Board of Directors Meeting Minutes  
Wednesday January 21, 2015 - 12:00 noon; Student Center Reading Room

Directors Present were:
Richard Bentley, Administration  
Meg O’Sullivan, Administration  
Lorraine Terracina, Administration  
William Gerdes, Admin (Proxy to R Bentley)  
Shirley Eisner, COM Faculty  
Joanne Katz, CHRP Faculty  
Maria Rosario-Sims, CON Faculty  
Julie Rushbrook, GS Faculty (Proxy to M. O’Sullivan)  
Mariebelle Abelarde, CON Student (Proxy to R Bentley)  
Erin Andrews, PH Student  
Nicole Jensen, COM Student  
Aldean Morris, CHRP Student  
Andrew Truong, COM Student

Directors Absent Were:
Astra Bain-Dowell, Admin  
Melanie Gehen-Benedit, Admin  
Michael Sangobowale, GS Student

Invited Guests Present Were:
Rodney Venten, FSA Director of Finance  
James B. Fuccio, Esq.  
Kenneth Carlton, Bookstore Manager  
Ron Duvall, Presenter, The Duvall Group

1) CALL TO ORDER: Mr. Bentley called the meeting to order at 12:03 p.m. with quorum being present and a roundtable introduction of those present, noting our attempt at “greener” meetings with online documents being projected on-screen.

2) Bookstore Consultant Study Presentation: Mr. Bentley introduced Ron Duvall who presented his firm’s proposal for a bookstore operation and market analysis (attachment 1). Mr. Duvall provided his background working with bookstores across the country and said his analysis would touch on three points regarding our Bookstore: What do we have? What should we be? How do we get there? As part of the process, the firm would meet with selected student, faculty, and administrative leaders, as well as conduct an online survey to faculty and students. Operational recommendations with analysis and conclusions of continued self-operation, versus outsourcing or virtual store opportunities, or some hybrid of all modes. Conclusions will answer the question: What Bookstore operational changes are needed in order to financially break even or better. Questions included:
   a) Has Duvall worked with smaller niche/specialty schools such as independent Health Science Centers? Not specifically, but Duvall has had a diverse clientele of campuses that include specialized trade stores including medical bookstores. The marketplace has some comparative aspects based more on campus similar enrollment size, whereas others aspects are more medical and related curriculum specific.
   b) How does a store compete with Amazon’s cheaper price? By tapping into the fact that customers demand service - local environment and customer service is an intangible factor that consumers willingly pay more for. However, requires defining the additional services to offer in order to achieve the needed customer traffic.
   c) Do we have flexibility to expand services offered, to outsource, or relocate? Yes, but as always needs support and approval of senior campus administration. The professional marketing and analysis study will provide the external expertise and data to aid FSA decision(s) as well as the campus senior administrative support.
   d) Outsourcing: A few years ago there was no interest from the major bookstore operators, but the current marketplace may have changed. If FSA was pursue outsourcing the store, an FSA bid process would be needed.
   e) Do we need to spend $15K to find out why students aren’t using the bookstore? A long discussion ensued since some changes seem like common sense, including poor location/ pedestrian traffic, convenience, customer service, internet competition and online resources, COM curriculum changes that reduce need for textbook purchases, lack of integrated registration and financial aid systems that better promote campus textbooks sales, lack of a campus eCommerce card program. A college store, whether a bookstore or spirit shop, is often part of the campus fabric, expected by the campus community.
Before any changes are made, FSA needs the due diligence to investigate the marketplace for what operational changes could substantially reduce or eliminate the level of financial subsidy. This study will provide FSA with a data driven marketplace analysis to provide a more reasonable assurance that decisions will have a more favorable financial outcome. After discussion, Meg O’Sullivan moved and Joanne Katz seconded that:

**MOTION:** To authorize the President to engage The Duvall Group pursuant to the proposal as presented. 
**Motion carried unanimously.**

3) **SECRETARY'S REPORT:** The draft minutes from the prior meeting held October 15th, 2014 had been emailed and distributed with submitted revisions being made. Joanne Katz moved and Maria Rosario-Sim seconded:

