The Humboldt State University Center Board of Directors met on the above date in the University Center Banquet Room, at Humboldt State University, Arcata, California. Chair, T. Mike Kirakosyan, called the meeting to order at 5:15 p.m.

Directors Present: Peg Blake, Ian Ingerson, T. Mike Kirakosyan, Casey Park, Jonah Platt, Armeda Reitzel, Mark Rizzardi, Sylvia Shively, Candace Young

Directors Absent: Gregg Foster (excused), Dave Hailer (excused), Steve Martin (excused)

Also Present: Heidi Chien, John Erickson, Roy Furshpan, Bridget Hand, Nancy Jones (via teleconference), Dave Nakamura, Linda Pereira, Ron Rudebock

MINUTES

SUBJECT: Approval of Agenda

MOTION: It was moved (Reitzel) and seconded (Park) to approve the Agenda.

An amendment was made to the Agenda: Item #IX-A under New Business, 2015-16 Independent Audit Report, was moved up to item VI-A, following the Election of Officers.

MOTION: It was moved (Blake) and seconded (Platt) to approve the amendment. The motion carried.

ACTION: The Agenda was approved as amended.

SUBJECT: Approval of Minutes

MOTION: It was moved (Reitzel) and seconded (Platt) to approve the Minutes of the Board Meeting on May 5, 2016.

ACTION: The motion was approved.

MOTION: It was moved (Park) and seconded (Reitzel) to approve the Minutes of the Special Board Meeting on May 13, 2016.

ACTION: The motion was approved with one abstention.
SUBJECT: Seating of New Board Members

A motion was called for from the floor to seat the following incoming Board members:

David Haller, Alumni Representative, 2-year term  
Armeda Reitzel, Faculty Representative, 2-year term  
Mark Rizzardi, Faculty Representative, 2-year term

The two student RHA representatives are being determined and will be seated at the October meeting.

MOTION: It was moved (Ingerson) and seconded (Young) to seat the incoming Board members as noted above.

ACTION: The motion carried.

SUBJECT: Election of Officers

Board Chair – A motion was called for from the floor to open nominations for the Office of Board Chair.

MOTION: It was moved (Reitzel) and seconded (Park) to open nominations for the Office of Board Chair. The motion carried.

MOTION: It was moved (Park) and seconded (Reitzel) to nominate T. Mike Kirakosyan, who accepted the nomination. There were no further nominations.

MOTION: It was moved (Reitzel) and seconded (Park) to close nominations and seat T. Mike Kirakosyan as Board Chair. The motion carried.

Board Vice Chair – Chair Kirakosyan called for a motion to open nominations for the Office of Vice Chair.

MOTION: It was moved (Ingerson) and seconded (Reitzel) to open nominations for the Office of Vice Chair. The motion carried.

MOTION: It was moved (Reitzel) and seconded (Platt) to nominate Casey Park, who accepted the nomination. There were no further nominations.

MOTION: It was moved (Young) and seconded (Platt) to close nominations and seat Casey Park as Board Vice Chair. The motion carried with one abstention.

Secretary/Treasurer – University Center Bylaws stipulate the Director of HSU Financial Services shall hold the Office of Secretary/Treasurer. Sylvia Shively will continue to serve in that capacity.
SUBJECT: New Business

2015-16 Independent Audit Report Draft – Executive Director, Dave Nakamura, introduced Nancy Jones CPA, a principal at the accounting firm CliftonLarsonAllen LLP, who appeared via teleconference. Dave reported that there are deadlines to keep in mind during the next month to get through the audit process and ensure that the report is approved by the Board and submitted to the Chancellor’s Office by its deadline. Before submitting the report, the UC Audit Committee must first review the document and come forth with a recommendation on whether the Board should accept the financial statements. Historically, this item has been referred to the Audit Committee which is given the authority for review and final acceptance on behalf of the Board. In October, the Board will receive the final audit report for discussion.

Nancy Jones advised that typically the Board would have received a draft of the audited financial statements at this meeting, but due to the complexity of the footnote presentation regarding the University Center’s pension liability, the draft report is still being finalized. As of June 30, 2016, the report’s Statement of Net Position shows the University Center has total assets of $10,460,082, and a net pension obligation of $3,354,135. Current liabilities are $989,800, and non-current liabilities, which consist of the post-employment benefit and pension obligations, are $3,462,536. The deferred outflow of resources connected to the pension is $613,889. The UC’s net position at year-end is $8,747,992, which includes capital assets of $922,609, and $7,825,383 in unrestricted funds.

In the statement that reflects changes in net position, the University Center’s net position increased by $492,479. The auditors have not identified any material weaknesses in internal control and concluded that the financial statements present fairly the financial position of the University Center as of June 30, 2016.

At the end of the report and ensuing Board discussion, Chair Kirakosyan called for a motion from the floor.

MOTION: It was moved (Platt) and seconded (Ingerson) to delegate the Audit Committee final authority to review and accept the draft audited financial statements on behalf of the Humboldt State University Center Board of Directors.

ACTION: The motion was approved.

