

11-10-2016

## Finance Committee Meeting Minutes 11/10/2016

UC Hastings Board of Directors

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### Recommended Citation

UC Hastings Board of Directors, *Finance Committee Meeting Minutes 11/10/2016* (2016).

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

**MEETING OF THE FINANCE COMMITTEE**

**OPEN MEETING MINUTES  
NOVEMBER 10, 2016**

1. Roll Call

Chair Tom Gede-ex officio  
Chair Don Bradley  
Director Tina Combs  
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 meeting.

2. Public Comment Period on Open Agenda Items  
None.

\*3. Approval of Minutes – August 11, 2016

Chair Bradley called for the approval of the August 11, 2016 minutes. The minutes were approved.

4. Investment Report as of September 30, 2016

Chief Financial Officer David Seward reported that a representative from the Treasurer's Office of the University of California will attend the Board of Directors meeting on December 2, 2016. The representative will provide an overview of activities of the Treasurer's Office and the current status on investments.

Chief Financial Officer Seward reported that the total return for the first quarter is 4.47 percent. The three year average is 6.8 percent. The returns on the short term investment pool are 0.29 percent for the period, while the calendar year date return is 0.9 percent.

5. State Budget Report for 2016-2017 as of September 30, 2016

Chief Financial Officer Seward reported that the College is on target. He reported that the Health Policy Law program has a net income of \$96,000. There is an unrealized gain of investments of about \$1.1 million. Expenses are on target. Unspent funds of \$60,000 were used

to help support the public interest summer grant and fellowship programs. Chief Financial Officer Seward noted that because it's early in the fiscal year, there is nothing that causes any concern in terms of revenues or expenses.

6. Auxiliary Enterprises Budget Report as of September 30, 2016

Chief Financial Officer Seward reported that the College is on target with its auxiliary enterprises budget. There are funds that were allocated for a Sky Room update that have not been spent. A discussion ensued about the price of nonskid strips on stairs.

Chief Financial Officer Seward reported that things are going well with the Tower and that in February he will recommend a seven and a half percent increase in Tower rent. This is consistent with rent increases in the Tower of the last three years, though Tower rent is still below market value. He also reported that Tower building manager, Pansy Mar, retired after eight years and that he is looking for candidates to fill her position. A lengthy discussion then ensued about the UCSF security transition in the Tower.

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

\*7.1 Engineering Services – Rosenberg McGinnis

Chief Financial Officer Seward quickly summarized this contract for engineering services related to Kane Hall. The total value of the contract is \$194,000. Some funding will be drawn from the state's appropriation to support deferred maintenance activities. MKThink will likely handle this work.

\*7.2 2017 Commencement – BGCA Management, LLC  
(Bill Graham Auditorium)

Chief Financial Officer Seward reported that commencement will cost over \$200,000.

\*7.3 Hastings Magazine – Diablo Communication Partners

Chief Financial Officer Seward noted a correction on the cost of printing to \$125,000 instead of \$200,000, as was listed in the proposed resolution.

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

8. Nonstate Contracts in Excess of \$50,000

\*8.1 Grant – Washington Center Equitable Growth – WLL Schedule  
Stability Project

\*8.2 Alumni Reunions – Palace Hotel 2017

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

9. State Budget Planning – Fees and Scholarships for 2017-2018

Chief Financial Officer Seward reported that tuition scholarships for the 2017 entering class resulted in about a 41 percent tuition discount rate. He noted that there is a challenge in determining this budget going forward as there is an absence of comparative data from previous

years. Chief Financial Officer Seward stated he is trying to get comparative data from public and private schools offering tuition scholarships.

Acting Chancellor and Dean David Faigman suggested that the College be aggressive this year in offering tuition scholarships in order to continue to move upward in rankings in *US News*. A lengthy discussion then ensued about external risk factors that may impact budget planning.

Chair Tom Gede asked about tuition costs at other UC law schools and a discussion was had on how UC Hastings tuition compared to that of other UC law schools.

The Committee then discussed the logistics of a next meeting to discuss the budget for 2017-2018.

\*10. Fund Transfer/Investment Pool

Chief Financial Officer Seward requested a fund transfer of the \$2 million in appropriation for the deferred maintenance allocation to the general endowment pool (GEP). The GEP has had an average annual return of 6.8 percent for the past three years. He noted that because California requires that the \$2 million appropriation be spent on deferred maintenance and as such, if there is a market loss the College would have to identify cash to cover that loss.