**MOTION:** To approve the October 15th, 2014 minutes as presented. **Motion carried unanimously.**

4) **Bookstore Update:** Mr. Carlton reviewed the Bookstore update (see Attachment 2) with many of the topics having been covered in the prior presentation

5) **Operations Update:** FSA Director of Finance Rodney Venten reviewed the items in the Operations Report (see Attachment 3) with brief discussion. FSA’s Business Office is a shared business office of two corporations, the FSA and HSCBF Foundation. Much of the past quarter’s work focused on the completion of the HSCB Foundation’s CPA audits as well as HSCBF corporate officer transitions. Those efforts curtailed progress on several FSA projects including RFPs to be released, more timely and better formatted account holder reports. Planning the replacement of the office’s financial software systems is needed. FSA’s auditors had previously recommended FSA adopt a common Capitalization Policy for its capital purchases (such as equipment and furniture). Mr. Bentley gave a brief overview of capitalization and depreciation in common terminology. FSA management recommends instituting a threshold of $2,000 effective 6/1/14 for FSA purchases that will be capitalized depending on the assets prescribed useful life, (details included in Attachment 3). After brief discussion, Meg O’Sullivan moved, and Aldean Morris seconded:

**MOTION:** To adopt the FSA Capitalization Policy as proposed. **Motion carried unanimously.**

6) **NEW BUSINESS:**
   a) Mr. Bentley reminded that every member of the Board is expected to read the Board Member handbook, available online to understand their role and responsibility as Directors on a formal not for profit corporation.

7) **ADJOURNMENT:** All business before the board was concluded no other new business the following motion was moved by Andrew Truong and seconded by Aldean Morris

   **MOTION:** To adjourn at 1:10pm. **Motion carried unanimously**

   Respectfully submitted by:

   Margaret O’Sullivan, Secretary
Operational, Financial and Comparison Analysis
For the University Bookstore
Of
The Faculty Student Association
Of Downstate Medical Center, Inc.
By
Duvall Consulting Group, LLC

Scope:

The Duvall Consulting Group, LLC (DCG) (Duvall Group) will provide to Faculty Student Association of Downstate Medical Center, Inc. (FSA) a Comparative Analysis and Operational and Financial Review of its institutionally operated bookstore as that operation relates to the college bookstore industry and its potential. Based upon this review, as well as the financial analysis, customer service implications, and personnel capabilities, the Duvall Group will provide a comparative analysis of the self-operation mode vs. the leased and virtual operating model.

Method of Implementation:

The Duvall Group will review the preliminary data form (attached), to be completed by FSA. In addition the DCG will conduct a survey of the University Bookstore student, faculty and employee users to provide additional information for their preliminary review. Once the preliminary review has been completed, an onsite visit will be provided. This site visit will be for observation purposes and will be two days in duration. A review of the bookstore operation will be conducted. The review will include, but not be limited to, the following areas:

<table>
<thead>
<tr>
<th>Competition</th>
<th>Product Mix</th>
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<tr>
<td>Computerization</td>
<td>Receiving</td>
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<tr>
<td>Inventory Control</td>
<td>Security Services</td>
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<td>Personnel</td>
<td>Staff Management</td>
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<td>Physical Layout</td>
<td>Supply Procedures</td>
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<td>Planning</td>
<td>Textbook Procedures</td>
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<tr>
<td>Point of Sale</td>
<td>Survey of Students, Faculty and Employees</td>
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Following the site visitation and data collection period, the Duvall Group will review and analyze the information. A financial report will be generated. This report will indicate where the Bookstore should be financially currently plus a one to five year project by year. A written summary of the findings will provide the financial positioning, financial controls, and an analysis of operations that will be required to meet expected results. The report will provide a comparison between the self-operated mode and the expected results of outsourcing. The various aspects of service and financial comparative data will be provided. The goal of this analysis is to provide sufficient information so that FSA management can take appropriate action in providing the University with whatever level of bookstore services can be financially viable.
Deliverables:

- Written Summary of findings including analysis of hours of operation, staffing requirements, equipment needs, highlighting strengths and weaknesses of current operation and steps required to meet our goal.

