Board Chair Alexander Gonzalez called the regular and special board meetings to order at 12:18 p.m. in the Boardroom of University Enterprises at California State University, Sacramento.

Members Present: Jude Antonyappan
Lisa Bates
David Bach
Larry Cook
Crystal Ekanayake
Anne Fuller
Alexander Gonzalez
Marti Gray
Mike Lee
Lauren Lombardo
Andrea Salas
Donald Taylor
Joni Zhou

Staff Present: Arlette Barnard
Craig Barth
Steven Davis
Monica Kauppinen
Trina Knight
Cossette Leos
Angela Rader
Brigett Reilly
Jim Reinhart

Members Absent: Jeff Einhorn
Randy Sater

14-09-01 Accept the September 25, 2014 Board Meeting Agenda
– Discussion/Action

Following discussion it was moved and seconded to accept the September 25, 2014 Board Meeting Agenda. Motion carried. (Zhou/Ekanayake)

14-09-02 Approve the May 14, 2014 Board Meeting Minutes
– Discussion/Action

Following discussion it was moved and seconded to approve the May 14, 2014 Board Meeting Minutes. Motion carried. (Fuller/Gray)

Reports and Announcements

Chair’s Report
President Alexander Gonzalez introduced new community board member, David Bach, and student board members Lauren Lombardo and Andrea Salas.

President Gonzalez stated the University was on target to meet its enrollment goal with about 29,000 students this year. Sacramento State has 3,700 incoming freshmen this fall, making it the biggest freshmen class in the University’s history. Over the summer, academic affairs worked closely with deans and department chairs to add capacity to lower division courses that are likely to be taken by first-year students.
President Gonzalez informed the board that he announced his intent to retire after the 2014-2015 school year. After a year away, he plans to return to the faculty, teach and be involved in the campus and community. A search committee will begin the selection process in October for a new president with an announcement anticipated in late March.

President Gonzalez stated Sacramento State’s new strategic plan was implemented. The plan drafted by students, faculty and staff incorporates extensive research and feedback from the community.

**Matson and Isom**

Director Reinhart introduced Christy Norton, shareholder from Matson and Isom. Norton thanked the board for the opportunity to serve UEI and also the staff for their excellent preparation and assistance throughout the audit process.

Norton reported that no deficiencies in internal control were indentified that were considered material weaknesses. In reviewing the required annual communications, Norton stated that UEI received a clean or unmodified opinion from Matson and Isom.

Norton reported the most sensitive estimates affecting the financial statement were as follows:

- Fair market value of investments
- Reserve for grant disallowances and overruns
- Postretirement benefit obligations (OPEB)
- Accounts payable and accounts receivable related to grants and contracts based on a three-year average accrual.

**Executive Director’s Report**

Director Reinhart presented “The 2013/14 Year in Review.” Topics covered included the following:

- The Hornet Bookstore’s GM and textbook manager were promoted within Follett. The vacancies were filled by promoting the assistant GM and the assistant textbook manager. The Wells Fargo branch & ATM should open inside the bookstore in spring 2015. Two classes are using Follett’s IncludED textbook program this fall on a test basis.

- The California Intern Network saw improved results after the SEIU Side Letter Agreement expired on 7/1/13 with 712 student assistants employed as of 9/1/14. Program revenue for 2013/14 was $847,000.

- Dining Services engaged Porter Khouw Consulting to advise on the resident meal plan program. UEI assumed operations of five Java City venues in July 2013. Underperforming contracted venues Crepes Paris and the Well Café ceased operations. Contracted venue Gordito Burrito Express was replaced with the self-operated RF Greens. Starbucks opened in June 2014 and had a very successful launch. Self-operated venues Baja Fresh, Folsom Hall Café and Juice It Up are planned to open in 2015. The transition to self-operate more venues is indicated in the following table.
• The Research Administration & Contracts Administration department underwent a change in reporting relationships and department names effective January 2014. The pre-award office was renamed the Office of Research Affairs and is directed by Assistant Vice President David Earwicker within Academic Affairs. The post-award office was renamed Sponsored Programs Administration and is directed by Monica Kauppinen who now reports to the UEI executive director. This is a reversion to the more traditional model within the CSU that existed at Sacramento State prior to 2004. The departments continue to have a close working relationship and will remain in the same location.

