



EXECUTIVE COMMITTEE MEETING (REGULAR)
ASC CONFERENCE ROOM (CP 250)
MARCH 3, 2009 :: 4:00 PM

Present: Bill Barrett, Ted Bremner, Pat Carroll, Bill Dickerson, Bob Hall, Frank Mumford, Barry Pasternack, Ron Rangel.

Excused: Steve Murray.

Staff: Pearl Cheng, Ann Ehl, John Jay, Tony Lynch, Peter Poon.

1. CALL TO ORDER

Chair Bremner called the meeting to order at 4:10 p.m.

2. APPROVAL OF MINUTES

Prof. Pasternack moved, Mr. Hall seconded and motion carried to approve the minutes of the 12/03/08 Executive Committee meeting.

3. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions' combined activities generated a net income of \$722,000 through January, 2009. The ASC has a \$174,000 positive budget variance for the fiscal year to date. The net income actuals are \$78,000 for Food/Vending; \$1,386,000 for Titan Shops; \$250,000 for Grants and Contracts; and \$462,000 for College Park. Administrative net expenditures were \$992,000.

Regarding the Chancellor's Office compliance audit, Mr. Mumford said that the team will complete their on-site portion on Friday 03/06/09. We are currently aware of only six minor findings.

4. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that the IRVC lease is being reviewed; it is a tight schedule, but it appears that a new location can be ready in time for fall classes. The proposed location in Irvine is four blocks from the Irvine Spectrum. There will be a resolution to approve the letter of intent for the new location at next week's full Board meeting (the LOI is currently being negotiated). As in the past, the lease/sublease will be a pass-thru agreement with the University which will go before the board next Thursday.

On legal matters, our attorneys will meet with the Elks Lodge later this week.

Recently, five University Gables (UG) homes were available; with interested purchasers, that number is now down to two. However, the Housing Authority was recently informed that an additional five homes will be available in the near future, making the total number

of homes available at UG to seven. The City of Buena Park considered building a three-story parking structure adjacent to UG. However, at a recent City meeting, it was disclosed that a parking structure was very unlikely, given the costs. At Creekside, there are five units available; at University Heights (UH) five homes have been recently leased.

5. RESOLUTIONS

A. LINE OF CREDIT INCREASE TO HOUSING AUTHORITY

Mr. Mumford distributed an update of the debt service ratio calculation thru February. He reported that initially a 4.5% interest rate was used in our projections; thus far we paid 0.5% interest. While we anticipated 11 homes to be leased by March; only five homes are currently occupied.

Also, we have not booked interest (LAIF + 0.5%) on this line of credit. Mr. Bremner suggested that there be no “evergreen” on this line of credit extension; Mr. Rangel advised that this line of credit be given a term of three years. Mr. Carroll recommended that any additional funds from the Chancellor’s Office be used to pay down this line of credit.

AVP Barrett moved, Mr. Rangel seconded and motion carried to adopt the following resolution.

Housing Authority Line of Credit Expansion

WHEREAS the CSU Fullerton Housing Authority (“Housing Authority”) has developed 86 affordable homes at University Gables and 42 homes at University Heights; and

WHEREAS sales at both the University Gables and University Heights have been impacted by the overall downturn in the economy; and

WHEREAS several contractors have initiated mechanic liens and litigation as a result of not having received payments due for work done at University Heights; and

WHEREAS the Elks Lodge has informed the Housing Authority that they believe the Housing Authority is liable for both construction delays and alleged defects present in their new lodge; and

WHEREAS the Housing Authority is contractually obligated to finish University Heights and correct the problems with the Elks Lodge and, in order to do so, is working with both the contractors and the Elks Lodge to settle their respective claims; and

WHEREAS these increasingly difficult sales conditions have prompted the Housing Authority to seek medium- and long-term financing as a means of addressing its overall financial problems, but, for the present, have created a temporary shortfall in cash in the amount of approximately \$500,000, in addition to the \$500,000 that was approved on 05/13/08, and \$250,000 approved on 10/18/08; and

WHEREAS the CSU Fullerton Auxiliary Services Corporation (“ASC”), has the resources to lend the Housing Authority the additional funds to cover the aforementioned cash flow shortfall.

THEREFORE, BE IT RESOLVED that the ASC Board of Directors hereby approves an increase in the line of credit available to the CSU Fullerton Housing Authority in the amount of \$500,000 (bringing the total loan to \$1,250,000) for the purpose of paying claims arising from University Heights and covering ongoing operating costs; such loan to be repaid from the long term financing made available to the ASC through the California State University's commercial paper program and Housing Authority's net income; and

BE IT FURTHER RESOLVED that the Board of Directors hereby authorizes and directs its Executive Director and officers or any of them to take all actions necessary to implement the foregoing resolutions, including, without limitation, the executing loan documentation with the Housing Authority on the aforesaid terms.

The approval was unanimous.

B. CKE REMODEL INCENTIVE

Mr. Lynch reported that this resolution amends the current CKE agreement to reduce royalty fees by ¼%, through 10/08/12. Only franchises that have fully remodeled during a certain time period are eligible for reduced royalty fees which will save ASC thousands each year.

Mr. Rangel moved, Mr. Hall seconded and motion carried to adopt the following resolution.

CKE Remodel Incentive

WHEREAS, the Franchise Agreement between the Auxiliary Service Corporation (ASC) and Carl Karcher Enterprises (CKE) calls for the ASC to pay a standard royalty fee of 4.0% of sales; and

WHEREAS, the completion of a full remodel of our Carl's Jr. restaurant during Fall 2008 makes the ASC eligible for a 0.25% reduction of royalty fees paid to CKE for up to four years.

THEREFORE, BE IT RESOLVED that the Board of Directors approves and authorizes the Executive Director to enter into the attached Remodel Incentive Agreement reducing the royalties paid to CKE to 3.75% through October 8, 2012.

Prof. Pasternack and Mr. Carroll abstained; the remaining members (Bill Barrett, Ted Bremner, Bill Dickerson, Bob Hall, Frank Mumford, Ron Rangel), a majority, voted to approve.

6. REPORTS

A. CAMPUS DINING REPORT

Mr. Lynch reported that the Starbucks at Mihaylo Hall held its grand opening on 12/11/08. With 2,000 cups of free coffee distributed, positive feedback and staffed entirely by CSUF students, the new location is off to a great start. Sales have exceeded \$3,500 daily. In the TSU, the newest concept The Fresh Kitchen held its grand opening last fall on 11/17/08. Sales at this location exceeds prior year sales of Titan Grill by 65%. Now that the Mihaylo College of Business is completed, sales at

Carls Jr have picked up, with spring semester sales up an average of 35% over the previous year. OC Choice Catering is undergoing a PR campaign to boost sales on campus. After CSUF's 50th anniversary campaign last year, sales have dropped significantly. Lastly, immediately north of the Humanities building, a structure is currently being designed to house many of the campus cart operations. Campus Dining is working with state, county and campus guidelines; these various requirements have increased previous cost estimates.

B. TITAN SHOPS REPORT

Covering for Chuck Kissel, Titan Shops Associate Director Peter Poon reported that 40 rental titles were available this semester, with 5,018 rented the first two weeks of classes. Spring Back to School sales brought in \$5.4M compared to \$5.7M last spring. There were questions regarding the spring data; Mr. Poon said that he will research the figures and will update Executive Committees once a review is complete. Additionally, Mr. Poon reported that online sales saw an increase of 37% from \$860K last year to \$1.2M this year. The e-services department is rebuilding online inventory to offer more graduation and baseball items for this semester.

C. SPONSORED PROGRAMS REPORT

Ms. Cheng reported that state-funded projects are coming in late due to the State's current budget problems. Our year-to-date net is currently ahead of budget but will need to consider a couple possible write-offs as a contractor has filed for bankruptcy and is not honoring ASC invoices. Lastly, the National Science Foundation has scheduled a site visit for April 2009.

7. OTHER BUSINESS

There was no other business.

8. REMINDERS

Next ASC Board meeting: Thursday 03/12/09 @ 6:00 p.m.

Next Executive Committee meeting: Tuesday 04/14/09 @ 4:00 p.m.

9. ADJOURNMENT

The meeting was adjourned at 6:10 p.m.

Approved by the Executive Committee, April 14, 2009.

Robert C. Hall, Secretary



BOARD OF DIRECTORS MEETING – REGULAR
TITAN SHOPS CONFERENCE ROOM (SENATE CHAMBERS)
MARCH 12, 2009
7:00 – 9:00 PM

Present: Bill Barrett, Ted Bremner, Raul Davis, Bill Dickerson, Diana Guerin, Bob Hall, Scott Hewitt, Zeke Luna, William Meyer, Frank Mumford, Barry Pasternack, Linda Patton, Daniel Ramsey, Juli Santos, Curtis Schlaufman, Ephraim Smith.

Excused: Gary Del Fium, Milton Gordon, Pam Hillman, Steve Murray, Robert Palmer, Ron Rangel.

Guests/Staff: Pearl Cheng, Ann Ehl, Omar Iftikhar, John Jay, Tony Lynch, Peter Poon.

I. CALL TO ORDER

Chair Bremner called the meeting to order at 7:15 p.m.

II. APPROVAL OF MINUTES

Mr. Luna moved, Prof. Pasternack seconded and motion carried unanimously to approve the minutes of the 12/11/08 Board of Directors meeting.

III. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions' combined activities generated a net income of \$722,000 through January, 2009. The ASC has a \$174,000 positive budget variance for the fiscal year to date. The net income actuals are \$78,000 for Food/Vending; \$1,386,000 for Titan Shops; \$250,000 for Grants and Contracts; and \$462,000 for College Park. Administrative net expenditures were \$992,000.

IV. PRESIDENT'S REPORT

There was no report.

V. GRANTS & CONTRACTS REPORT

Ms. Patton reported that in dollars awarded, they are \$2M ahead of the same period last year. Recently, the US Senate passed the Omnibus Appropriations Act of 2009, a \$410B spending bill which includes three CSUF projects. CSUF chemistry professor Chris Meyer is currently serving as an NSF Rotator/Program Director. He will be making a presentation to campus about his NSF experience, funding opportunities at NSF & NIH, and how other faculty can become a Rotator and/or peer reviewer. OGC is looking forward to implementing Cayuse software, the web-based grant proposal preparation system to Grants.gov. It is the fastest, most accurate platform for preparing, reviewing, approving

and submitting federal grant applications. The system is compatible with various federal agencies and ensures a clean submission.

Prof. Hewitt said that we need to mobilize the faculty to take advantage of the stimulus funds and which would provide a great opportunity to bring in additional funds to campus. Ms. Patton agreed, saying that she is currently working with various VPs, deans, chairs and faculty to make that happen.

VI. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that our Grand Central Artist Village in Santa Ana began its 10 year anniversary celebration which will continue into April. The celebration will include sample work from many of the artists who have exhibited during the past decade. Last Friday, the Chancellor's Office auditors completed their five-week, on-site compliance audit. So far, we know of only six minor findings. At University Gables (UG), Bob Clark, Jr. has now sold three homes. However, it appears that there will be six additional homes will come on the market shortly. The Housing Authority hopes that with some 20-30 incoming tenure-track faculty, there will be renewed interest in UG homes. At Creekside, there are three homes in escrow and two more are left in inventory. And at University Heights, the unsold homes are now available for lease. With five homes recently leased, there are now 21 homes available. In a couple days, Mr. Dickerson will head to Memphis to present "Faculty-Staff Housing--A Sound Investment Despite Today's Housing Market?" at the national Association of the College Auxiliary Professionals (ACAP) conference. And lastly, Titan Shop's Chuck Kissel was recently identified in a national publication as one of the "21 under 40" rising stars in the national campus bookstores scene.

VII. RATIFICATION: CKE REMODEL INCENTIVE

Mr. Luna moved, Mr. Davis seconded and motion carried to adopt the following resolution.

CKE Remodel Incentive

WHEREAS, the Franchise Agreement between the Auxiliary Services Corporation (ASC) and Carl Karcher Enterprises (CKE) calls for the ASC to pay a standard royalty fee of 4.0% of sales; and

WHEREAS, the completion of a full remodel of our Carl's Jr. restaurant during Fall 2008 makes the ASC eligible for a 0.25% reduction of royalty fees paid to CKE for up to four years.

THEREFORE, BE IT RESOLVED that the Board of Directors approves and authorizes the Executive Director to enter into the attached Remodel Incentive Agreement reducing the royalties paid to CKE to 3.75% through October 8, 2012.

VIII. RESOLUTIONS

A. LINE OF CREDIT INCREASE TO HOUSING AUTHORITY

Mr. Dickerson reported that the reason for the increase in the line of credit is to ready University Heights for lease/move-in, complete the Elks Lodge and pay subcontractors who have placed liens on the project when they were not paid by

Valeo Companies. To date, the Housing Authority has paid approximately \$400k to subcontractors and other vendors to complete the University Heights project.