  Written summary of the survey finding broken down by question and user groups defined (students, faculty, employees) along with the number of respondents in each group by question.

- Recommendations for improving the operation to include, but not limited to, strategies for improvement of financial return, and service levels and the relationship between these costs as service levels increase.

- Five Year Financial Projection for Institutional and Contract Operation including any recommended or required cash infusions in order to meet capital or project modifications.

- Operational and Customer Service points relative to outsourcing decisions

Timeline:

- January 26---The preliminary data collection and review period will begin immediately upon acceptance and signing of the agreement by both parties.
- February 19, 20---2-day on-site data collection
- March 12---delivery of preliminary Analysis Report to the FSA management
- March 19---delivery of final Analysis Report to the FSA management

Charges:

The charges for the services as outlined above will be fourteen thousand nine hundred fifty dollars ($14,950) inclusive of travel expenses.

Terms:

Upon acceptance of the terms of this agreement, FSA will provide a payment of $5,000. The second payment of $5,000 will be provided upon delivery and review of the preliminary analysis to the FSA management and the balance of $4,950 will be due 15 days after submission and acceptance of the final report by DCG to FSA on March 19, 2015.

To indicate acceptance of the terms contained herein please sign below.

_______________________  ______________________
Richard Bentley                    Ronald E. Duvall
President                          Chairman/CEO
Faculty Student Association of     Duvall Consulting Group, LLC
Downstate Medical Center, Inc.    Date_1/20/2015
Date________________________    Date________________________
Preliminary Data Request

Faculty Student Association Bookstore

I. University objectives for the Bookstore:
   A. Financial - Describe the University’s expectations for financial return from the operation. If possible, state the specific goals or contributions to be made annually to the University. Include overhead assessments made against the store’s operation.
   B. Service – Detail the service goals expected from the Bookstore. Explain the “non-cash contributions” made by the Bookstore that the campus has grown to expect.

II. Student Body Information:
   A. Enrollment history (three years)
   B. FTE totals (three years)
   C. Financial Aid recipients (%) 
   D. Types of Financial Aid most commonly received

III. Bookstore Personnel:
   A. Number of full time employees
   B. Number of part time employees (non-student)
   C. Number of student employees
   D. Method of payment for students (i.e. work study, direct from store, etc.)
   E. Organization Chart

IV. Growth projections for the College
   A. Enrollment
   B. Construction

V. Competition
   A. Locations
   B. Ownership
   C. Description of primary offerings and perceived strength of operation

VI. Operating Statements for last three years
INTRODUCTION

Duvall Consulting Group, LLC has been in the consulting business since 1992 and has grown to be the premier consulting firm in the country exclusively serving higher education. The Duvall Group is a member NACAS, as well as a participant and business partner in numerous regional associations. Duvall Group principals have been presenters on programs for national associations and receive high marks on the presentations. Additional information may be reviewing by visiting our web site at www.duvallgroup.com.

Duvall Consulting Group has worked with all types of bookstores serving public and private institutions, both large and small. As the enclosed information is reviewed, it should be noted that the principal individuals have experience in actually managing institutionally-operated and contract-managed stores. We believe this is essential to understanding all sides of the store evaluation process.

Duvall Consulting Group is proud of its professionalism and serves its clients with information designed to secure the best possible bookstore operation available. The Duvall Group will use its experience in evaluating bookstore operations to guide the College in the process of developing the best course of action for the provision of bookstore services to the campus.
PRINCIPAL CONSULTANT

Ron Duvall is the Chairman and CEO of the Duvall Group. The resume for Duvall is included with this information. His experience covers the realm of bookstore operations from self-operation to contract management.

A list of clients is included for review.

