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Finance Committee Meeting Minutes 08/11/2016

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

**FINANCE COMMITTEE MEETING
OPEN MEETING MINUTES
AUGUST 11, 2016**

1. Roll Call

Chair Don Bradley
Director Tina Combs
Director Marci Dragun
Director Claes Lewenhaupt
Director Courtney Power
Director Chip Robertson

2. Public Comment Period
None.

3. Approval of Minutes – May 12, 2016

Chair Donald Bradley called for approval of the May 12, 2016 minutes. Chief Financial Officer David Seward requested a change to the minutes to reflect that Chief Financial Officer David Seward requested a seven percent increase for residential rates of the Tower and a five percent increase in penthouse rates of the Tower. The minutes were approved subject to revisions.

4. 2015-16 Year-end Investment Report

Chief Financial Officer David Seward explained the investment report data, as of May 31, 2016. He received a June 30, 2016 report from the UCOP Office of the Treasurer on the year-end total return for the general endowment pool. He reported that the return on the College's invested funds in the general endowment pool for the fiscal year was a negative 3.54 percent, above the UC policy benchmark of a negative 1.75 percent in total return. Chief Financial Officer David Seward said he has asked the assistant treasurer of the UCOP to visit, possibly during the next Finance Committee meeting in November, to discuss the report.

5. State Budget Report - Preliminary 2015-16 Year-end

Chief Financial Officer David Seward provided the year-end State Budget Report. He reported that the College started the 2015-2016 fiscal year with a budget that forecasted a state deficit of \$3.6 million due. The projected total revenue for the fiscal year was \$52.7 million and the projected total expenses were \$56.3 million. The mid-year revision captured unspent financial aid allocations, salary savings, and a number of cost reductions. This resulted in a deficit reduction, reduced from \$3.6 million to \$2.3 million. At June 30, 2016, year-end, the state budget deficit was \$1.9 million. This amount included the impact of \$1 million in unrealized loss from the investments in the general endowment pool. Chief Financial Officer David Seward noted that for the 2015-2106 fiscal year expenditures were down and revenues were stable.

In response to inquiry about the \$1 million loss, Chief Financial Officer David Seward explained that these were related to market losses.

6. Core Operations - State Budget for 2016-17

Chief Financial Officer David Seward presented a power point on the state budget for 2016-2017. He reported that there is a deficit of \$5.9 million. This deficit reflects planned enrollment which was reported at 354 students as of August 11, 2016, though Chief Financial Officer David Seward anticipated melt. The budget also included ten percent growth in general fund support at \$1 million and an additional \$2 million in restricted deferred maintenance funds. The number of L.L.M. students increased from the previous year, but did not hit the target enrollment number of 28 students. Revenue from MSL students has decreased. These variances result in flat revenue. For the 2017 fiscal year he projected a \$4 million to \$5 million institution-wide deficit.

Acting Chancellor & Dean David Faigman discussed establishing an endowment campaign for student scholarship money and support. He mentioned bringing in someone from the University of Virginia (UVA) who has had success raising money for the UVA endowment. He also mentioned engaging alumni in contributing to the endowment.

Acting Chancellor & Dean David Faigman discussed opportunities to broaden the College's grant receipts and mentioned the HPL program. This program offers a jointly-conferred degree with UCSF. He also explained that the L.L.M. program remains another area for potential revenue, though the College competes with UC Berkeley School of Law for L.L.M. enrollment. Director Courtney Power agreed to attend a meeting with Professor Richard Boswell and Professor Keith Hand to discuss specialized L.L.M. programs.

Upon motion duly made, seconded, and carried, the Finance Committee approved the State Budget for 2016-2017.

7. Core Operations – State Budget Planning for 2017-18

Chief Financial Officer David Seward noted that the College is obligated to tender its budget package to the California Department of Finance in October and it must be finalized by December. Chief Financial Officer David Seward projected a \$1 million

increase on the general fund, provided fees remain flat. Chief Financial Officer David Seward clarified that this projection is predicated on funding increases related to the renewal of Proposition 30. He also discussed a plan to draft a funding proposal to be presented to the California Department of Finance requesting an augmentation in funds that would put the College on par with the UC law schools.