Prof. Pasternack moved to accept the amended resolution (see underlined portion below), Mr. Luna seconded and motion carried, with Mr. Hall abstaining, to approve the following resolution.

Housing Authority Line of Credit Expansion

WHEREAS the CSU Fullerton Housing Authority (“Housing Authority”) has developed 86 affordable homes at University Gables and 42 homes at University Heights; and

WHEREAS sales at both the University Gables and University Heights have been impacted by the overall downturn in the economy; and

WHEREAS several contractors have initiated mechanic liens and litigation as a result of not having received payments due for work done at University Heights; and

WHEREAS the Elks Lodge has informed the Housing Authority that they believe the Housing Authority is liable for both construction delays and alleged defects present in their new lodge; and

WHEREAS the Housing Authority is contractually obligated to finish University Heights and correct the problems with the Elks Lodge and, in order to do so, is working with both the contractors and the Elks Lodge to settle their respective claims; and

WHEREAS these increasingly difficult sales conditions have prompted the Housing Authority to seek medium- and long-term financing as a means of addressing its overall financial problems, but, for the present, have created a temporary shortfall in cash in the amount of approximately \$500,000, in addition to the \$500,000 that was approved on 05/13/08, and \$250,000 approved on 10/18/08; and

WHEREAS the CSU Fullerton Auxiliary Services Corporation (“ASC”), has the resources to lend the Housing Authority the additional funds to cover the aforementioned cash flow shortfall.

THEREFORE, BE IT RESOLVED that the ASC Board of Directors hereby approves an increase in the line of credit available to the CSU Fullerton Housing Authority in the amount of \$500,000 (bringing the total loan to \$1,250,000) for the purpose of paying claims arising from University Heights and covering ongoing operating costs; and

BE IT FURTHER RESOLVED that such line of credit is to be repaid from the long term financing made available to the ASC through the California State University’s commercial paper program and Housing Authority’s net income; interest on the line of credit shall accrue at 0.5% above LAIF, adjusted semi-annually on January 1 and July 1 of each year; payment of interest on the line of credit may be deferred until such time as adequate funding is available from the Housing Authority to repay interest; and

BE IT FURTHER RESOLVED that the Board of Directors hereby authorizes and directs its Executive Director and officers or any of them to take all actions necessary to implement the

foregoing resolutions, including, without limitation, the executing loan documentation with the Housing Authority on the aforesaid terms.

B. FIRST CLASS VENDING

Mr. Dickerson reported that First Class Vending has been purchased four times, but has had the same principal (Richard Castle) and continues to run the vending service on campus. This will bring current the agreement which guarantees \$50,000 in annual commissions. Prof. Pasternack noted that with the university paying the utilities, we should consider charging the vending company for those costs.

VP Smith moved, AVP Barrett seconded and motion carried unanimously to adopt the following resolution.

First Class Vending Agreement

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“Corporation”) has been operating its vending contract on a month to month basis for some time and desires to enter into a longer term arrangement with a vending service provider; and

WHEREAS, First Class Vending Inc. (“First Class”) has been providing vending services to the Corporation for the last few years and the Corporation has been pleased with the level of service provided by First Class; and

WHEREAS, First Class has proposed entering into a two year agreement with the Corporation on terms which the Corporation deems favorable, including a guaranteed annual commission of \$50,000 per year to the Corporation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Corporation authorizes the Executive Director to enter into a two year vending agreement with First Class Vending, Inc. in a form substantially similar to that attached.

C. STARBUCKS SUBLEASE

Mr. Dickerson noted that this resolution recommends that the Starbucks franchise lease the Mihaylo Hall space for five years, with profits to be used to repay the Mihaylo Hall loan. The sublease language was drafted by the University.

AVP Barrett moved, Mr. Schlaufman seconded and motion carried unanimously to adopt the following resolution.

Starbucks Sublease at Mihaylo Hall

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“Corporation”) at the request of the California State University, Fullerton (“University”) entered into an agreement with Starbucks Corporation (“Starbucks”) to allow the Corporation to operate a Starbucks store within Mihaylo Hall; and

WHEREAS, the University agreed to sublease the space within Mihaylo Hall to the Corporation for use as a Starbucks store; and

WHEREAS, the University has proposed to sublease the space for the Starbucks store on the terms and conditions contained in the attached sublease; and

WHEREAS, the Corporation is agreeable to leasing the space for the Starbucks store from the University on the terms and conditions proposed.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Corporation authorizes the Executive Director to enter into the attached Sublease with the University.

D. IRVINE CAMPUS

Mr. Dickerson said that this resolution authorizes negotiations with an Irvine property owner to enter into a lease and a letter of intent has already been signed.

Prof. Hewitt reported that after many debates, the Academic Senate passed a resolution today opposing the Irvine Spectrum sight as the new location of IRVC.

Prof. Pasternack added that a motion was made to change the resolution to defeat the site for the remainder of the year. He believes that we need to look for sites that are less costly.

AVP Barrett said that we (the University) need the ASC to be the conduit regardless of the location. The ASC is more agile in contracting with necessary contractors, owners, etc. There have been some 30 locations reviewed in the last six months; this one had the best parking arrangements (average is four parking spaces for 1000 sf of space; this location provided five parking spaces). If and when decisions are made, we need to move quickly in order to be open for the fall semester.

Prof. Guerin said that this fall, we will eliminate 2000 FTES. She noted that we're opening a larger facility while budget cuts are being made across the board; it seems a poor time to open a bigger and better facility.

VP Smith added that there were two major reasons for the Academic Senate resolution. One was the parking issue; this site has the potential to accommodate the students in a fairly new facility while offering enough parking. The second reason was the TIs (tenant improvements). This site is one of the best of many sites reviewed. The approval of the ASC resolution will allow us to negotiate. We lost the CPS site to Chapman University. He concluded by urging the board to approve this resolution.

Prof. Pasternack acknowledged the need for a satellite location to accommodate south county students who are unable to travel to the main campus due to traffic in the afternoon and evening. He suggested that other options might be to lease or purchase high school spaces or big box stores with its adequate parking.

Prof. Meyer expressed concern about entering into a new lease, saying that a lot of money has been spent at the current location which will be lost. He believes that the University would be better served in the long run to purchase property.

Prof. Hewitt noted that this resolution was for a specific site, while multiple possibilities remain. He further noted that we're still negotiating with Lennar and stated that he believes we should not be locked into one particular site with this resolution.

Mr. Dickerson asked whether this is the appropriate forum to discuss what action the University should take on this issue, as the decision to relocate the Irvine campus does not rest with the ASC. This resolution is simply an action by the ASC Board to allow further negotiation with the landlord and does not lock the campus into this proposed location. If we vote against this resolution, we put the ASC in the position of questioning the University's decision. He clarified that the ASC has been asked to continue negotiations. To vote no on this resolution would not send the right message to the University; there are other more appropriate forums for that.

AVP Barrett added that the University is out of time and needs a location to be open for fall classes at the end of August. He is "99% sure" that ASC will be asked to sign any lease/purchase documents on behalf of the University and asked whether a modified resolution be more acceptable to the ASC board.

VP Smith also added that the University's goal is to buy a facility; however, the state credit rating isn't optimal. He indicated that the campus looked at "big boxes," contacted the City of Irvine, and evaluated local school sites (which provide very limited parking). There are more facilities coming on the market, but the difficulty is that there is a very limited timeline. Although now may be the time to buy, it's also not the time to float bonds. While Chapman University had \$22M in cash, we do not. In Irvine, we have 1000 FTS which is about 2200 headcount; the peak is at 3000 headcount.

Prof. Guerin noted that there are only 311 FTES at IRVC.

Prof. Pasternack said that we have a fiduciary responsibility to the ASC. He would prefer a broader resolution that would allow the campus to look at locations other than just this specific location. AVP Barrett moved to accept the resolution as amended by Prof. Pasternack to remove the fifth "Whereas" clause and to change as underlined in the last paragraph; Mr. Sclaufman seconded and motion carried to adopt the following resolution.

Authorization to Lease Space for Irvine Campus

WHEREAS, the CSU Fullerton Auxiliary Services Corporation ("ASC") has been leasing the premises known as CSU Fullerton – Irvine Campus since June 22, 2002; and

WHEREAS, Heritage Fields El Toro LLC has informed ASC that the current lease ending June 30, 2009 will be the last due to its pending demolition; and

WHEREAS, the California State University, Fullerton (“University”) has requested that the ASC secure additional space that might serve as a suitable location for the CSU Fullerton – Irvine Campus; and

WHEREAS, the ASC and the University have agreed that they will continue to enter into a sublease arrangement in which the University will rent 100% of the leased space at a cost that, at a minimum, will reimburse the ASC for all its out of pocket costs associated with the project, including management and financing costs, if necessary; and

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes its Executive Director to enter into a lease or purchase on terms acceptable to the University.

IX. REPORTS

A. REPORT

Mr. Lynch reported that the Mihaylo Hall Starbucks location has been very successful and sales have been averaging \$3,500 daily. The grand opening held last year was well received. Fresh Kitchen, the newest dining concept in the TSU, is now open with positive feedback; it is popular with CSUF President Gordon who stops by once/week. Now that the Mihaylo Hall construction has cleared, Carl’s Jr. continues to do well and sales are up by 30% over last year. However, OC Choice Catering is not doing well; sales have been down significantly. Lastly, the Humanities Plaza Building will replace the current standing trailer.

Prof. Pasternack asked why the Mihaylo Hall Starbucks profits are not listed in the monthly financial reports; Mr. Lynch replied that those profits are being used to pay back the Mihaylo Hall loan.

Prof. Pasternack asked why campus dining sales are doing so poorly. Mr. Lynch replied that Food Court sales are actually doing well, but Catering sales are down and the extra payroll in January did not help.

B. REPORT

Mr. Iftikhar reported that IT was involved in the opening of the new Starbucks at Mihaylo Hall. They worked to put in two point-of-sales registers, trained some 30 new cashiers, and implemented the Starbucks gift card program that is not used at other campus locations. Surprisingly, the gift cards are getting a lot of use; for February, there were 2800 gift card tenders, which account for 32% of sales and is second only to credit cards. This location is also selling gift cards, with other full-retail, non-campus locations referring to the CSUF Mihaylo Hall location as the store to purchase gift cards. IT is also working with the vendors on a faster integrated gift card solution to provide more efficient service.

Web sales at Titan Shops have been significant, with a 27% increase over the previous spring and text sales higher than \$1M. Orders received and processed have increased by 20%, with significant increases in used and e-book sales.

With encouragement from Frank Mumford, Mr. Iftikhar is now involved in the AOA's standing IT committee. The AOA (Auxiliary Organizations Association) is the statewide group of all auxiliaries within the CSU. This year, Mr. Iftikhar serves as vice-chair of the committee, moving up to chairman next year. Until recently, IT has been absent from AOA activity, but will network and collaborate on common challenges. Mr. Dickerson added that Titan Shops was the fourth highest in text internet sales nationwide a couple years ago. Titan Shops is doing a great job staying "ahead of the curve," and has Mr. Iftikhar to thank for his part in these positive changes.

X. OTHER BUSINESS

Prof. Meyer announced that the Theater & Dance department pamphlet distributed earlier is fresh off the press. The department recently hosted the regional American College Theater Festival, nearly sweeping the main awards of acting and directing. The CSUF Theater & Dance departments are excited to be sending students to the Kennedy Center to compete at the national American College Theater Festival later this spring.

XI. ANNOUNCEMENTS

Budget Workshop: **Tuesday 05/05/09 @ 5pm**, CP 250

Next Board Meeting: **Thursday 06/11/09**.

XII. ADJOURNMENT

Prof. Pasternack moved, AVP Barrett seconded and motion carried to adjourn the meeting at 8:45 p.m.

Approved by the Board of Directors, June 11, 2009.

Robert C. Hall, Secretary



EXECUTIVE COMMITTEE MEETING (REGULAR)
ASC CONFERENCE ROOM (CP 250)
MAY 5, 2009 · 4:00 PM

Present: Bill Barrett, Ted Bremner, Bill Dickerson, Bob Hall, Frank Mumford, Barry Pasternack, Ron Rangel.

Excused: Pat Carroll, Steve Murray.

Staff: Pearl Cheng, Ann Ehl, Omar Iftikhar, John Jay, Tony Lynch.

1. CALL TO ORDER

Chair Bremner called the meeting to order at 4:10 p.m.

2. APPROVAL OF MINUTES

Prof. Pasternack moved, Mr. Rangel seconded and motion carried to approve the minutes of the 03/03/09 Executive Committee meeting.

3. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions' combined activities generated a net income of \$648,000 through March 31, 2009. The ASC is \$25,000 above budget for the fiscal year. He further reported that the net income actuals are \$1,310,000 for Titan Shops; \$222,000 for Food/Vending; \$279,000 for Grants and Contracts; and \$477,000 for College Park. Administrative net expenditures were \$1,163,000.

