

UNIVERSITY ENTERPRISES, INC.
Budget & Finance Committee Meeting Minutes
Wednesday, March 1, 2017
UEI Conference Room
3:00 p.m. – 4:00 p.m.

Members Present: Larry Cook
Jamie Hoffman
Randy Sater
Joni Zhou

Members Absent: Mike Lee

Staff Present: Craig Barth, Chief Financial Officer
Angie Laguna, Recording Secretary
Jim Reinhart, Executive Director

Guest: Brigett Reilly, Director of Property Services

Committee member Joni Zhou called meeting to order at 3:09 p.m.

Chief Financial Officer, Craig Barth, reviewed the second quarter financials ended 12/31/16:

Balance sheet:

On the asset side, the short-term investment balance is down from last year due to the use of LAIF funds used to the purchase the S Street property and renovations to the Dining Commons servery. UEI's LAIF account was subsequently replenished with \$3 million from the long-term investment portfolio. Capital assets increased to \$29 million from \$20.4 million with the addition of the S Street property as well as servery tenant improvements. Total net position increased to \$32.5 million.

Schedule of Activity:

The current year-to-date surplus is \$1.2 million compared to a deficit of (\$1.3 million) last year. The increase in administrative fees is due to grants and contracts and the California Intern Network performing well. Current investment gains are \$787,000 compared to a (\$1.3 million) loss at the same time last year. The current year is showing a 5.19% return on investment versus a (4.57%) loss last year.

UEI achieved a \$1.2 million surplus in the 2nd quarter and is currently \$1.75 million ahead of an overall \$600,000 forecasted deficit. Favorable variances are being realized in the areas of administrative fees, investment gains, salaries and wages, benefits and taxes and depreciation expense.

Dining Services:

Dining Services food sales revenue is under-performing due to catering operations and University Union food sales being \$97,000 and \$89,000 under budget, respectively. Starbucks mobile truck sales were budgeted at \$245,000 for the first six months, against actual revenue of only \$110,000. UEI believes the Starbucks mobile truck has future relocation opportunities and that returns will become more favorable over time.

The Budget & Finance Committee approved the second quarter financial statements. (Sater/Hoffman)

The depreciation expense does not yet reflect fixed-asset depreciation of the Dining Commons servery.

Sponsored Programs Administration:

Administrative fee revenue was budgeted conservatively due to disappointing results in the previous year. Operating expenses are higher due to higher revenue. Sponsored Programs has a pre-overhead surplus of \$120,000 and is \$161,000 ahead of budget.

Property Services:

Overall in line with forecasted budget with the exception of the lease income for the Upper Eastside Lofts which is \$124,000 ahead of budget. Budgeted current year operating expense did not include costs related to 304 S Street, which totals \$104,000 for the first six months.

Contract Services:

This item includes Union WELL administrative fees. \$15,000 and \$131,000 has been earned from licensing revenue and Highway 50 electronic sign rental income, respectively. Also included is the fee received from the University Foundation for handling their accounting, administrative and tax work.

Director Reinhart discussed the need for UEI to increase the fee charged to the University Foundation for the accounting and tax work performed due to the extensive personnel costs. Committee members agreed that the fee should be increased if UEI continues providing this service.

California Intern Network:

The California Intern Network was awarded a Caltrans contract which was unbudgeted last year due to timing. The California Intern Network revenue exceeded budget by \$221,661 for the six-month period.

Administration:

Investment gains are \$760,000 against \$0 budget. Operating expenses are higher this quarter due to the provision of \$87,000 in flex dollars to students to compensate them for the delay in the opening of the renovated Dining Commons. \$213,000 in contributions to the University was made in the first two quarters.

Other Business:

Director Reinhart discussed the challenges with the construction and lease negotiations for 304 S Street with the committee.

Meeting adjourned at 4:24 p.m.

Respectfully submitted,



Angie Laguna
Recording Secretary