SUBJECT: Public Comment

There was no public comment.
SUBJECT: Chair’s Report – T. Mike Kirakosyan, reporting

Conflict of Interest Statement for Board Members – Board members were asked to sign and return their conflict of interest statements to Administrative Coordinator, Linda Pereira, by the end of the meeting.

Class Schedules and Committee Assignments – Chair Kirakosyan will determine committee assignments before the October Board meeting. The committees and sub-boards include the Finance Committee, the Programs & Facilities Board of Directors, and the Business Enterprise Board of Directors. Those with an interest in a particular committee and/or sub-board were encouraged to contact Mike Kirakosyan or Linda Pereira by Monday.

Board Member Privileges – Privileges include $50 in J-Points per semester with the option to purchase additional J-Points; a pair of tickets to a CenterArts event; a 1-day Center Activities outdoor trip for two; a swim pass to the Arcata Community Pool; and Bookstore discounts. Dave Nakamura noted that the intent of these privileges is to provide Board members opportunities to experience and participate in the University Center’s diverse programs and services.

SUBJECT: Executive Director’s Report – Dave Nakamura, reporting

Introduction of UC Management Team – Members of the management team were introduced: Associate Executive Director, Heidi Chien; Operations Manager, John Erickson; CenterArts Director, Roy Furshpan; Center Activities Manager, Bridget Hand; and Dining Services Director, Ron Rudebock.

New Board Members’ Orientation Meeting – The orientation meeting with Dave Nakamura is set for Monday, September 19, at 6:30 p.m.

CalPERS Pension Liability Payment – During its meeting on May 5, 2016, the Board of Directors voted unanimously to approve paying off the University Center’s actuarial liability to CalPERS with the exact timing to be determined by management. Since that time, the University Center engaged the services of an actuarial advisor to provide an additional assessment of the benefits of paying off its UAL balance as of June 2016. The report concluded that based on the University Center’s financial position and the projected payments on the UAL, paying it off would be a prudent decision. Based on the Board’s direction and action in May and the subsequent advisor’s report, on Monday, June 20, 2016, the University Center paid-off its UAL obligation as of June 2016 to CalPERS in the amount of $2.96 million. As noted during the Board meeting, the University Center is fortunate to have the ability to pay-off its UAL when so many other public agencies are struggling to meet their long-term obligations.
CSU Compliance Audit – The compliance audit is conducted every three years by staff from the Chancellor’s Office. This comprehensive review includes examining policies and internal controls from top to bottom. The field work took place in June and July and lasted five weeks. A preliminary draft report is due out by the end of September.

CSU Advisory Services Review – This review, also conducted by Chancellor’s Office, was to look at the University Center’s best business practices as compared to the standards set by the CSU. The field work commenced in May and lasted approximately three weeks. It is expected that a draft report will be released prior to the October Board meeting.

Associated Students/University Center Administrative Services Agreement – The University Center has a contract with Associated Students to provide accounting and business services. Last spring, AS renewed the agreement with UC for the 2016-17 fiscal year. Since that time, there have been changes in the AS management structure, and they recently hired an interim Executive Director to replace their General Manager, who retired in May. The agreement will be changing completely where its business services will move to State-side accounting. This transition period has commenced and is expected to last through fall.

HSU Bookstore Update – The University Center contracted Follett Higher Education Group to manage the HSU Bookstore, and is in its fifth year of a seven-year agreement. There have been changes in the Bookstore’s personnel and management, and more broadly in the industry itself. College bookstores are a challenging business, and it is getting even more challenging. Staff is working with Follett to do the best the University Center can do to support their efforts in providing the best service to campus.

SUBJECT: Executive Committee Report – T. Mike Kirakosyan, reporting

CalPERS Public Agency Review, Finding #6 – The Executive Committee met on July 25 and August 8, 2016, with Dave Nakamura, and Associate Executive Director, Heidi Chien. Vice President for Administrative Affairs, Joyce Lopes, was also present at the meetings. A third meeting was scheduled on August 31 with the intent of forming a recommendation to the Board, but was canceled due to a lack of quorum. This item refers to the membership status of three staff members who are State employees where the University Center reimburses HSU for the cost of their salaries and benefits. During the second meeting, Josh Smith, Change Management Coordinator from the Office of Institutional Effectiveness, was present to facilitate a whiteboard session, and the notes from that session will be discussed under New Business. The Committee came forth with three options to address this finding: Option 1, Status Quo – the positions remain State employees; Option 2, the three positions become UC employees; and Option 3, all UC employees move to the
State-side. The Committee recognized the first option would not resolve the finding and will meet again to discuss further the other two options and develop a recommendation for the October meeting.

University Center Operating Agreement Update – The Chancellor’s Office has issued a new template for all auxiliary operating agreements within the CSU system. The Committee reviewed a preliminary draft copy of the new contract applying the template. It is still being finalized by the State, so there was no recommendation to bring forth.

MOTION: It was moved (Reitzel) and seconded (Ingerson) to accept the Executive Committee Report. The motion carried.