A preview of year-end figures show that budget for next year would begin with a balance of \$268,000. Unfortunately, investment loss thru the third quarter of the fiscal year is \$1.07M. Titan Shops has experienced a negative budget variance for the first time, down by \$125,000. Campus Dining is also down \$168,000

4. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that IRVC amendment extends the current term to August 2009. Prof. Pasternack urged that the campus continue to look for other locations so that we aren't in a similar situation next year. AVP Barrett said that Willie Hagan has asked President Gordon and President's Advisory Board (PAB) to provide over-reaching goals to avoid a similar situation when the extension terms out next year.

On the matter with Valeo, Mr. Dickerson reported that we just received a response to our complaint and are now a month away from the summary judgment hearing. Legal fees are being paid by our insurance company. Prof. Pasternack asked whether Valeo is a corporation, LLP or other; Mr. Jay replied that Valeo is comprised of multiple entities.

At University Gables, there were ten homes available for sale on 04/01/08. Since then, one withdrew their home from sale and four are in escrow, as Bob Clark Jr continues to show the remaining five homes. To increase occupancy, the Housing Authority extended the market to include local educational and workforce housing communities (which includes employees of the elementary and high school districts, neighboring colleges, St. Judes and the City of Fullerton). At Creekside, the final two of 20 units are in escrow; within the next month or two, the Housing Authority hopes to be completely out of Creekside. And at University Heights, nine homes have been recently leased; the remainder of these homes will be marketed to the general public.

There have been recent discussions on Titan Coffee, located on the second floor of Titan Shops. When originally constructed over 10 years ago, it filled a niche with so few other coffee locations on campus. However, Titan Shops now believes that there is better use for this space and are considering other options. With that in mind, place holders are in the capital budget for such a change. Additional discussions with Amir Dabirian have resulted in a possibility of a coffee operation within the library.

Chuck Kissel recently informed Mr. Dickerson about the possibility of sponsorship in Omaha during NCAA College World Series. This would be directly tied to the Titan's appearance at the regionals.

Lastly, there have been a number of requests for air conditioning in the College Park. College Park is a building of two wings, 10 floors and two separate air-conditioning systems covering 200,000 sf. Currently, it is not possible to cool one particular floor and too costly to cool an entire wing. Contractors are in the process of determining cost estimates to install controls based on wing and floor.

5. RESOLUTION: POSSIBLE PATENT BY MARCELO TOLMASKY

Mr. Dickerson introduced Prof. Marcelo Tolmasky from Biology and reported that Prof. Tolmasky may have a product deemed suitable for a provisional patent.

Prof. Tolmasky gave a privileged explanation that he may have found a way to correct a flaw in reproducing a product. Mr. Dickerson disclosed that patent attorney Leonard Tachner believes that there is a high chance that this product may be commercially viable since it's an improvement of an existing product. This provisional patent would provide a one-year protection at a cost not-to-exceed \$6,000; normal patent applications run \$15,000.

Prof. Pasternack asked whether these rights would be protected overseas; Mr. Dickerson replied that international rights are usually separate and would confirm this with Leonard Tachner.

Mr. Bremner asked whether this is a new patent or an update on an existing one; Mr. Dickerson said that this would update someone else's existing patent.

Prof. Pasternack moved, Mr. Rangel seconded and motion carried to adopt the following resolution.

Patent Application – Prof. Marcelo Tolmasky

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“ASC”) has been designated by the University as the responsible entity to oversee the coordination of University-related patents; and

WHEREAS, the ASC, in carrying out this responsibility may elect to seek a patent to protect some aspect of University-related research; and

WHEREAS, research efforts of Professor Marcelo Tolmasky in the field of Biochemistry, have already produced one patent application that is currently proceeding through the Patent Review Process and should receive a determination by the end of the year; and

WHEREAS, Professor Tolmasky’s efforts have produced additional results that appear to be both patentable, and perhaps valuable; therefore

BE IT RESOLVED, that the Executive Committee of the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes Patent Attorney Leonard Tachner, to provide legal assistance in the filing of a provisional patent application at a cost that is not expected to exceed \$6,000.

BE IT FURTHER RESOLVED that this authorization is contingent upon execution of a satisfactory Intellectual Property Assignment Agreement assigning Professor Tolmasky’s patent rights to the CSU Fullerton Auxiliary Services Corporation

The approval was unanimous.

6. RESOLUTIONS

Prof. Pasternack moved to accept the following three recurring fiscal resolutions, Mr. Rangel seconded and motion carried to adopt the following resolutions.

A. FISCAL ACCOUNT AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford or Vice President for Administration & Finance Willie J. Hagan, or any one of them acting individually, are hereby authorized to open the necessary accounts on behalf of the CSU Fullerton Auxiliary Services Corporation (ASC) with financial institutions for the purposes of (1) investing ASC funds; (2) transferring funds from one financial institution to another; and (3) opening accounts with financial institutions, in order to effect banking relationships.

B. SALE OF STOCK AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford, or Vice President for Administration & Finance Willie J. Hagan are hereby authorized to sell, assign and endorse for transfer, certificates representing stocks, bonds or other securities now registered or hereafter registered in the name of this Corporation, when any two of the named act together or any one of the named acts upon approval from the Executive Committee.

C. WIRE TRANSFER AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford or Vice President for Administration & Finance Willie J. Hagan, or any one of them acting individually, are hereby authorized to enter into agreement with Citizens Business Bank, Wells Fargo Bank, Local Agency Investment Fund or The Common Fund for the transfer of funds from the account or accounts of this Corporation by wire, as shall be mutually agreeable, and, to appoint persons who shall be authorized to order such transfers, in accordance with such agreements or to otherwise act in accordance with such agreement. The authority conferred herein shall continue in full force and effect until written notice of its revocation shall be received by said Banks.

The approval was unanimous.

7. REMINDERS

Executive Committee: Tue 06/02/09 @ 4:00 p.m.

Board of Directors: Thu 06/11/09.

8. ADJOURNMENT

The meeting was adjourned at 5:15 p.m.

Approved by the Executive Committee, June 2, 2009.

Robert C. Hall, Secretary



EXECUTIVE COMMITTEE MEETING (REGULAR)
ASC CONFERENCE ROOM (CP 250)
JUNE 2, 2009 · 4:00 PM

Present: Bill Barrett, Ted Bremner, Pat Carroll, Bill Dickerson, Bob Hall, Frank Mumford, Steve Murray, Ron Rangel.

Excused: Barry Pasternack.

Staff: Pearl Cheng, Ann Ehl, Omar Iftikhar, John Jay, Chuck Kissel, Tony Lynch.

1. CALL TO ORDER

Chair Bremner called the meeting to order at 4:10 p.m.

2. APPROVAL OF MINUTES

Mr. Rangel moved, Mr. Hall seconded and motion carried to approve the minutes of the May 5, 2009 Executive Committee meeting.

3. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions' combined activities generated a net income of \$748,000 through April 2009. The ASC is \$226,000 positive for the fiscal year. He further reported that the net income actuals were \$338,000 for Food/Vending; \$1,524,000 for Titan Shops; \$270,000 for Grants and Contracts; and \$548,000 for College Park. Administrative net expenditures were \$1,383,000.

4. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that CSUF was granted a lease extension to the Irvine Campus until August 2010. Also further extended was our motion for summary judgment, which was rescheduled for 07/31/09.

At the Elks Lodge, Jim Alexander and Bob Farrell continue to produce positive results, addressing problems as soon as they are discovered. We expect a meeting with the Elks group next month. At University Gables, there are eight homes available with an additional two currently in escrow. This year, thus far, five homes have been sold. This is reflective of the affordability of the outside market and UG owners taking advantage of those prices. There was a homeowners meeting last week with approximately 40 in attendance, representing 20-25 homes. At Creekside, the 19th home closed escrow yesterday and the 20th (and final) home is scheduled to close escrow on 06/11/09, at which time we will be completely free of Creekside. At University Heights, four new tenants moved in last weekend. This means that 12 homes have been leased with 14 now available.

Titan Coffee is located on the second floor of Titan Shops. Although nothing is yet definite, we are discussing using that space for other purposes. Initially, it was one of the few coffee locations on campus and frequently busy. Currently, the space allocation is not justified by the amount of coffee it serves.

Titan Shops will co-host Titan House in Omaha. The costs are reasonable when taking the success of Titan Baseball into consideration.

At College Park, the last non-university tenant moved out, with all tenants now university-related. The entire tenth floor remains unoccupied. Also, with a handful of tenants asking for air conditioning after-hours, quotes were obtained to operate and restructure the current CP a/c system. Three quotes were received and the best price scenario was \$150,000 to restructure the current system. The campus has begun repairing and resurfacing the CP parking lot; these costs are being covered by parking.

5. RESOLUTIONS

A. RECLASSIFICATION OF SECTION 509(a) STATUS

Mr. Mumford reported that the ASC is currently a 501c3 (charitable org). However, the IRS has three difference possibilities under section 509a; the additional subclassification necessary to obtain FICA exemption for student employees. Currently, we are a 509a1, but should be 509a3, which is an organization that supports a 509a1.

Mr. Dickerson added that former attorney John Frances actually helped get the Student FICA exemption thru the IRS back in the '70s.

Mr. Rangel moved, Dean Murray seconded and motion carried to adopt the following resolution.

Reclassification of Section 509a Status

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“Corporation”) has been formed for the purpose of furthering the educational programs of California State University, Fullerton (“University”) as more fully described in the Articles of Incorporation of the Corporation (“Articles of Incorporation”); and

WHEREAS, the Corporation is an auxiliary organization of The California State University governed by California Education Code Sections 89900 et seq. and the administrative regulations of The California State University as set forth in Title 5 of the California Code of Regulations; and

WHEREAS, the Corporation previously received an IRS determination of tax exempt status under IRC §501(c)(3) – as a charitable organization, and is further defined as a §509(a)(1) organization, classifying it as a “public charity”; and

WHEREAS, the Corporation desires to change its section §509(a) status to be in compliance with IRC Sec. 3121(b)(10)(B), relating to the taxability of student employees for FICA/FUTA; therefore,

BE IT RESOLVED that the Board of Directors of the Corporation authorizes the proposed federal exempt status reclassification as a supporting organization described in Section §509(a)(3). Furthermore, the Board authorizes and directs the Corporation's Executive Director, or his designee, for and in the name and on behalf of the Corporation, to execute the required documentation.

The approval was unanimous.

B. APPROVAL OF LOAN POLICY

Mr. Mumford noted that this resolution brings our policy in line with our practice, which allows us to charge less than prime-plus on loans to the university and the Housing Authority.

Mr. Dickerson added that up until the CBE loan, we charged the university prime plus ½ %, but prime was around 6% at that time. As opposed to charging such a high interest rate, instead, it was determined to use LAIF plus ½%; LAIF, at the time, was closer to 2% resulting in a considerably smaller interest rate. It is common practice throughout the CSU for auxiliaries to charge prime plus one-two percent to discourage campus borrowing. This policy, as revised, provides ASC flexibility and discretion in determining the interest rate to charge.

With minor changes to the policy, Dean Murray moved to approve the following resolution, Mr. Rangel seconded and motion carried.

Policy Approval: Loans to University

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation adopts and approves the revised Loans to the University Policy, which is attached, effective June 11, 2009.

The approval was unanimous.

C. EMPLOYEE BENEFITS

Mr. Dickerson stated that this is our annual review of the benefits package. The benefit changes takes into consideration this year's budget which does not have any merit increases. Increases to health payments will remain flat to employees and will be covered by ASC.

Mr. Rangel moved, Dean Murray seconded and motion carried to adopt the following resolution.

Benefit Plan, Fiscal Year 2009-2010

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC) desires to provide a competitive benefit plan for its salaried and hourly employees; and

WHEREAS, the ASC regularly reviews its employee benefit plans as part of the annual budgeting process; therefore,

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves the attached benefit plan for the 2009-2010 fiscal year and beyond, in absence of any change

The approval was unanimous.

D. ASC BUDGET

Mr. Mumford reported that the budget shows anticipated decline of interest income; the net anticipated loss is \$1.2M. While commercial operations remain flat, all food service operations, with the exception of Carl's Jr and CBE Starbucks, had a loss. A bakery renovation, which has not been done for a dozen years, is being discussed; Titan Shops anticipates 6% income growth, while reduction in COGS is expected to offset reduction in sales. College Park operations will remain flat, with all revenues restricted back to bond payment and will not impact ASC budget. For next year, we will operate with \$106K less than the current year. Also, CSUF enrollment was projected to be 2% less than the previous year.

Dean Murray noted that SPO may have to budget more for expense, considering the increase of stimulus grants and reduced IDC. He said that we'll have a need for more staff for both pre- and post-award.

Mr. Rangel suggested we either adjust University Needs now or discuss it if we cannot meet those needs when the budget is finalized at the end of next year.

