

5-11-2017

## Finance Committee - Minutes 05/11/2017

UC Hastings Board of Directors

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**UNIVERSITY OF CALIFORNIA  
HASTINGS COLLEGE OF THE LAW**

**FINANCE COMMITTEE  
OPEN SESSION MEETING MINUTES  
MAY 11, 2017**

1. Roll Call

Chair Donald Bradley  
Director Marci Dragun  
Director Claes Lewenhaupt  
Director Courtney Power  
Director Chip Robertson

Chair Donald Bradley called the meeting to order and the Secretary called the roll for the Finance Committee open session meeting.

2. Public Comment  
None.

\*3. Approval of Minutes – February 9, 2017

Chair Bradley called for approval of the February 9, 2017 minutes. The following corrections were recommended: the \$620,000 salary savings should be classified as \$620,000 financial aid savings and the effective dates for the Tower fee increase would be August 1, 2017, rather than effective February 1, 2017 as previously reported. The minutes were approved as modified.

\*4. Report of the Subcommittee on Audit and Approval of 2017 Audit Plan

Chair Bradley discussed the audit plan and the report of the Subcommittee on Audit. He reported that the Subcommittee on Audit met with Chief Financial Officer David Seward, finance staff, and the Moss Adams auditors Mary Case and Kingman Tong. The Moss Adams auditors gave an overview of the audit plan in process. A PowerPoint handout detailing this process was included in the Board of Directors materials. Chair Bradley highlighted that the accounting standard change, GASB statement 75, will take effect in the coming fiscal year and will require financial reporting and disclosure for post-employment benefits. This means the College will have to show on its financial

statements the accrued and unfunded liability associated with retiree healthcare. This may have a material impact on the financial statements and require new procedures and a lengthy discussion ensued about the possible impact.

Chair Bradley also noted that the Subcommittee on Audit and Moss Adams auditors discussed the HR payroll process improvement initiative. Chief Financial Officer David Seward noted that the primary internal control improvement was met with the implementation of the time reporting system. The next payroll system upgrade will be the UC PATH system to replace the PPS system. This upgrade will likely not be finalized for another eighteen months.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the 2017 Audit Plan.

5. Investment Report as of March 31, 2017  
Chief Financial Officer Seward reported return of 11.2 percent for investments in the General Endowment Pool (GEP).
  6. State Budget Report for 2016-17 as of March 31, 2017  
Chief Financial Officer Seward reported no major deviations from the midyear revised budget. He reported that the College will break even on the Hastings Public Law program. He also noted that the College is considerably constrained by the tuition discounting strategy.
  7. Auxiliary Enterprises Budget Status Report as of March 31, 2017  
Chief Financial Officer Seward reported no changes from midyear revised budgets.
  8. State Budget Update for 2017-18  
Chief Financial Officer Seward gave the state budget update. He reported that the budget proposal for the College includes a general fund increase of \$1.1 million, as part of the Governor's multiyear plan for higher education. He noted that the May revision of the state budget was issued that day though he did not anticipate any changes. He also noted that the College will soon begin its sixth consecutive year of flat tuition fees. The Governor has continued to mandate a freeze on law school tuition fee increases. He further reported that the College's budget has passed through both the senate and assembly budget processes.
- Chief Financial Officer Seward also discussed the State's reactions to the legislative audit of the University of California and a lengthy discussion ensued about state audits. Chief Financial Officer Seward suggested that the College perform an internal self-assessment in order to be appraised of any concerns that could arise in a state audit.
- \*9. State Contracts in Excess of \$50,000
    - \*9.1 Library Database – Thomson Reuter – Westlaw
    - \*9.2 Library Products – Statewide California Electronic Library Consortium
    - \*9.3 Library Database – Bloomberg BNA – Lexis

\*9.4 Instructional Technology – Classroom K Upgrade

9.5 Business Operations – Renewals and Recurring Agreements

Chief Financial Officer Seward reported on recurring agreements that do not have a fixed end date. He inquired about a process of approving these recurring agreements. A discussion ensued about developing a contract management system that would trigger a review of recurring contracts that automatically renew without notice of cancellation.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the above state contracts in excess of \$50,000.

