinion Aldrich is rendering regarding the financial statements is an unmodified opinion, the highest level of assurance Aldrich may provide. ASC has received an unmodified opinion for the past two years.

As part of the audit process, there is a financial statement aspect regarding state and federal funding received. ASC spends more than \$750K of federal funds and therefore is required to have a Single Audit. Aldrich had an opportunity to comment on any internal controls, suggestions or recommendations. Any deficiencies in the internal control process would require the auditors to comment. Aldrich found no material weaknesses in the internal controls as they performed the audit.

Mr. Maffia did have one comment as it relates to the financial statement and met the definition of a significant deficiency, regarding an internal control matter for the attention of those in charge with governance. The comment was related towards inventory. In June, ASC migrated systems and the year-end inventory and closing required additional adjustments as a result from the audit process. Overall recommendation, do not upgrade or change a system before an audit. Mr. Maffia is not anticipating this to continue to be a problem after the implementation period.

Related to the Single Audit, the auditor's opinion over the compliance on the major awards is unmodified. There were no modifications to the standard audit report. Aldrich designed the audit on a risk-based approach. The auditors focused on the most significant areas to the organization. Mr. Maffia noted that management provided full cooperation and was very professional and cooperative team. The Audit Committee approved the reports presented.

Mr. Marji moved, Ms. Harvey second and motion carried to approve the 2017-18 ASC Audit Acceptance resolution.

VII. REPORTS

A. CAMPUS DINING

Mr. Lynch reported that fall semester started well and sales reflected an increase of 1.9%. Hibachi San opened after 12 weeks of construction with positive feedback in both social media and revenue. Hibachi San has a very healthy menu and seafood proteins. Avanti Market (which replaced Nutwood Café at College Park) is also open and feedback has been great. Club 57 is doing great with 120+ transactions today.

They are adding more seating to accommodate additional guests. Pieology construction began 09/10/18; the campus partnership has been beneficial and collaboration helped pull things together. They have been able to coordinate meetings in Sacramento to move the project forward. Tapingo's mobile online orders has increased, with students ordering from their phones and doing so more often. We continue to work with downtown Fullerton's Roscoe's owners Jack Franklyn and Nick Montano. The goal is to start in the next month or two. Monday is a meeting with the building engineer. OC Choice's Sid Patel retired after 28 years of service and the search for this position is underway.

The Board discussed Roscoes's implementation, ABC license, location and pricing. Mr. Lynch confirmed that the campus location will not compete with the downtown location, but will provide a similar experience and introduce the brand during weekday lunches to students without having to make the drive. Mr. Lynch continues to work closely with engineering and. The location is set to be on the main level of the TSU, where the mainframe computer lounge used to be, with outside patio and exhibit space. Roscoe's will offer half-sandwich options.

B. TITAN SHOPS

Ms. Ball discussed the issue with Titan Shops' net income due to the shift in the academic term. When preparing the budget, sales were not shifted accordingly. Typically sales start in July for textbooks, but this year textbooks started selling in August. September should look better. Titan Shops has done a great job bringing down prices for textbooks for students, but at the cost of its own profitability. Titan Direct Access now allows students free for digital access to textbooks for the first two weeks of the term. Titan Shops is looking to shift operations from the sale of course material to service-driven. Titan Shops will always offer course material, either physical or virtual. General merchandise will become the focus to offset income declines in course material.

Ms. Davis noticed some of the local stores have Fullerton gear. Ms. Ball confirmed that CSUF has licensed its brand and offering merchandise through select stores.

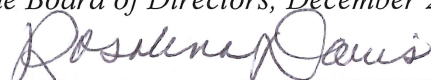
VIII. REMINDERS

- ExComm Retreat – Wednesday, 10/10/18-10/12/18, 4:00 PM
- ExComm Meeting – Thursday, 11/15/18, 4:00 PM
- Next Board – Thursday, 12/20/18, 5:30 PM

IX. ADJOURNMENT

Chair Hall adjourned the meeting at 5:28 PM.

Approved by the Board of Directors, December 20, 2018.



Rosalina Davis, Secretary