Mr. Mumford added that we need to discuss how the reserves are planned and whether we have enough money set aside to cover capital projects; noting that both Fresh Kitchen and Carl's Jr, renovated last year, experienced increased sales.

Mr. Carroll asked from where the capital money is obtained. Mr. Mumford said that it comes from reserves, operating cash and revenues. He also said the \$100k Yum renovation would show as a capital project this year, but would appear as depreciation in future years.

Mr. Carroll asked about the \$200K in the 1103 project line. Mr. Mumford replied that while salary increases will not be given this year, only a few necessary merit increases will be given from the 1103-line. Retiree benefits (limited to medical only) were also pooled into 1103.

Dean Murray asked whether we used campus resources and staff for improvements at Carl's Jr. Mr. Mumford replied that while it is less expensive to use non-campus contractors, these are leased facilities not necessarily subject to state resources.

Mr. Rangel moved, Mr. Hall seconded and motion carried to adopt the following resolution.

Operating & Capital Outlay Budgets, Fiscal Year 2009-2010

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC) operates on a fiscal year beginning July 1st and ending June 30; and

WHEREAS, the CSU Fullerton ASC Board of Directors approves operating and capital outlay budgets for each fiscal year; and

WHEREAS, said budget also includes a University Needs component which is intended to enable the University to further its educational mission in a manner consistent with the stated public relations policies of both the ASC and the University; therefore

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves the attached operating and capital outlay budgets for the fiscal year beginning July 1, 2009 and ending June 30, 2010; and

BE IT FURTHER RESOLVED, that with his signature below, CSUF President Milton A. Gordon signifies his approval of said budget and authorizes ASC management to proceed with implementation effective July 1, 2009

The approval was unanimous.

6. REPORTS

A. TITAN SHOPS

Mr. Kissel reported that 75% of the departments submitted textbook requisition by deadline compared to last year's 67%. By Buyback, 80% of the requisitions were received compared to 68% the previous year. CSUF graduated 11,000 students, its largest class, ever. While UCI lost its first regional tournament, CSUF will be hosting the super-regionals this weekend, playing Louisville. Fullerton baseball is currently ranked #2, just behind #1 Texas.

B. SPONSORED PROGRAMS

Ms. Cheng reported that total awards thru May were \$17.6M. Some programs experienced director and project investigator changes; these changes require support staff to oversee transition. The OC Film Commission was recently closed out. While the Film Commission did well in its first three years at CSUF, we can no longer afford to assist running the program. The only possible way of bringing the program back is if it can raise outside funds. This is one of two agencies that the University took on after the County of Orange dropped oversight of them; the second program, still running, is the Center for Demographic Research.

Dean Murray noted that the Maria Linder grant is incorrectly credited to HSS (on page one, fourth from bottom).

C. DRAFT 2009-10 MEETING SCHEDULE

Mr. Bremner asked members to review the meeting schedule and report back conflicts.

7. OTHER BUSINESS

There was no other business.

8. ANNOUNCEMENTS

BOARD MEETING: THURSDAY 06/11/09 @ 6:00 P.M.

EXECUTIVE COMMITTEE MTG: TUESDAY 08/04/09 @ 4:00 P.M.

9. ADJOURNMENT

Mr. Bremner adjourned the meeting at 6:00 p.m.

Approved by the Executive Committee, August 3, 2009.

Robert C. Hall, Secretary



BOARD OF DIRECTORS MEETING – REGULAR
TITAN SHOPS CONFERENCE ROOM (SENATE CHAMBERS)
JUNE 11, 2009
7:00 – 9:00 PM

Present: Ted Bremner, Gary Del Fium, Bill Dickerson, Diana Guerin, Bob Hall, Scott Hewitt, Pam Hillman, Zeke Luna, Steve Murray, Linda Patton, Daniel Ramsey, Ron Rangel, Juli Santos, Curtis Schlaufman, Ephraim Smith.

Excused: Raul Davis, Milton Gordon, Willie Hagan, William Meyer, Frank Mumford, Robert Palmer, Barry Pasternack,

Guests/Staff: Pearl Cheng, Ann Ehl, Omar Iftikhar, John Jay, Chuck Kissel, Tony Lynch, Tariq Marji, Peter Poon.

I. CALL TO ORDER

Chair Bremner called the meeting to order at 7:20 p.m.

II. APPROVAL OF MINUTES

Mr. Luna moved, Prof. Guerin seconded and motion carried to approve the minutes of the March 12, 2009 Board of Directors meeting.

III. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions' combined activities generated a net income of \$748,000 through April 2009. The ASC is \$226,000 above budget for the fiscal year. The financial summary showed the net income actuals of \$270,000 for Grants and Contracts; \$338,000 for Food/Vending; \$1,524,000 for Titan Shops; and \$548,000 for College Park.

IV. PRESIDENT'S REPORT

President Gordon was not present to give his report.

V. GRANTS & CONTRACTS REPORT

Ms. Patton reported that \$19M is anticipated to be awarded by the end of June. Some highlights from this office include collaborating with campus units, local counties, sheriffs and probation departments to obtain funding to address prisoner re-entry efforts; and NSM's Victoria Costa selection as NASA's faculty instructor for their airborne research experience for educators project. Dean Murray added that Ms. Costa is a director of a collaborative project/center between the colleges of NSM (natural sciences and mathematics) and Ed (education).

VI. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that Lennar has agreed to extend the University's lease for another year and that we will receive an amendment soon. Mr. Dickerson also gave a brief, privileged update on the Valeo lawsuit.

On the homefront, Mr. Dickerson reported that two of eight available University Gables homes were signed for purchase, with an additional two more expected next week. He also asked that board members review the accompanying goals and objectives update as of March 31.

Also distributed this evening is a letter from President Gordon to all faculty and staff. This letter will be of particular interest to the community members who have not yet seen this; it's the first official university statement regarding the current economic status of the State of California and the implications for the campus and the ASC.

VII. RATIFICATIONS

Dean Murray moved, VP Smith seconded and motion carried to adopt the following resolution.

Patent Application – Professor Marcelo Tolmasky

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“ASC”) has been designated by the University as the responsible entity to oversee the coordination of University-related patents; and

WHEREAS, the ASC, in carrying out this responsibility may elect to seek a patent to protect some aspect of University-related research; and

WHEREAS, research efforts of Professor Marcelo Tolmasky in the field of Biochemistry, have already produced one patent application that is currently proceeding through the Patent Review Process and should receive a determination by the end of the year; and

WHEREAS, Professor Tolmasky's efforts have produced additional results that appear to be both patentable, and perhaps valuable; therefore

BE IT RESOLVED, that the Executive Committee of the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes Patent Attorney Leonard Tachner, to provide legal assistance in the filing of a provisional patent application at a cost that is not expected to exceed \$6,000.

BE IT FURTHER RESOLVED that this authorization is contingent upon execution of a satisfactory Intellectual Property Assignment Agreement assigning Professor Tolmasky's patent rights to the CSU Fullerton Auxiliary Services Corporation.

The approval was unanimous.

VIII. RESOLUTIONS

Dean Murray moved, Prof. Hewitt seconded and motion carried to adopt the following three recurring fiscal resolutions.

A. FISCAL ACCOUNT AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford or Vice President for Administration & Finance Willie J. Hagan, or any one of them acting individually, are hereby authorized to open the necessary accounts on behalf of the CSU Fullerton Auxiliary Services Corporation (ASC) with financial institutions for the purposes of (1) investing ASC funds; (2) transferring funds from one financial institution to another; and (3) opening accounts with financial institutions, in order to effect banking relationships.

B. SALE OF STOCK AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford, or Vice President for Administration & Finance Willie J. Hagan are hereby authorized to sell, assign and endorse for transfer, certificates representing stocks, bonds or other securities now registered or hereafter registered in the name of this Corporation, when any two of the named act together or any one of the named acts upon approval from the Executive Committee.

C. WIRE TRANSFER AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford or Vice President for Administration & Finance Willie J. Hagan, or any one of them acting individually, are hereby authorized to enter into agreement with Citizens Business Bank, Wells Fargo Bank, Local Agency Investment Fund or The Common Fund for the transfer of funds from the account or accounts of this Corporation by wire, as shall be mutually agreeable, and, to appoint persons who shall be authorized to order such transfers, in accordance with such agreements or to otherwise act in accordance with such agreement. The authority conferred herein shall continue in full force and effect until written notice of its revocation shall be received by said Banks.

D. RECLASSIFICATION OF SECTION S509(a) STATUS

Dean Murray moved, Prof. Guerin seconded and motion carried to adopt the following resolution.

Reclassification of Section §509(a) Status

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“Corporation”) has been formed for the purpose of furthering the educational programs of California State University, Fullerton (“University”) as more fully described in the Articles of Incorporation of the Corporation (“Articles of Incorporation”); and

WHEREAS, the Corporation is an auxiliary organization of The California State University governed by California Education Code Sections 89900 et seq. and the administrative regulations of The California State University as set forth in Title 5 of the California Code of Regulations; and

WHEREAS, the Corporation previously received an IRS determination of tax exempt status under IRC §501(c)(3) – as a charitable organization, and is further defined as a §509(a)(1) organization, classifying it as a “public charity”; and

WHEREAS, the Corporation desires to change its section §509(a) status to be in compliance with IRC Sec. 3121(b)(10)(B), relating to the taxability of student employees for FICA/FUTA; therefore,

BE IT RESOLVED that the Board of Directors of the Corporation authorizes the proposed federal exempt status reclassification as a supporting organization described in Section §509(a)(3). Furthermore, the Board authorizes and directs the Corporation’s Executive Director, or his designee, for and in the name and on behalf of the Corporation, to execute the required documentation.

The approval was unanimous.

E. LOAN POLICY AMENDMENT

VP Hillman moved, Mr. Luna seconded and motion carried to adopt the following resolution.

Amendment Approval: Policy on Loans

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation adopts and approves the revised Loans to the University Policy, which is attached, effective June 11, 2009.

The approval was unanimous.

F. EMPLOYEE BENEFITS

Dean Murray moved, Mr. Schlaufman seconded and motion carried to adopt the following resolution.

Benefit Plan, Fiscal Year 2009-2010

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC) desires to provide a competitive benefit plan for its salaried and hourly employees; and

WHEREAS, the ASC regularly reviews its employee benefit plans as part of the annual budgeting process; therefore,

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves the attached benefit plan for the 2009-2010 fiscal year and beyond, in absence of any change.

The approval was unanimous.

G. ASC BUDGET

Mr. Dickerson reported that the budget for the upcoming year projected an FTE drop to 26-27,000, but will continue the Dell laptop presentation to the President's Scholars. This also considers a plan to move Titan Coffee to the Library which will increase available retail space at Titan Shops and the Irvine Campus lease extension. The proposed net income is \$273K due to the challenges in the economy, while University Needs remains at \$325K which will be funded from this year's 2009 surplus. Investment income will be reduced dramatically due to lower interest rates; salaries will be frozen for 2010, although a pool has been established for selected promotions and equity adjustments. The budget also considers health insurance increases.

The capital budget projects spending \$797K in 2009 and \$498K next year. Depreciation will be \$446K this year and \$494K next.

Mr. Schlaufman moved, Mr. Luna seconded and motion carried to adopt the following resolution.

Operating & Capital Outlay Budgets, Fiscal Year 2009-2010

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC) operates on a fiscal year beginning July 1st and ending June 30; and

WHEREAS, the CSU Fullerton ASC Board of Directors approves operating and capital outlay budgets for each fiscal year; and

WHEREAS, said budget also includes a University Needs component which is intended to enable the University to further its educational mission in a manner consistent with the stated public relations policies of both the ASC and the University; therefore

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves the attached operating and capital outlay budgets for the fiscal year beginning July 1, 2009 and ending June 30, 2010; and

BE IT FURTHER RESOLVED, that with his signature below, CSUF President Milton A. Gordon signifies his approval of said budget and authorizes ASC management to proceed with implementation effective July 1, 2009.

The approval was unanimous.

H. BUSINESS SERVICES AGREEMENT APPROVAL

Mr. Del Fium moved, Mr. Luna seconded and motion carried to adopt the following resolution.

Business Services Agreement

WHEREAS, the CSU Fullerton Housing Authority (“Authority”) seeks service support functions to be performed by the CSU Fullerton Auxiliary Services Corporation (“ASC”); and

WHEREAS, the present Business Services Agreement (“BSA”) for such service support functions by and between the ASC and Authority is scheduled to expire on June 30, 2009; and

WHEREAS, a new BSA has been agreed to between the parties to serve as the framework for such service support functions by and between the ASC and Authority for another three year period ending June 30, 2012; therefore,

BE IT RESOLVED by the Board of Directors of the Corporation as follows:

That the Corporation approves the Business Services Agreement by and between the ASC and the Authority in substantially the form presented; and

That the Corporation’s Executive Director, or his designee, is hereby authorized to execute the approved Business Services Agreement, together with any related implementing instruments; and

That the Corporation’s Executive Director, or his designee, to take all further actions that are necessary or appropriate to implement the Business Services Agreement.

