Mike Lee called the meeting to order at 9:41 a.m. Craig Barth reviewed the second quarter financial statements for the period ended December 31, 2013, beginning with the balance sheet. Long-term investments increased by $2.47 million from the prior year attributable to significant investment gains. Short-term investments and receivables decreased by $4.11 million from the prior year due primarily to the prepayment in full of UEI’s obligation on the Broad Athletic Fieldhouse loan and purchase of the University House.

Barth noted that unearned (deferred) revenue is comprised of advance collection of meal plan and electronic sign funds. UEI’s net position totals $35.7 million. Compared to December 31, 2012 total assets have decreased by $3 million and total liabilities by $1.5 million, resulting in a decrease in total net position of $1.5 million.

UEI’s $1.66 million year-to-date operating surplus against a budgeted $226 thousand deficit was highlighted. The variance is explained by unrealized/realized investment gains earned during the first six months together with Dining Services net revenue over expense exceeding budget by $403 thousand.

California Intern Network shows a negative variance compared to budget due to the reduction of students employed through UEI’s intern program per the SEIU Local 1000 Side Letter Agreement. The Administration division shows net revenue over expenses due to investment gains during the two quarters. Sponsored Programs Administration net revenue over expenses is on budget with an $891 thousand deficit.

Property Services, which includes the Upper Eastside Lofts, Julia Morgan House and commission from Follett from Bookstore sales, reported a $187 thousand surplus over
budget. The Upper Eastside Lofts has a 100% occupancy rate but will continue showing a deficit through the term of the master lease. Contract Services, which encompasses activity related to the accounting and administrative work for the University Foundation and revenue from the digital sign shows a $52 thousand positive variance over budget.

Following discussion, it was moved and seconded to approve the financial statements for the period ended December 31, 2013 (Cook/Sater). The seconded motion will go to the Board of Directors for action at the March 20, 2014 meeting.

Director Reinhart discussed funding for exterior improvements to River Front Center. UEI is proposing to spend up to $250,000 to refresh and improve the exterior of River Front Center during the summer of 2014. Reinhart stated that the venue suffers from an outdated exterior appearance, deferred maintenance, inadequate lighting, poor signage, and needs new windows and doors. With Starbucks opening next door and the addition of Baja Fresh Express inside, improving the exterior is a priority. At least half of the $250,000 estimated cost should be offset by the liquidated damages due to UEI resulting from the general contractor default and construction delay on the Starbucks project.

Following discussion, it was moved and seconded to approve funding up to $250,000 for improvements to the exterior of River Front Center. (Sater/Cook). The seconded motion will go to the Board of Directors for action at the March 20, 2014 meeting.

Barth reviewed UEI’s 10-year cash flow forecast and potential for refinancing the Series 2005 Bonds.

Director Reinhart discussed the recommendation from the Personnel Committee for a general salary increase and pay-for-performance increase to project staff, Union Well employees and UEI Central Staff (excluding negotiated employees). The increase for the approximately 85 UEI Central Staff would be contingent upon approval of UEI’s 2014/15 budgets at the May 14, 2014 board meeting.

The meeting was adjourned at 10:36 a.m.

Respectfully submitted:

Arlette Barnard, Recording Secretary