• Other highlights included:
  o Issuance of an RFP for audit and tax services for UEI, ASI, the Union Well and UFSS which resulted in engaging Matson and Isom as the new CPA firm and reduced annual audit and tax preparation fees for all the auxiliaries
  o The VEBA balance increased to $2.0 million from total contributions of $1.7 million
  o UEI executed a new auxiliary operating agreement with the CSU Board of Trustees
  o The triennial Chancellor’s Office audit in February had eight minor, low risk findings
  o HR completed a comprehensive compensation study for central and project staff
  o 1% General Salary and 3% Pay-for-Performance increases were effective 7/1/14
  o UEI purchased a house in November 2013 for possible use as a “University House”
  o Renovations at the Julia Morgan House are continuing with a December completion date

• Primary concerns this year include managing the volume of public record act requests that pull staff away from their primary responsibilities, the frequency of personnel issues involving non-central staff employees, and recent central staff turnover impacting staff workload.

• Positive results include the Upper Eastside Lofts having 373 beds leased compared to 350 last year. The number of resident meal plans hit a record number at 1,702. The CA Intern Network and Starbucks are far exceeding budgeted revenues. As UEI enters the fourth year of its five-year strategic plan, it has made good progress thanks to the efforts of a highly capable workforce and senior staff.

**Porter Khouw Dining Survey Update**

Steven Davis, Director of Dining Services, reviewed the Porter Khouw survey results for Dining Services. Responses from 3,000 students, faculty and staff were received regarding meal plans, hours of operation, new concepts and quality of food. Recommendations from Porter Khouw are being reviewed by management.

**Committee Reports**

1. Executive Committee
2. Audit Committee (distributed at meeting)
3. Budget & Finance Committee (distributed at meeting)
4. Investment Committee

*All minutes for committee meetings are included in Attachment B of the September 25, 2014 Board Packet or are attached to these minutes.

**New Business**

**14-09-03  2013-2014 Audited Financial Statements – Discussion/Action**

Following a presentation by Craig Barth, Chief Financial Officer, the Board approved the seconded motion from the Audit Committee to approve the audited financial statements for the fiscal year ended June 30, 2014.

Motion carried unanimously.

**14-09-04  Election of Committee Members – Discussion/Action**

Following discussion it was moved and seconded to approve the following Board committee appointments:

- Budget and Finance – Lisa Bates
- Investment – David Bach
- Campus Grants Program – Andrea Salas

Motion carried. (Taylor/Ekanayake)

**14-09-05  2014/2015 Budget Augmentation – Discussion/Action**

It was moved and seconded to amend the 2014/2015 budget augmentation motion to read:

Move to approve a 2014/2015 budget augmentation in the amount of $155,000. (Ekanayake-Gray)

Director Reinhart discussed a 2014/2015 budget augmentation for property maintenance and improvements and additional funding in support of the Campus and Faculty Grant Programs.

Following discussion it was moved and seconded to approve a 2014/2015 budget augmentation in the amount of $155,000. (Taylor-Ekanayake)

**Closed Session**

**14-09-06  Real Property Negotiations – Parcel No. 079-0200-001 and 079-0200-046 (Government Code 54956.8)**

A discussion was held regarding a lease/purchase agreement for the two referenced parcels.

The Board resumed open session at 2:26 p.m.
It was moved and seconded to authorize the Executive Director to negotiate and execute documents, subject to Executive Committee approval, to enter into a lease/purchase agreement for the two referenced parcels.

Motion carried unanimously. (Antonyappan/Taylor)

The meeting was adjourned at 2:30 p.m.

Respectfully submitted:

Jim Reinhart
Executive Director
University Enterprises, Inc.