The approval was unanimous.

Prof. Hewitt moved, Mr. Del Fium seconded and motion carried to adopt the following two resolutions together.

I. VENDOR AGREEMENTS

Vendor Agreements

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“Corporation”) has been formed for the purpose of furthering the educational programs of California State University, Fullerton (“University”) as more fully described in the Articles of Incorporation of the Corporation (“Articles of Incorporation”); and

WHEREAS, the Corporation is an auxiliary organization of The California State University governed by California Education Code Sections 89900 et seq. and the administrative regulations of The California State University as set forth in Title 5 of the California Code of Regulations; and

WHEREAS, the Corporation brings benefit to the University by providing or contracting with outside entities for the delivery of certain goods and services to the campus; and

WHEREAS, the following list of vendors have contracts or agreements which are due for renewal by June 30, 2009:

1. Web Laundry Service
2. Busy Bee Franchise Corporation

AND WHEREAS, these contracts and agreements are renewals of existing agreements which will not substantially change in form, content or terms; therefore,

BE IT RESOLVED by the Board of Directors of the Corporation as follows:

That the Corporation's Executive Director, or his designee, is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute the required documentation to renew or amend the above mentioned contracts or agreements.

The approval was unanimous.

J. UNIVERSITY GROUND LEASES

University Ground Leases

WHEREAS, the CSU Fullerton Auxiliary Services Corporation ("Corporation") has been formed for the purpose of furthering the educational programs of California State University, Fullerton ("University") as more fully described in the Articles of Incorporation of the Corporation ("Articles of Incorporation"); and

WHEREAS, the Corporation is an auxiliary organization of The California State University governed by California Education Code Sections 89900 et seq. and the administrative regulations of The California State University as set forth in Title 5 of the California Code of Regulations; and

WHEREAS, the Corporation brings benefit to the University by providing opportunities for external entities to occupy space and offer goods and services to the campus by leasing space from the University and in turn subleasing it to those external entities; and

WHEREAS, the following list of Ground Leases currently in place with the University are due for renewal by June 30, 2009:

1. Satellite Food and Vending
2. Carl's Jr.

AND WHEREAS, these Ground Leases are renewals of existing agreements which will not substantially change in form, content or terms; therefore,

BE IT RESOLVED by the Board of Directors of the Corporation as follows:

That the Corporation's Executive Director, or his designee, is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute the required documentation to renew or amend the above mentioned ground leases.

The approval was unanimous.

K. THE YUM SUBLEASE APPROVAL

Mr. Schlaufman moved, VP Hillman seconded and motion carried to adopt the following resolution.

TSU – Yum Sublease

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC), through its operating agreement with the Trustees of the California State University, is contracted to provide convenience store operations on the CSU Fullerton campus; and

WHEREAS, Titan Student Union (TSU) - 156 (The Yum) is controlled by the Associated Students Inc (ASI) in its capacity as owner and landlord of the TSU; and

WHEREAS, both the ASI and the ASC are desirous of entering into an agreement in which ASC will operate the above named location to provide convenience store services to the campus; therefore

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes the Executive Director or his designee to enter into an agreement, commencing July 1, 2009 until June 30, 2013, in accordance with the terms and conditions of the attached agreement in substantially the form presented

The approval was unanimous.

L. POLICY APPROVAL: TECHNOLOGY USAGE & SECURITY

Mr. Del Fium moved, Prof. Hewitt seconded and motion carried to adopt the following resolution.

Policy Approval: Technology Usage & Security

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation adopts and approves the Technology Usage and Security Policy, which is attached, effective June 11, 2009.

The approval was unanimous.

M. GRANT ACKNOWLEDGEMENT

Dean Murray moved, VP Smith seconded and motion carried to adopt the following resolution.

Grant Approval & Acknowledgement – Recovery WECARE Project

WHEREAS the Board of Directors of the CSU Fullerton Auxiliary Services Corporation (“ASC”) acknowledges the benefits and responsibilities to be shared between the Corporation for National and Community Service/California Volunteers and the ASC in the proposed agreement; and

WHEREAS, the ASC also acknowledges the award of the Recovery–WECARE Project in the amount of \$235,123 and agrees to accept fiduciary responsibility for the grant award; therefore,

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes Executive Director William M. Dickerson or his designee to sign and execute said agreement and all amendments thereto, except to increase the financial liability of said corporation

The approval was unanimous.

IX. PROPOSED 2009-2010 MEETING SCHEDULE

Mr. Dickerson asked that board members review the dates and inform him or Ms. Ehl of any possible conflicts.

X. OTHER BUSINESS

There was no other business.

XI. REMINDERS

Next Executive Committee Meeting: Tuesday 08/04/09 @ 5:00 pm

Next Board of Directors Meeting: Thursday 09/17/09 @ 6:00 pm

XII. ADJOURNMENT

Mr. Bremner adjourned the meeting at 8:20 p.m.

Approved by the Board of Directors, September 17, 2009.

Ronald Rangel, Secretary



EXECUTIVE COMMITTEE MEETING (REGULAR)
ASC CONFERENCE ROOM (CP 250)
MONDAY, AUGUST 3, 2009 · 8:30 AM

Present: Ted Bremner, Bill Dickerson, Bob Hall, Frank Mumford, Barry Pasternack, Ron Rangel.

Excused: Bill Barrett, Pat Carroll, Steve Murray.

Staff: Pearl Cheng, Omar Iftikhar, John Jay, Chuck Kissel, Tony Lynch.

1. CALL TO ORDER

Chair Bremner called the meeting to order at 8:35 a.m.

2. APPROVAL OF MINUTES

Mr. Hall moved, Mr. Rangel seconded and motion carried to approve the minutes of the June 2, 2009 Executive Committee meeting. Prof. Pasternack abstained; all others attending approved.

3. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions' combined activities generated a net income of \$706,000 through May 2009. The ASC is \$191,000 positive for the fiscal year. He further reported that the net income actuals were \$412,000 for Food/Vending; \$1,555,000 for Titan Shops; \$261,000 for Grants and Contracts; and \$608,000 for College Park. Administrative net expenditures were \$1,522,000.

4. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that the Irvine lease was returned from LNR in July prior to expiration -- the University was in the process of drafting the corresponding sublease which was expected any day. Also, within the next 2-3 months, a decision on the future location (if any) for the Irvine campus is expected; At University Gables, 3 of the 8 available homes are in escrow and 3 more are likely to go into contract shortly -- so sales activity by Bob Clark Jr. has been brisk; At Creekside, the 20th home finally closed escrow in late June -- total loss for the Housing Authority is estimated to be approximately \$1.3 million. At University Heights, 19 of the 26 homes available for lease are either occupied or under contract for lease. Decision has been made to shut down Titan Coffee and there is strong interest in reopening in the Library. Preliminary plans have been developed and it is currently being considered by the VP Administration. Space vacated in Titan Shops may well become a self-service yogurt operation. Humanities Plaza has removed the Hot Dog Cart and will likely be replacing the Juice It Up with a newer model that is more acceptable to the health department. Also considering placing a "Shop 24" (convenience store in a

box) there as well. At the same time, Titan Shops has made the decision not to reopen the Hungry Titan Convenience Store in the Residence Halls. AJ's Coffee will soon be replacing its "tent" operation with a kiosk.

5. RESOLUTIONS

A. GRANT ACKNOWLEDGEMENT, WECARE PROJECT

Ms. Cheng reported that the WECARE program was one of a handful of grants administered by the ASC that requires a Board resolution acknowledging the responsibilities of administration.

Mr. Pasternack moved, Mr. Rangel seconded and motion carried to adopt the following resolution.

Grant Approval and Acknowledgement: WECARE Project

WHEREAS the Board of Directors of the CSU Fullerton Auxiliary Services Corporation ("ASC") acknowledges the benefits and responsibilities to be shared between the Corporation for National and Community Service/California Volunteers and the ASC in the proposed agreement; and

WHEREAS, the ASC also acknowledges the continuation award for the WECARE Project in support of the 2009-10 program year; therefore,

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes Executive Director William M. Dickerson or his designee to sign and execute said agreement and all amendments thereto, except to increase the financial liability of said corporation.

The approval was unanimous.

B. TOGO'S FRANCHISE APPROVAL

Mr. Lynch reported that the franchise fee was renegotiated at 50% because it is our second operation on campus -- about to open in Nutwood Café.

Mr. Pasternack moved to approve the following resolution, Mr. Hall seconded and motion carried.

Togo's Franchise Approval

WHEREAS, since August 1992, the CSU Fullerton Auxiliary Services Corporation ("ASC") has been operating a Togo's Eateries franchise ("Togo's") on the CSUF campus; and

WHEREAS, Togo's continues to be one of the most successful components of the CSUF Dining Services; and

WHEREAS, the ASC wishes to operate a second Togo's location at College Park's Nutwood Café; and

WHEREAS, Togo's has offered the ASC a second franchise on similar terms to the ASC's existing franchise agreement; therefore

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes the Executive Director to enter into the attached Togo's Franchise Agreement and Addendum in substantially the form presented.

The approval was unanimous.

6. REPORTS

A. CO COMPLIANCE AUDIT

Mr. Mumford reported that the tri-annual audit from the Chancellor's Office was recently completed with a number of insignificant findings -- some of which will be addressed at the University. The major finding had to do with approximately 100 accounts administered by ASC which could also be administered by the University. Approximately 30 of these accounts have already been moved but a few more may be necessary. Final draft report is due next week and we will then have 60 days to respond.

B. GOALS & OBJECTIVES 2009-10

Mr. Dickerson said that these are the goals for the current 2009-10 year. Also attached are the goals and objectives for 2008-09; many of which were completed and a few that have been carried-over to the present year. At a quick glance, Mr. Pasternack recommended removal of the word "aggressively" from # 13.

C. ELKS SETTLEMENT DISCUSSION

Mr. Jay gave a privileged report.

D. CSUF FURLOUGHS – POSSIBLE IMPACT ON ASC EMPLOYEES

Mr. Dickerson reported that the CSU had decided to institute furloughs and a 10% pay cut for most University employees beginning August 1st. He then distributed a letter from Vice Chancellors Quillian and Brooks essentially stating that such furloughs would be inappropriate for Auxiliary employees for a variety of reasons. At Cal State Fullerton, the furloughs will be scheduled using a combination of "full closures" and "reduced services" days; on the latter, scheduled classes are expected to be held as usual though most other university employees will not be on campus. Mr. Dickerson went on to illustrate some of the other reasons why forcing ASC employees to furlough would be even more injurious to those affected employees and indicated that AVP Barrett supported this decision and hoped to have the support of VP Hagan when he returns to campus tomorrow. Prof. Pasternack felt that it would be a mistake for ASC not to participate in the furloughs though he was not anxious to see ASC employees receive a pay cut. Mr. Dickerson responded that the underlying problem was probably more related to the fact that there were classes scheduled on many of the furlough days and that ASC maintains some degree of responsibility to provide services to those who will be on campus. However, there is little doubt that overall services will be reduced significantly on reduced services days.

E. RETREAT ALTERNATIVES

Mr. Dickerson reported that the opposition to returning to UCLA Conference Center this year was unanimous. Mr. Pasternack suggested that public perception was paramount and that, if we have a retreat, that it be on campus. As for day of the week, it was felt that a Friday would be good -- perhaps in the Senate Chambers starting reasonably early in the morning and ending w/ a nice dinner at the end of the day. A determination as to the best day will be made shortly.

7. OTHER BUSINESS

There was no other business.

8. ANNOUNCEMENTS

EXECUTIVE COMMITTEE MTG: TUESDAY 09/01/09 @ 4:00 P.M.

BOARD MEETING: THURSDAY 09/17/09 @ 6:00 P.M.

9. ADJOURNMENT

Mr. Bremner adjourned the meeting at 10:05 a.m.

Approved by the Executive Committee, September 1, 2009.

Robert C. Hall, Secretary



EXECUTIVE COMMITTEE MEETING (SPECIAL)
CONFERENCE CALL
THURSDAY, AUGUST 13, 2009 · 9:00 AM

Present: Bill Barrett, Ted Bremner, Pat Carroll, Bill Dickerson, Bob Hall, Frank Mumford, Barry Pasternack.

Excused: Steve Murray, Ron Rangel.

Staff/Guests: Ann Ehl, John Jay, Mike Wolder.

1. CALL TO ORDER

Chair Bremner called the meeting to order at 9:00 a.m.