SUBJECT: Old Business

2016-17 Board Meeting Calendar – Board members were referred to a copy of the proposed calendar. During the meeting held on May 5, 2016, the Board approved the first meeting date of September 8, 2016, and postponed approving the rest of the calendar until that time. This item is to set the schedule for the remainder of the year. In general, meetings are held on the second Thursday of the month at 5:15 p.m. Chair Kirakosyan called for a motion to adopt the calendar.

MOTION: It was moved (Park) and seconded (Young) to adopt the 2016-17 Board Meeting Calendar as proposed.

ACTION: The motion was approved.

Special Board Meeting/Retreat – The Board retreat will take place on Saturday, September 24, 2016, from 9:00 a.m. – 4:00 p.m., at the Humboldt Bay Aquatic Center in Eureka. Dave Nakamura is working with Josh Smith on developing a meeting outline. Transportation is being provided for those who need a ride to the facility.

University Center Operating Agreement Update – Dave Nakamura reported that the Operating Agreement is the legal document between the University Center and the CSU that authorizes the UC to operate as a Student Union, and it outlines the functions, parameters, and facilities that the organization is permitted to manage on and off campus. The University Center’s existing agreement runs through June 2018. Approximately a year ago, the Chancellor’s Office issued a new template for all auxiliaries in the CSU system so that the operating agreements look the same at its kernel. Over summer break, staff commenced working on a draft with the Contracts & Procurement office, and a preliminary working draft was presented to the Executive Committee at its July meeting. Updates to the agreement are still underway between the campus and
Chancellor’s Office. When the draft is finalized, it will come before the Board for review and adoption.

SUBJECT: New Business

CalPERS Agency Review, Finding #6 – Board members were referred to a background document about this item that included three options under discussion by the Executive Committee and a copy of the finding itself. Dave Nakamura noted that CalPERS is in the process of conducting reviews of all of its contracted agencies. The University Center’s review commenced in May 2014 and resulted in a report that contained six findings. Staff concurred with Findings #1 through #5 and has worked with CalPERS representatives to correct and resolve those recommendations to their satisfaction.

Finding #6 refers to the membership status of Executive Director, Dave Nakamura; Associate Executive Director, Heidi Chien; and CenterArts Director, Roy Furshpan. All three are State reimbursed staff wherein they are employed by the CSU, but the cost of their salaries and benefits are paid by the University Center. This type of arrangement is not an uncommon practice within the CSU system as many employees have been moved into this category over the years. During its review, CalPERS looked at this arrangement as it exists between the UC and the CSU and took issue with having one agency paying employees’ salaries and benefits when they are essentially reporting to a different agency. Another item that complicates this matter is that a Whistleblower Complaint against the CSU was filed in March naming auxiliaries at 23 CSU campuses that have similar employment arrangements. The Executive Committee felt that the Board needs to work through this issue and decide what it thinks is the right thing to do for the University Center while at the same time does not harm its employees. It was agreed that Option 1, Status Quo, would not resolve the finding. The Executive Committee will meet again to discuss further Option 2, with the three positions becoming UC employees; and Option 3, that all UC employees become State employees. The intent is to develop a recommendation for the October Board meeting.

2017 Employer Health Insurance Contribution – Management staff reviews the University Center’s contribution toward employees’ health insurance benefits on an annual basis. Last year, the Board decided to augment the UC’s contribution so that its employees’ share for the most commonly used insurance plan, PERS Choice, was equal to that of a State employee’s share of contribution. Staff is in the process of developing a proposal for 2017. Modifying the amount requires a Board resolution with the California Public Employees’ Retirement System. This item will be taken up by the Finance Committee to develop a recommendation for the October Board meeting.
SUBJECT: General Board Comments

There were no comments.

SUBJECT: Announcements

Center Activities Manager, Bridget Hand, reported that HSU is competing in the Outdoor Nation Campus Challenge for “Most Outdoorsy in the Nation.” The challenge, which runs September 4 through October 15, encourages people to get outside, be active, and connect with nature. HSU is currently in first place. Anyone at HSU can participate and are eligible to win prizes. Additional information, including a link to the Outdoor Nation app, can be found by visiting: hsuoutdoors.humboldt.edu.

There is a free paddle day this Sunday from 10:00 a.m. – 2:00 p.m., at the Humboldt Bay Aquatic Center in Eureka.

Mike Kirakosyan announced that the Humboldt Pride Parade takes place this Saturday at 11:30 a.m. The march begins at First and C streets in Eureka, and the festival is being held at Halvorsen Park. Mike is coordinating the parade.

Dave Nakamura reported that the University Center, Dining Services and Housing & Residence Life piloted a program promoting sustainability to residence hall students. To that end, a sustainability kit was made available for all students that included a reusable bag, a stainless steel water bottle, and a flyer indicating areas where students can get involved with sustainability, environmental issues, and recycling on campus.

SUBJECT: Adjournment

The meeting adjourned at 6:50 p.m.

Submitted by:
Linda Pereira
Recording Secretary/Assistant to Executive Director

Agreed and Accepted:

Chair  Date