\*10. Nonstate Contracts in Excess of \$50,000

\*10.1 Research Sub-award – WLL – University of Chicago

\*10.2 Professional Services – WLL – Cynthia Calvert

\*10.3 Professional Services – Kasey Asberry – LRCP

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the above nonstate contracts in excess of \$50,000.

\*11. Nonstate Budget Change 2016-17 – WLL NoVo Grant

Chief Financial Officer Seward noted that the Center for Work Life Law received a grant of \$300,000 in total apportioned over three years for activities related to pregnancy and breastfeeding discrimination. This grant was not captured in the midyear budget process.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the nonstate budget change.

\*12. Fund Transfer – GEP to STIP

Chief Financial Officer seeks a fund transfer of up to \$5 million from the GEP to the STIP cash account in order to provide sufficient liquidity for the school to fulfill its budgeted financial obligations.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the fund transfer of up to \$5 million.

\*13. Auxiliary Enterprises Proposed Budget 2017-18

Chief Financial Officer proposed an establishment of a new auxiliary related to the events center in order to track profits and losses for campus space rented by outside groups. Rosalyn Foy from the Office of the Academic Dean will be charged with tracking the Colleges rates and practices regarding rented space on campus.

Chief Financial Officer Seward also reported that the Tower has a net income of \$1.869 million and will generate almost \$2 million in cash flow. This captures the seven percent rent increase. This will help fund infrastructure improvements including energy efficiency work and improvements to the Clara Foltz Lounge.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the auxiliary enterprises proposed budget for 2017-2018.

\*14. Miscellaneous Fees for 2017-18

\*14.1 Proposal for a Mandatory Wellness Fee

This student fee would allow for the elimination of two existing student fees, the gym fee and the fitness center fee, and wrap it into one broadly defined increased wellness fee. This proposal would limit the amount the College used to subsidize student wellness events and the fitness center. A lengthy discussion then ensued about the utilization of the child development center fee.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the above fee for 2017-2018.

\*14.2 Increase for On-Campus Student Health Center Fee

Chief Financial Officer Seward is seeking a five percent increase for this fee to support the operation of the Student Health Center for the upcoming year.

A discussion ensued about the viability of outsourcing student health services entirely in an effort to lower the cost.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the above fee for 2017-2018.

\*14.3 Increase for UC Students Health Insurance Program

\*14.4 Proposal for a Library Unaffiliated Borrower Fee

\*14.5 Visiting Scholar Fee

\*14.6 Continuation of Freeze on General Enrollment and Other Mandatory Fees

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the above miscellaneous fees for 2017-2018.

15. Moody's Investor Services – Rating Review

Chief Financial Officer Seward discussed a call with Moody's Investor Services. Moody's concern was mostly focused on tuition discounting. He noted that though there may be a downgrade because of deficit spending, the downgrade would have no operational impact and would not affect the 333 Golden Gate development project.

16. Long Range Campus Plan – Update

Chief Financial Officer Seward briefly mentioned the rendered images of the planned 333 Golden Gate building. He noted that internal Department of General Services review processes are slowing the execution of a contract between that department and the building team Park and SOM. He reported that he hopes a contract will be executed by June 2017 and that Park and SOM will attend the Board of Directors quarterly meeting in June. He also briefly discussed the need to be aware of possible low-grade

risk exposures, such as lead debris from the 1906 earthquake, during construction.

17. **IRS Audit of 403b and 457 Plans - Update**  
Chief Financial Officer Seward reported that he believes the audit of the 403b and 457 plans is close to completion.
18. **Report on Checks over \$50,000**  
Not discussed.
- \*19. **Adjournment**  
There being no further business to come before the Finance Committee, the open session meeting was adjourned.