2. APPROVAL TO USE LINE OF CREDIT FOR ELKS SETTLEMENT

Mr. Dickerson reported that two items will be discussed today; the first is CSU Fullerton Housing Authority's (CSUFHA) use of the ASC's line of credit to offer the Elks a settlement. One of the conditions the ASC Board of Directors established for the CSUFHA's credit line was that each use required ASC approval. The CSUFHA Board met last week (08/10/09) giving their attorney Mike Wolder authorization to offer the Elks (through their attorney Pat Hartnett) \$100,000 in addition to what has already been offered (\$75,000 in legal fees). Mr. Wolder reported back that Mr. Hartnett is out of the state until next Friday and expected to be back in the office on Monday. Mr. Carroll added that any reasonable dialog and resolution CSUFHA can get with the Elks should be pursued. Mr. Mumford noted that the current line of credit is in the \$400,000 range; it had been at \$800,000 at one point, but has been paid down to its current level.

Prof Pasternack asked whether CSUFHA has \$100,000 of its own monies to pay the settlement; Mr. Jay replied that it has \$150,000 from insurance. Prof. Pasternack asked if the Elks indeed settle for \$100,000, whether the insurance would cover it; Mr. Jay responded that CSUFHA does not realistically anticipate settling for \$100,000. Mr. Carroll added that CSUFHA was under contractual agreement with the Elks; that the Elks have rights against us and can directly pursue the corrections from Valeo, but CSUFHA is the easier target. Prof. Pasternack noted that we don't really have an option; Mr. Carroll clarified that if the ASC denies this line of credit, CSUFHA will not be able to settle. Additionally, this means that a fixed amount would be paid in a given timeframe, complicating negotiations for both sides. Mr. Bremner asked whether the Elks were informed that CSUFHA had no funds; Mr. Dickerson said that they were.

Prof. Pasternack asked that if the Elks go to trial and win \$3M, whether they could go after the University Gables (UG) property; Mr. Jay said yes. Mr. Carroll added that UG is a

very complicated transaction with many restrictions; that the Elks could step in, but would not be able to foreclose on the property like a lender would.

Mr. Bremner asked what ASC's liability would be if it had the first position on the University Heights (UH); Mr. Jay said that the ASC as the secured lender could put a lien on the entire property. Mr. Bremner asked whether that would make the ASC liable (if a lawsuit were pursued by the Elks and judged in their favor); Mr. Jay said potentially. Prof. Pasternack asked why the ASC be liable as the lienholder; Mr. Jay said that holding interest in the property makes ASC liable.

Mr. Dickerson said that the ASC has \$14.3M in outstanding loans on behalf of CSUFHA, with 26 homes each worth \$500,000 to secure those loans. He believes that the action proposed by Mr. Jay, to record the property as recommended in the resolution, makes sense since the ASC secured CSUFHA's loan. Prof. Pasternack noted that his only concern was that it would open ASC up to potential liability, in which case he would not support the resolution. Mr. Carroll noted that everything we undertake has certain risks, and the risk of leaving those homes without security will allow the Elks to go after the homes. Being a lien holder is a very small risk; the bigger risk is being named in a lawsuit.

Mr. Carroll recommended that the ASC approve the line of credit in an amount "not to exceed \$250,000 or \$300,000" which would provide enough leeway to settle the case; Mr. Bremner recommended using \$250,000. **With that, Mr. Bremner moved, Prof. Pasternack seconded and motion carried to approve the CSU Fullerton Housing Authority's use of the ASC's line of credit to offer a settlement to the Elks for an amount not to exceed \$250,000. The approval was unanimous; there were no abstentions.**

3. RESOLUTION: APPROVAL TO SECURE ASC LOAN TO HOUSING AUTHORITY

Mr. Jay said that the second item of discussion was whether this action be limited to UH or include both UH and UG. **Prof. Pasternack moved to accept the resolution amended to secure UH only; Mr. Hall seconded and motion carried to approve. The approval was unanimous; there were no abstentions.**

Mr. Carroll recommended to Mr. Jay that the ASC consider getting a blanket lien on all CSUFHA assets; Mr. Jay said that the ASC will take the deed of trust on UH for now. Mr. Carroll suggested that deeds of trust on anything CSUFHA owns should be held by the ASC.

Approval to Secure ASC Loan to Housing Authority

WHEREAS, the CSU Fullerton Auxiliary Services Corporation ("ASC"), loaned the CSU Fullerton Housing Authority ("Housing Authority") fourteen million three hundred thousand dollars (\$14,300,000.00) ("Loan") in order to allow the Housing Authority to take out its construction loan with Citibank; and

WHEREAS, the increasingly difficult economic conditions facing our state and the downturn of housing market in general have placed the Housing Authority in a less than ideal financial condition; and

WHEREAS, the ASC Loan to the Housing Authority is currently unsecured; and

WHEREAS, the ASC believes it would be prudent to secure the ASC Loan to the Housing Authority by obtaining a security interest in the real property assets at University Heights of the Housing Authority; and

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE CSU FULLERTON AUXILIARY SERVICES CORPORATION DOES RESOLVE AS FOLLOWS.

Section 1. The ASC Board of Directors hereby directs its Executive Director or his designee to obtain a security interest in favor of the ASC against real property held by the Housing Authority at University Heights.

Section 2. The Board of Directors hereby authorizes and directs its Executive Director and officers or any of them to take all actions necessary to implement the foregoing resolutions, including, without limitation, the executing loan documentation with the Housing Authority on the aforesaid terms.

4. ADJOURNMENT

Mr. Bremner adjourned the meeting at 9:30 a.m.

Approved by the Executive Committee, September 1, 2009.

Robert C. Hall, Secretary



EXECUTIVE COMMITTEE MEETING (REGULAR)
ASC CONFERENCE ROOM (CP 250)
SEPTEMBER 1, 2009 · 4:00 PM

Present: Bill Barrett, Ted Bremner, Pat Carroll, Bill Dickerson, Frank Mumford, Steve Murray.

Excused: Bob Hall, Barry Pasternack, Ron Rangel

Staff: Pearl Cheng, Ann Ehl, Omar Iftikhar, Tony Lynch, Peter Poon.

1. CALL TO ORDER

Chair Bremner called the meeting to order at 4:15 p.m.

2. APPROVAL OF MINUTES

A. AUGUST 3, 2009 REGULAR MEETING

Mr. Barrett moved, Dean Murray seconded and motion carried to approve the minutes of the August 3, 2009 Executive Committee meeting.

B. AUGUST 13, 2009 SPECIAL MEETING

Mr. Barrett moved, Dean Murray seconded and motion carried to approve the minutes of the August 13, 2009 Special Executive Committee meeting.

3. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts and Administrative divisions' combined activities generated a net income of \$842,000 through June 30, 2009. The ASC is \$463,000 positive for the fiscal year. He further reported that the net income actuals are \$1,535,000 for Titan Shops; \$310,000 for Food/Vending; \$261,000 for Grants and Contracts; and \$662,000 for College Park. Administrative net expenditures were \$1,264,000.

4. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that Lennar has extended the University's lease until August 2010, which will be the final extension. At University Gables, we have gone from a high of eight homes available to three after brisk sales by Bob Clark. At University Heights, the 22nd home will be leased this week, leaving four homes now available. Titan Coffee which has operated out of the Bookstore for many years is looking to move to the library. Meetings continue as this move is being considered. At the Humanities Plaza, Campus Dining is working to include an enhanced Juice It Up location in an enclosed mobile trailer, replace AJ's coffee tent with a kiosk, and possibly add a Shop-24 also at the location. Shop-24 is a computerized and refrigerated convenience store that can vend couple hundred items. Lastly, the 10th floor of College Park is once again being considered as possible use by the President's Office.

5. REPORTS

A. FINANCIAL AUDIT

Mr. Mumford introduced auditor Patrick Guzman, CPA. Mr. Guzman reported that the final review will be completed tomorrow. The audit was an unqualified (clean) review. The governance committee and board letters explain the audit process and estimates. Disclosures relate to bonds and capital. The single audit is not yet drafted, but was also unqualified with no deficiencies or material weaknesses. A management letter will not be issued, since there was nothing found. However, there were other audit finding issues such as allocations and post retirement health benefits.

B. PROPOSED CHANGES TO BYLAWS

Mr. Dickerson reported that attorney John Jay is working on the Bylaws as a result of a Chancellors Office compliance audit. Bylaws are currently state that “there shall be eight community members”; the ASC has had two vacancies over the last few years. Mr. Jay will change the wording so that community membership “shall be up to eight” and will make a recommendation to the full Board on 09/17/09. Dean Murray asked about “a minimum of x and not to exceed y”. Prof. Pasternack clarified that the Trustees specify certain language.

C. G&O 2009-2010

Mr. Dickerson asked members to review the work in progress. Since it is not uncommon to add to the list early in the year, changes and suggestions will be considered.

D. ELKS SETTLEMENT DISCUSSION

Mr. Dickerson gave a brief update regarding the Elks litigation.

6. OTHER BUSINESS

There was no other business.

7. ANNOUNCEMENTS

Board Meeting: Thursday 09/17/09 @ 6:00 pm

Executive Committee Meeting: Tuesday 10/06/09 @ 4:00 pm

8. ADJOURNMENT

Mr. Bremner adjourned the meeting at 5:25 p.m.

Approved by the Executive Committee, October 6, 2009.

Robert C. Hall, Secretary



BOARD OF DIRECTORS MEETING – REGULAR
TITAN SHOPS CONFERENCE ROOM (SENATE CHAMBERS)
SEPTEMBER 17, 2009
7:00 – 9:00 PM

Present: Ted Bremner, Pat Carroll, Raul Davis, Bill Dickerson, Milton Gordon, Diana Guerin, Bob Hall, Scott Hewitt, Pam Hillman, Joseph Lopez, William Meyer, Frank Mumford, Steve Murray, Robert Palmer, Barry Pasternack, Linda Patton, Henoc Preciado, Ron Rangel, Juli Santos, Ephraim Smith.

Excused: Gary Del Fium, Zeke Luna.

Guests/Staff: Pearl Cheng, Ann Ehl, Patrick Guzman, John Jay, Tony Lynch, Peter Poon.

I. CALL TO ORDER

Chair Bremner called the meeting to order at 7:13 p.m.

II. APPROVAL OF MINUTES

Mr. Hall moved, Dean Murray seconded and motion carried to approve the minutes of the 06/11/09 Board of Directors meeting.

III. TREASURER'S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions combined activities generated **(\$202,000)** in net income through July 2009; \$15,000 below budget for the fiscal year. The financial summary showed the net income actuals of **(\$80,000)** for Titan Shops; **(\$38,000)** for Food & Vending; \$64,000 for Grants & Contracts; and \$146,000 for College Park.

IV. PRESIDENT'S REPORT

Dr. Gordon thanked everyone for their continued support through this tough budget year. All of our employees for the first time in the state of California are on furloughs and this will be an incredibly difficult year. He, John Lynn (HR) and Willie Hagan did a television taping this afternoon addressing this and he will be as visible as he can to the campus community as he communicates what is expected in the next two years to reduce enrollment. Each year 50,000 applications are received; for the first time, enrollment will be brought down while the goal still is to serve as many students as State of California can afford. He congratulated everyone on working together, which has always been a mark of CSUF.

Recently, Pres Gordon met with Linda Hawkins of Winkleman Realty over lunch with Bill Dickerson. They believe that she would fill the real estate experience niche previously occupied by Bob Clark. President Gordon nominated her to the Board.

V. GRANTS & CONTRACTS REPORT

Ms. Patton reported that CSUF met the \$20M threshold and, with the building momentum, \$25M will be the goal for next year. \$17.1M was brought in last year. Today, they had an all-day Sponsored Programs/Grants & Contracts office retreat. The Office of Grants & Contracts (OGC) has had a two year vacancy in a coordinator position which will now be filled. OGC, with Human Development/Community Service, will share a position for a three year pilot project.

Dean Murray asked for details on how much the campus has received in stimulus funds. Ms. Patton replied that quarterly reports will be necessary for stimulus funded projects; otherwise, monies will be withdrawn as necessary.

VI. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that final sublease for IRVC was finalized a few weeks ago; Mr. Carroll added that this will likely be the last lease with LNR. Mr. Dickerson reported that only six homes were leased at University Heights at the time we met in June, but thanks to the successful efforts of Bob Clark Jr., 22 are now occupied and a 23rd has been leased leaving only three vacant homes. Discussions continue regarding relocating Titan Coffee from the second floor of Titan Shops to the Library. Plans are underway to install a Shop24 in the Humanities Plaza and to replace the Juice-It-Up with a new operation. There is also a provisional patent underway for Prof. Marcelo Tolmasky; two others, Profs. Zhuangjie Li and Fuming Tao, may also have patentable items in the near future.

Dean Murray added that there have been changes at Tucker Wildlife in the last few years. On 09/26/09, a new amphitheater will be dedicated to which the Board is invited. Funds and construction have been provided by various outside sources. There has been good community turnout and support for the amphitheater. Tucker has also seen increased traffic with the K-12 community, with private schools increasing in attendance. He commended Director Karon Cornell who has brought creativity and energy to Tucker.