Director Tina Combs asked how conservatively the GEP was invested and asked about transferring to the short term investment pool instead. Chief Financial Officer Seward answered that the GEP is very conservatively managed and the Regents carefully manage risk. Chair Bradley clarified that the plan is to not start spending the \$2 million for another 12 months and that the short term investment pool only has returns of less than one percent.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the fund transfer.

11. Update on Moss Adams Engagement – HR and Payroll Processing

Chief Financial Officer Seward gave an update on the Moss Adams audit findings.

First, he explained that the College is making progress on dealing with payroll audit issues that were found in a previous audit. Second, he explained that Moss Adams provided management with a set of observations and recommendations. He noted that there were no materials weaknesses, control deficiencies, or findings.

Chair Bradley asked when the College would complete the recommendations. Acting Chancellor and Dean Faigman noted that there has been a challenge completing certain recommendations because the task is personnel intensive. An instrumental part of the operation, the human resources director, has been on medical leave, however, an interim human resources director was hired to move things forward.

Chief Financial Officer reported that UCOP is cooperating with the IRS audit.

Director Tina Combs asked whether or not the College should consider getting support from UCOP for contracts and grants. Chief Financial Officer Seward replied that contracts and

grants need to be localized, but that the College should draw on work product that other UCs have used for policies and procedures. He further reported that the Board authorized \$100,000 for a consultant to help with policy formulation.

Director Combs asked a final question about the process in place for establishing departmental budgets. Chief Financial Officer Seward responded that there are two phases: first, there is base budget—cost of current operations—and there is a meeting twice a year with departments discussing the cost base. Second, there is a conversation about enhancements and whether or not there is flexibility for incremental spending. The discussion ended with Chief Financial Officer Seward noting that revised departmental budgets will be presented at the February 2017 Finance Committee meeting.

12. Summary Report: Long Range Campus Plan

Acting Chancellor and Dean Faigman discussed a meeting with the Department of General Services (DGS) about the construction of the 333 Golden Gate building. There were five semi-finalist partnerships for construction and design. Acting Chancellor and Dean Faigman and Chief Financial Officer Seward met with these five firms and narrowed down the firms to three. The next step will be contacting these three firms. Each will be given \$50,000 to develop a concrete plan. There will be two confidential meetings with each of the three finalists beginning in December. Their plans are due at the beginning of February 2017. The final decision of a firm candidate will be made in the beginning of March 2017. Then there will be contracting with the state, which may go through June 2017. Once these steps are completed, digging on the site can begin. The building time will be less than 18 months.

Acting Chancellor and Dean Faigman and Chief Financial Officer Seward explained that this is a DGS project, as they will be managing the site, the construction, and the contracts. DGS will be deferential to what the College needs in the new building.

Chief Financial Officer Seward noted that if the schedule is followed, the College will be able to occupy the new building in spring of 2020. At that point, demolition of 198 could also begin in spring of 2020.

\*13. Approval of Agency Statement – Climate Adaptation in the 2017 California Five-Year Infrastructure Plan

Chief Financial Officer Seward reported on Governor Brown's emphasis on climate change, planning, and adaptability. He presented a statement to be submitted to Governor Brown's office that noted all the College's activities and how these activities promote both substantive change as well as cultural change.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the submission of the agency statement to the Governor's office.

\*14. Shared Platform Proposal – UC Davis Graduate School of Management

Acting Chancellor and Dean Faigman reported on the resolution for the site license agreement with the UC Davis Graduate School of Management. UC Davis is interested in beginning a new master of science in business analytics program—essentially an executive program for San

Francisco business professionals. UC Hastings proposed entering into an agreement with UC Davis for them to occupy some campus space on Friday afternoons and Saturdays beginning in August 2017.

This relationship with UC Davis has also led to a conversation with the dean of UC Davis about creating a certificate program in business and finance for UC Hastings and UCSF students. Chair Bradley asked if this would interfere with established programs the College has with Anderson or Haas. Dean Faigman noted there should be no adverse impact on an ability to deal with Anderson or Haas because neither school has this kind of program.

A discussion ensued about the costs associate with the UC Davis Graduate School of Management's use agreement and Acting Dean and Chancellor Faigman responded that there will not be a lot of marginal cost for the program. The discussion ended with a note that UC Davis understands that their right to use is not exclusive.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the shared platform proposal.

15. Listing of Checks and Electronic Transfers over \$50,000  
Not discussed.
- \*16. Adjournment  
There being no further business to come before the Finance Committee, the meeting was adjourned.