Chief Financial Officer David Seward mentioned a need to codify the Long Range Campus Plan.

8. Non State Budget Report - Preliminary 2015-16 Year-end

Chief Financial Officer David Seward explained that the activities that fall within the non-state budget report are funded through funds from restricted gifts or grants. Because these restricted gifts or grants are received in one fiscal year but disbursed over the course of two or three different fiscal years, they appear as deficits for this period.

*9. Non State Budget for 2016-17

Chief Financial Officer David Seward reported that the College continues to distribute payouts at a rate of four percent with a cost recovery surcharge of 0.35 percent. Chief Financial Officer David Seward recommended remaining at a four percent payout and the 0.35 percent surcharge, as this structure conforms to UC practices and policies.

10. Preliminary 2015-16 Year-end Auxiliary Enterprises Budget Report

Chief Financial Officer reported that for the current fiscal year of 2016-2017, the seven percent rent increase in the Tower and parking rate changes allowed for a projection of about \$1.8 million less \$900,000 in overhead.

Director Chip Robertson inquired about the revenue limits for the auxiliaries and a lengthy discussion ensued about the issues around raising rents in the Tower or increasing parking charges.

11. Budget Changes – 2016-17 Auxiliary Enterprises

*11.1 McAllister Tower – Skyroom – Interior Finishes Renewal

*11.2 McAllister Tower – Elevator Cab Renewal

*11.3 Parking Garage – Special Maintenance

Chief Financial Officer David Seward explained the budget change for auxiliary enterprises for 2016-2017. He noted that the Skyroom in the Tower, the elevators in the Tower, and the parking garage will all require some maintenance and renewal.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the budget changes for the above auxiliary enterprises.

12. State Contracts in Excess of \$50,000

12.1 Kane Hall Master Planning – MK Think

Chief Financial Officer David Seward mentioned the possible need to have MK Think develop a master plan for the 200 McAllister building that would tie into the development of the 333 Golden Gate building.

12.2 Software & Information Technology – Simplrr

12.3 Graphics Design – Mortar

12.4 Professional Services - Partners in Communication

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.

13. Nonstate Contracts and Grants in Excess of \$50,000

*13.1 Ctr. Gender & Refugee Studies – Nat'l Science Foundation Grant

*13.2 Ctr. for Innovation Law – National Science Foundation Grant

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

14. Update on Long Range Campus Plan

Chief Financial Officer David Seward reported that the College will clear its litigation period on August 14, 2016 for the certified CEQA document. He reported that the College is proceeding with predevelopment discussions with UCSF and that Perkin +Will, the UCSF architect, has finalized programming for the housing elements. UCSF will handle all the contracts related to the level three seismic modeling of 100 McAllister, while the College will retain review, editing, and joint approval on these contracts. The state issued a request for quotation (RFQ) for the 333 Golden Gate project and the bidders' conference is scheduled for a later date in August on campus.

15. Annual Report on Insurance Coverage – 2016-17

[This agenda item was not discussed.]

16. Listing of Checks and Wire Transfers over \$50,000

[This agenda item was not discussed.]

*17. Adjournment

THE COMMITTEE WILL GO INTO CLOSED SESSION

The Committee will adjourn to the closed session to consider the items listed on the Closed Session Agenda. At the conclusion of the Closed Session, the Committee will reconvene the Open

meeting prior to adjourning the meeting, to report on any actions taken in Closed Session for which a report is required by law.

1. Agenda Item 2

Upon motion duly made, seconded, and carried, the Finance Committee approved the May 12, 2016 Closed Session minutes.

There being no further business to come before the Finance Committee, the Open Meeting was adjourned.

Respectfully submitted,

Elise Traynum, Secretary