Dean Murray noted that the current patent policy he co-authored is old and that the current UPS policy ineffective. He also revealed that University of California faculty have to sign over their patentable rights and that the CSU should consider doing the same since it is common practice and part of the university infrastructure.

VII. RATIFICATIONS

Prof. Pasternack moved, Dean Murray seconded and motion carried to ratify the following three action items.

A. GRANT ACKNOWLEDGEMENT, WECARE PROJECT

WHEREAS the Board of Directors of the CSU Fullerton Auxiliary Services Corporation ("ASC") acknowledges the benefits and responsibilities to be shared between the Corporation for National and Community Service/California Volunteers and the ASC in the proposed agreement; and

WHEREAS, the ASC also acknowledges the continuation award for the WECARE Project in support of the 2009-10 program year; therefore,

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes Executive Director William M. Dickerson or his designee to sign and execute said agreement and all amendments thereto, except to increase the financial liability of said corporation.

B. TOGO'S FRANCHISE APPROVAL

WHEREAS, since August 1992, the CSU Fullerton Auxiliary Services Corporation ("ASC") has been operating a Togo's Eateries franchise ("Togo's") on the CSUF campus; and

WHEREAS, Togo's continues to be one of the most successful components of the CSUF Dining Services; and

WHEREAS, the ASC wishes to operate a second Togo's location at College Park's Nutwood Café; and

WHEREAS, Togo's has offered the ASC a second franchise on similar terms to the ASC's existing franchise agreement; therefore

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes the Executive Director to enter into the attached Togo's Franchise Agreement and Addendum in substantially the form presented.

C. SECURE ASC LOAN TO HOUSING AUTHORITY

WHEREAS, the CSU Fullerton Auxiliary Services Corporation ("ASC"), loaned the CSU Fullerton Housing Authority ("Housing Authority") fourteen million three hundred thousand dollars (\$14,300,000.00) ("Loan") in order to allow the Housing Authority to take out its construction loan with Citibank; and

WHEREAS, the increasingly difficult economic conditions facing our state and the downturn of housing market in general have placed the Housing Authority in a less than ideal financial condition; and

WHEREAS, the ASC Loan to the Housing Authority is currently unsecured; and

WHEREAS, the ASC believes it would be prudent to secure the ASC Loan to the Housing Authority by obtaining a security interest in the real property assets at University Heights of the Housing Authority; and

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE CSU FULLERTON AUXILIARY SERVICES CORPORATION DOES RESOLVE AS FOLLOWS:

Section 1. The ASC Board of Directors hereby directs its Executive Director or his designee to obtain a security interest in favor of the ASC against all real property held by the Housing Authority at University Heights.

Section 2. The Board of Directors hereby authorizes and directs its Executive Director and officers or any of them to take all actions necessary to implement the

foregoing resolutions, including, without limitation, the executing loan documentation with the Housing Authority on the aforesaid terms.

Approval was unanimous.

VIII. RESOLUTIONS

A. AUDIT ACCEPTANCE

Mr. Mumford introduced auditor Patrick Guzman, CPA. Mr. Guzman reported that the audit was an unqualified report. The main difference on the balance sheet from previous year is that investments are down \$1M; inventory is up \$1M; and due from affiliates (housing loan) is up \$14M in both assets and liability. Working capital is in good shape: with \$10.8M last year, and slightly over \$11M this year. On the income statement, last year was \$1M, with the ASC showing a \$400k loss this year.

Mr. Guzman also issued a report on the single audit, which was also unqualified with no material weaknesses. The ASC is a low risk auditee. A letter to management was issued discussing control deficiencies.

Prof. Pasternack asked if Mr. Guzman could expand on the University Extended Education (UEE) revenues. Mr. Guzman directed the Board to page four, where last year UEE had \$5M and \$4.2M this year. Mr. Dickerson said that in the late 1990s, it was unclear whether UEE was part of the University or Other Programs. At that time, it was clarified that credit courses are University Programs and noncredit courses were Auxiliary/ASC Programs. As of several years ago, the smallest portion of that program is now recorded thru ASC's assets and liabilities.

Mr. Rangel moved, Mr. Hall seconded and motion carried to adopt the following resolution.

Acceptance of 2008-09 ASC Audit

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC) operates on a fiscal year beginning July 1 and ending June 30; and

WHEREAS, the ASC entered into a two year contract last year with the accounting firm of Guzman & Gray CPAs to conduct an audit for the fiscal year ended June 30, 2009; and

WHEREAS, Guzman & Gray CPAs certified various other audit reports required by the CSU and the federal government; therefore

BE IT RESOLVED, that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation accepts Guzman & Gray's audit reports of the CSU Fullerton Auxiliary Services Corporation for the fiscal year ended June 30, 2009.

The approval was unanimous.

B. RESOLUTION

Ms. Hillman moved, Mr. Rangel seconded and motion carried to adopt the following resolution.

Mr. Mumford reported that this is a result of a CSU audit finding that addressed vacancies on our Board. This resolution makes changes to the Articles which would bring us into compliance while giving us flexibility on the number of Board members.

Approval to Amend and Restate the Articles of Incorporation

WHEREAS, the number of directors serving on the board of CSU Fullerton Auxiliary Services Corporation has fluctuated from time to time; and

WHEREAS, the Corporation's Articles of Incorporation call for a set number of directors and at times due to resignations or retirements, the Corporation had fewer directors than called for by the Articles of Incorporation; and

WHEREAS, the Board believes it would be beneficial to allow for greater flexibility by providing that the Board have not less than fifteen or more than twenty-five directors, rather than a set number; and

WHEREAS, the proposed amended and restated Articles of Incorporation accomplishes this goal; therefore,

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves amending the Articles of Incorporation through the filing of the Amended and Restated Articles of Incorporation.

The approval was unanimous.

IX. REPORTS

A. UNIVERSITY CONTRIBUTIONS

Mr. Dickerson said that these are monies that have come thru the ASC. This year the ASC is at \$1.7M, whereas last year we were at \$1.9M. \$319K in IDC was returned to the University, while \$195K is ASC's direct funding in support of OGC staff and their travel. We also cover CDR's (Center for Demographic Research) rent at 50%. Campus Dining shares its revenue with various campus entities; for example, 50% of its net operations at TSU goes back to the TSU. Pepsi provides \$225 each year which is divided among Athletics, Advancement and the University.

Prof. Pasternack suggested that the ASC consider how much time we spend on University projects like the Housing Authority; Mr. Dickerson replied that this report reflects actual cash and not time.

Dean Murray added that most universities return unused IDCs (indirect cost) back to the PI (principal investigator) or dean to stimulate grant writing.

- Mr. Davis asked that with catering now open to outside vendors, how much off-campus caterers have made? Mr. Dickerson responded that it was difficult to determine an actual number, but that it was substantial.
- B. PROPOSED COMMUNITY MEMBER: MS. LINDA HAWKINS
This item was discussed under agenda item IV/President's Report. There was general concurrence by the Board that Ms. Hawkins would be a welcome addition to the Board.
- C. BYLAWS
Mr. Jay reported that the changes to the Bylaws reflect the same changes made to the Articles of Incorporation. We will not vote on this at this meeting, but at the next Board meeting to comply with legal requirements.
- D. LEGAL UPDATE
Mr. Jay gave a privileged legal update.
- E. GOALS & OBJECTIVES, 2008-09
Mr. Dickerson reported that the enclosed report provides the year-end report for the 2008-09 year and the list of goals for the current year is also provided.
- X. OTHER BUSINESS
- A. 2009-10 BOARD MEETING SCHEDULE
Mr. Bremner asked that Board members review the enclosed schedule and notify Mr. Dickerson of possible meeting conflicts.
- B. CONFLICT OF INTEREST STATEMENTS
Mr. Bremner asked Board members sign the enclosed statement and return them to Ms. Ehl.
- XI. ANNOUNCEMENTS
The next Board meeting is scheduled for Thursday, December 10, 2009.
- XII. ADJOURNMENT
Mr. Bremner adjourned the meeting at 8:45 p.m.

Approved by the Board of Directors, December 10, 2009.

Robert C. Hall, Secretary



EXECUTIVE COMMITTEE MEETING (REGULAR)
ASC CONFERENCE ROOM (CP 250)
OCTOBER 6, 2009 · 4:00 PM

Present: Bill Barrett, Pat Carroll, Bill Dickerson, Bob Hall, Frank Mumford, Barry Pasternack, Ron Rangel.

Excused: Ted Bremner, Steve Murray.

Staff: Pearl Cheng, Ann Ehl, John Jay, Tony Lynch, Peter Poon.

1. CALL TO ORDER
Vice-chair Rangel called the meeting to order at 4:05 p.m.
2. APPROVAL OF MINUTES
Prof. Pasternack moved, Mr. Hall seconded and motion carried to approve the minutes of the September 1, 2009 Executive Committee meeting. Prof. Pasternack and Mr. Rangel abstained; the remaining members approved.
3. TREASURER'S REPORT
Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions' combined activities generated a net income of \$563,000 through August 2009. The ASC is \$141,000 below budget for the fiscal year. He further reported that the net income actuals are \$893,000 for Titan Shops; (\$64,000) for Food/Vending; \$74,000 for Grants and Contracts; and \$213,000 for College Park. Administrative net expenditures were \$339,000, a negative budget variance of \$21,000.
4. EXECUTIVE DIRECTOR'S REPORT
Mr. Dickerson reported that a task force has been formed and chaired by Bill Barrett to determine a new location for the Irvine Campus (IRVC). To further this, ASC entered into a contract on behalf of the university with CB Richard Ellis. At University Gables, we have one last home for sale. An email distributed to the campus community resulted in a half-dozen seriously interested parties. At University Heights, 23 of the 26 homes are now leased, with the 24th home expected to be leased by the end of this week. Lastly, the campus police building funded by State Revenue Bonds is now opened and has been operating as of last week. The Grand Opening ceremony will be held Thursday 10/08/09. Total cost of the building is approximately \$6M and came in under budget.
5. RESOLUTIONS
Prof. Pasternack moved, Mr. Hall seconded and motion carried to adopt the following three recurring fiscal resolutions.

A. FISCAL ACCOUNT AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford or Vice President for Administration & Finance Willie J. Hagan, or any one of them acting individually, are hereby authorized to open the necessary accounts on behalf of the CSU Fullerton Auxiliary Services Corporation (ASC) with financial institutions for the purposes of (1) investing ASC funds; (2) transferring funds from one financial institution to another; and (3) opening accounts with financial institutions, in order to effect banking relationships.

B. SALE OF STOCK AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford, or Vice President for Administration & Finance Willie J. Hagan are hereby authorized to sell, assign and endorse for transfer, certificates representing stocks, bonds or other securities now registered or hereafter registered in the name of this Corporation, when any two of the named act together or any one of the named acts upon approval from the Executive Committee.

C. WIRE TRANSFER AUTHORIZATION

RESOLVED, that Executive Director William M. Dickerson, Treasurer Frank A. Mumford or Vice President for Administration & Finance Willie J. Hagan, or any one of them acting individually, are hereby authorized to enter into agreement with Citizens Business Bank, Wells Fargo Bank, Local Agency Investment Fund or The Common Fund for the transfer of funds from the account or accounts of this Corporation by wire, as shall be mutually agreeable, and, to appoint persons who shall be authorized to order such transfers, in accordance with such agreements or to otherwise act in accordance with such agreement. The authority conferred herein shall continue in full force and effect until written notice of its revocation shall be received by said Banks.

The approval was unanimous.

6. REPORTS

A. TITAN SHOPS

Associate Director Peter Poon reported that sales for this semester were down 10.6% over the previous year and that rental income was down by \$19,218 due to the loss of two key rentals. The two titles that were not renewed were Math 30B/40, which had 445 rental units last year and BUAD 301, which had 335 rental units; these two had \$27,261 in rental income. Also noticed was that sales were steady in July and August, but had slowed for September.

On a good note, Titan Shops received a two-year grant from the US Department of Education for \$300,000 to expand efforts of the current rental program. And Titan Tech is working closely with the chemistry department and software vendor Schrodinger to provide student access of their software at home. Titan Shops is working with Schrodinger to determine a subscription cost for student licensing.

B. CAMPUS DINING

Mr. Lynch reported that the Nutwood Cafe Togos opened well and is working to increase sales. The other new venue “The Cup” in the TSU Food Court opened to good reviews. He is working with campus design and construction (D&C) on the Humanities plaza to add Shop-24 and a new Juice it Up trailer. Titan Coffee at the bookstore has closed and may move to the library. Lastly, marketing efforts on social media are being used to increase sales.

C. LEGAL UPDATE

John Jay gave a privileged update on the Valeo litigation and ongoing discussions w/ the Elks intended to avoid litigation.

7. OTHER BUSINESS/RETREAT DISCUSSION

Mr. Rangel suggested 9:00 am as a start time to make it easier for those travelling from south OC. A half hour working lunch was suggested, followed by a tour of the new Police Building with the afternoon portion of the meeting reconvening at 1:30 pm and concluding by 4:30 pm. Executive Committee members also indicated a preference for ending early, without dinner.

The following members suggested the respective items for discussion:

Barry Pasternack: first quarter financials, discussion on reserves, other business opportunities, implications of AB 518.

Bill Barrett: update on gifts v grants committee recommendations, IRVC, University Needs, structure of the Housing Authority entity.

Ron Rangel: revenues collected on UH leasing v sales.

Others topics mentioned include revenue enhancement, succession planning, and Hope University expansion. A couple members asked that this Retreat be titled “Day without Dinner.”

8. ANNOUNCEMENTS

There were no announcements.

9. ADJOURNMENT

Vice-chair Rangel adjourned the meeting at 5:30 pm.

Approved by the Executive Committee, December 1, 2009.

Robert C. Hall, Secretary



BOARD OF DIRECTORS MEETING – **ANNUAL**
 TITAN SHOPS CONFERENCE ROOM (SENATE CHAMBERS)
 DECEMBER 10, 2009
 7:00 – 9:00 PM

Present: Bill Barrett, Pat Carroll, Gary Del Fium, Bill Dickerson, Bob Hall, Linda Hawkins, Pam Hillman, Joseph Lopez, Zeke Luna, William Meyer, Frank Mumford, Steve Murray, Linda Patton, Henoc Preciado, Ron Rangel, Juli Santos, Ephraim Smith.

Excused: Ted Bremner, Raul Davis, Milton Gordon, Diana Guerin, Willie Hagan, Scott Hewitt, Robert Palmer, Barry Pasternack,

Guests/Staff: Pearl Cheng, Ann Ehl, Omar Iftikhar, John Jay, Chuck Kissel, Tony Lynch, Tariq Marji.

I. CALL TO ORDER

Vice-Chair Rangel called the meeting to order at 7:30 p.m.

II. APPROVAL OF MINUTES

VP Hillman moved, VP Smith seconded and motion carried to approve the minutes of the 09/17/09 Board of Directors meeting.

III. ELECTIONS

VP Smith moved, Mr. DelFium seconded and motion carried to approve Ted Bremner and Bob Hall for another three-year term to the Board of Directors. Approval was unanimous.

Dean Murray moved, Mr. Luna seconded and motion carried to approve the following slate of officers for the 2010 year. Approval was unanimous.

Chair:	Ted Bremner
Vice-Chair:	Ron Rangel
Secretary:	Bob Hall
Treasurer/Asst Secy:	Frank Mumford
Executive Director:	Bill Dickerson

Mr. Carroll moved, Mr. Hall seconded and motion carried to approve Barry Pasternack and Steve Murray to serve on the Executive Committee for one-year terms ending 12/31/10.

IV. TREASURER’S REPORT

Mr. Mumford reported that the Bookstore, Food & Vending, Grants/Contracts, Other Commercial Operations and Administrative divisions’ combined activities generated a net income of \$243,000 through October 2009. The ASC is \$360,000 below budget for the

fiscal year. The financial summary showed the net income actuals of \$727,000 for Titan Shops; \$73,000 for Food/Vending; \$85,000 for Grants and Contracts; and \$407,000 for College Park.

V. PRESIDENT'S REPORT

Mr. Carroll reported for President Gordon that the President was thankful for everyone's continued service to the board and the university, particularly in these trying fiscal times. Approximately 56,000 applications were received for the next academic year; comparatively some 42,000 applications were received the previous year. Due to budget cuts, smaller number of applicants will be accepted than the previous year.

VI. GRANTS & CONTRACTS REPORT

Ms. Patton reported that G&C procurement has increased, with \$10.4M last year and \$17.1M this year. With respect to ARRA, 25 proposals were submitted to date, of which eight were awarded; these are a part of the \$17.1M received this year. Like UA, OGC will try to have development officers for each school.

On earmarks, we have funding for the Vietnamese Language Program (\$350,000) and second year funding for the CATALYST Math/Science initiative (\$300,000). Additionally, we expect action on the \$1.6M continuation funding for the Prader-Willi Syndrome research project. OGC is moving toward electronic submissions.

Dean Murray added that he would like to see a different accounting of awards; specifying that to really have a fair understanding, we need to see how many have proposals go out and which of those have been funded. Ideally, both types of information should be provided. Also, earlier today, he received a call from an Associate Vice Chancellor that CSUF has received a stem cell research award. This is a possible \$1.2M, three-year program with internships with other universities that will create a conglomerate of stem cell research universities. Dr Nilay Patel is the lead on this.

VII. EXECUTIVE DIRECTOR'S REPORT

Mr. Dickerson reported that we now have another one year extension at the Irvine Campus that will terminate in August 2010. On an interesting follow up from a couple years ago, we passed an action to refinance CP bonds for which the Board of Trustees were prepared to provide financing. The CO informed us that the timing appears good now and that we will likely refinance before the March Board meeting. This is projected to result in a \$1.2M savings (\$50k/year).

As for University Gables (UG), the last two homes for sale are in escrow; 11 homes were resold in 2009, with 40 homes resold since inception. University Heights (UH) had the misfortune of being completed in October 2006, with home prices quickly declining in the following month. To provide cash flow, the Housing Authority took the alternative approach of leasing; the rental income is used for construction loan payments.

A patent proposal submitted this summer received provisional patent. These individuals identified a flaw in a process being sold by a company and found a solution in which the original company may be interested. Dean Murray added that since we're likely to see

more patent activity, we need a policy similar to the UC system where the University owns the work that their faculty produce. This is not so much an ASC issue, but a university issue.

Titan Shops was awarded a \$300K grant from the US Department of Education; it is the first university in the country with over 10,000 students to operate a rental program. This model is now being used at hundreds of campuses nationwide; as a leader in this arena, we were awarded this grant. This award provides a good chance that we will have up to 12,000 students rent books. Mr. Carroll asked how much a student saves on one rental; Mr. Kissel replied that a typical new book costing \$100 rents for \$35.

Mr. DelFium asked whether we aggressively pursue other locations for the Irvine Campus. Mr. Carroll replied that there has been an aggressive effort to find a new location, with VP Hillman adding that the Chancellor visited last year to help but said that the only way the CSU would consider new space was free land. Mr. Rangel noted that a lot of tenant improvement money was spent on the current location; Mr. Carroll added that parking requirement is an issue as well. Mr. Barrett said that the current thinking is that the commercial property market will become worse which will be good for the university.

VIII. RESOLUTIONS

Mr. Del Fium moved, VP Smith seconded and motion carried to adopt the following three recurring fiscal resolutions together.

A. FISCAL ACCOUNT AUTHORIZATION

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shall be authorized to order such transfers, in accordance with such agreements or to otherwise act in accordance with such agreement. The authority conferred herein shall continue in full force and effect until written notice of its revocation shall be received by said Banks.

The approval was unanimous.

D. SHOP24 PURCHASE

Mr. Mumford said that we just received approval from PAB to pursue the Humanities Plaza project. Phase 1 (spring 2010 semester) entails a replacement of the Juice-It-Up (JIU) trailer; Phase 2 (fall 2010 semester) will be the Ziing yogurt operation. This location will be a major gateway onto campus once the new dorm and parking structure are built. JIU is scheduled to be ready early spring. Shop24, a giant vending machine similar to autobots, is used commonly in Europe as an automated 24-hour convenience store (c-store). All other Shop24s have been stand-alones; this will be their first site to be combined with other commercial operations. This will be run by Titan Shops via their c-store and use their existing stock.

Mr. Carroll asked if this is just a purchase of the machine; Mr. Mumford clarified that this is a license agreement. Mr. Carroll asked whether discussion took place regarding the items to be sold from the machine; Mr. Mumford replied that we'll use our campus c-store experience and stock.

VP Smith moved, VP Hillman seconded and motion carried to adopt the following resolution.

Shop24 Automated Convenience Store Purchase

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (“Corporation”) was formed for the purpose of furthering the educational programs of California State University, Fullerton (“University”) as more fully described in the Corporation’s Articles of Incorporation (“Articles of Incorporation”); and

WHEREAS, the Corporation is an auxiliary organization of The California State University governed by California Education Code Sections 89900 *et seq* and the administrative regulations of The California State University as set forth in Title 5 of the California Code of Regulations; and

WHEREAS, the Corporation brings benefit to the University by providing or contracting with outside entities for the delivery of certain goods and services to the campus; and

WHEREAS, the Corporation desires to purchase additional capital equipment during this fiscal year to provide twenty-four (24) hour convenience shopping for its campus customers; therefore

BE IT RESOLVED, that the Board of Directors of the Corporation approves the purchase of the Shop24 Automated Convenience Store; and

BE IT FURTHER RESOLVED, that the Corporation's Executive Director, or his designee, is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute the required documentation for the purchase and installation of the equipment

The approval was unanimous.

E. MBS APPROVAL

Mr. Mumford explained that Titan Shops has been working with MBS for the last 10-11 years and is considered by MBS to be a strategic campus. What we propose is a partnership program where we get (i) software and (ii) discounts on support to continue the partnership. This is unique in that they will provide 100% discount on software valued at \$270K; this will be a zero-cost hardware/software install.

Mr. Carroll asked that since there is "no free lunch," whether there was a mark-up elsewhere and the term of the agreement. Mr. Kissel replied that this is a five-year term; Mr. Dickerson added that this is a typical campus wholesaler relationship, but unique in that we are a large bookstore with a large student population and a forward-thinking bookstore. There are about five other bookstores in the nation that have this type of relationship. Mr. Iftikhar reported that the ASC has been on their software advisory board for at least five years. Mr. Dickerson recalled that we've received competitive proposals from the major three wholesalers and that MBS, by far, provided the best agreement.

Dean Murray asked that if future agreements are not ready (the agreement was not attached to the resolution) to add the language "pending approval by the Executive Committee" on the resolution.

VP Smith moved to amend the resolution per Dean Murray's suggestion, Mr. Barrett seconded and motion carried to adopt the following resolution.

MBS – Premier Partnership Agreement

WHEREAS, the CSU Fullerton Auxiliary Services Corporation (ASC), operates retail bookstore services (Titan Shops) for California State University Fullerton and provides student buyback services; and

WHEREAS, MBS Textbook Exchange (MBS), controlled by MBS Service Company, Inc. in its capacity to provide textbook buyback services, textbook inventories (new, used and digital), and system solutions, for colleges and universities; and

WHEREAS, both MBS and the ASC are desirous of entering into an agreement in which MBS will provide services, support and products as outlined in the agreement; therefore

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation authorizes the Executive Director or his designee to enter into

an agreement, commencing January 1, 2010 until January 1, 2015, pending approval by the Executive Committee.

The approval was unanimous.

F. BYLAWS AMENDMENT

Mr. Mumford said that the Bylaws were reviewed at the last board meeting. The amendments address the audit finding on the community membership vacancies. This also addresses the ex-officios who provide designees.

Dean Murray moved, Prof. Meyer seconded and motion carried to adopt the following resolution.

Approval to Amend and Restate Bylaws

WHEREAS, the Corporation's Bylaws call for a set number of directors and at times due to resignations or retirements, the Corporation has had fewer directors than called for by the Bylaws; and

WHEREAS, the Board believes it would be beneficial to allow for greater flexibility by providing that the Board have not less than fifteen (15) or more than twenty-five (25) directors, rather than a set number; and

WHEREAS, the Board recognizes that the executive staff of the University have from time to time utilized designees to assist them in fulfilling their roles on the Board and the Board desires to formally incorporate this process into the Bylaws; and

WHEREAS, the Board recognizes the need to make certain procedural changes to the Bylaws to reflect changes in operations at both the University and the Corporation; and

WHEREAS, the proposed amended and restated Bylaws accomplish these goals; therefore,

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Auxiliary Services Corporation approves the amended Bylaws attached hereto

The approval was unanimous.

IX. REPORTS

A. LEGAL UPDATE

Mr. Jay gave a privileged update.

B. CAMPUS DINING

Mr. Lynch reported that the Humanities Plaza received PAB approval on 11/05/09. There are 8000 students signed up for weekly email blasts and 5000 received handout coupons on campus. OC Choice catered the police building dedication and Concert Under The Stars.

C. INFO TECH

Mr. Iftikhar reported that the new, next generation point-of-sale system that will be going in, for which funding has been budgeted and approved. One area of growth continues to be online sales. Ebook sales also went up by 350%.

X. OTHER BUSINESS

There was no other business.

XI. ANNOUNCEMENTS

Next Board Meeting: Thursday 03/11/10.

XII. ADJOURNMENT

Mr. Rangel adjourned the meeting at 9:08 pm.

Approved by the Board of Directors, March 11, 2010.

Robert C. Hall, Secretary