CREDENTIALS

Ron Duvall is the Chairman/CEO of the Duvall Group. Mr. Duvall has managed college bookstores for lease operators and has managed institutionally operated stores. He has gathered unique insights into bookstore operations and is recognized as an authority in the field. Mr. Duvall has been a presenter at national meetings for professional associations. He has produced and delivered professional training programs for collegiate bookstores. Duvall Consulting Group was founded by Mr. Duvall over 20 years ago and continues to grow under his leadership.
Ron Duvall
Chairman and CEO of
Duvall Consulting Group, LLC

May 1993 – present  Duvall Group – Ellicott City, MD  Chairman/CEO
As owner and Chairman of Duvall Consulting Group, Inc., Duvall has directed this higher education management consulting firm to the acknowledged premier position in college bookstore consultation. Services include operational overviews, in-depth reviews to include time and action implementation plans, comparative analysis of institutional vs. privatized operations, and personnel training programs. The client list is a cross section of higher education in the United States. Included is a strong representation of some of the finest institutions to include the University of Southern California, Indiana University, Syracuse University, University of Miami, Fordham University, Univ. of Massachusetts, Amherst, and Howard University. In addition there are numerous private colleges, state universities and community colleges. The Massachusetts State College System has also retained the Duvall Group to assist its 9 state colleges with request for proposal development and negotiations for the contract management of the bookstores.

June 1985 – May 1993  Georgetown University  Director of Book Shops

And


During his tenure as Director of Book Shops. Mr. Duvall was instrumental in the transformation of Georgetown University Book Shops. He:

- Designed and opened a very contemporary 16,000 sq. ft. store on the main campus.
- Computerized all three stores to include Point of Sale, scanning capability of all products (including Bookland EAN), backroom system for Textbooks, Trade books, General Merchandise, and Accounting. This software operates on the IBM RISC 6000 (UNIX environment).
- Implemented a very successful mail order program.
- Designed and built (literally, from below the ground, up) a new Law Center Store, where previously there had been no store.
- Financially improved the operation to the point that GU Book Shops returned the largest percentage of revenue dollars of all stores in the Large Stores Group of the National Association of College Stores.

For the few months as Interim Executive Director of Auxiliary Services of Georgetown University, Mr. Duvall re-negotiated two major agreements with Marriott Corp. These included a management agreement for the Leavey Conference Center. The agreement allows Marriott to
operate the Conference Center, the 146 room hotel, and its five restaurants. Under a separate agreement, a new operating contract for Georgetown University's Food Service was also executed. The University was the benefactor of a significantly enhanced financial position as a result of these agreements.

Additionally, Duvall initiated discussions that led to the implementation of a debit card system. Vendor negotiations for the vending operation for all facets of the campus were also started.

**Nov. 1983 – June 1985**  
**Duvall & Associates**  
**President**

Duvall and Associates assisted institutionally operated college bookstores in the further development of their stores. Mr. Duvall provided total operational reviews, procedures manuals, training, and routine monitoring.

He was instrumental in developing more effective used book programs, increase in gross margin, paperflow, staff utilization and computerization.

**Nov. 1979 – Nov. 1983**  
**Campus Books, Inc.**  
**VP for Operations**

During his tenure with Campus Books, a college bookstore leasing company, Duvall was responsible for the following functions:

- develop and implement CBI's policies and procedures.
- provide the training program for store managers, assistant managers, manager trainees, and store staff.
- initial evaluation, takeover, training, physical layout and renovation, and resolution of all transitional problems associated with new store acquisitions.
- supervised all store managers (up to 17)
- liaison between CBI and the clients to insure a smooth relationship.

**Sept. 1977 – Nov. 1979**  
**Follett Corporation**  
**Book Center Manager**  
**Johns Hopkins University**

While with Folletts, Mr. Duvall was responsible for the following:

- Directed the operation of the Campus Store for a lease operator (Folletts). The store employed up to 25 employees.
- Significantly improved the financial position of the operation after his first full year.
- Established a full-time branch operation at Peabody Conservatory.
- Operated two branch locations for the evening college at JHU.
Campus Store Director and Accountant

During his employment with the College Association, Mr. Duvall's responsibilities included:

- Controlled internal accounting and auditing procedures.
- Directed the operation of the Campus Store, during which sales doubled.
- Served as State Director of the NY State College Stores Association.
- Graduated from the National Association of College Stores Management Training Seminar in Oberlin, Ohio, as well as the NACS Advanced Personnel Seminar.
- Served as a faculty member at various bookstore meetings.
Duvall Consulting Group, LLC Client List

Allegheny College
American University
Alvernia College
Auraria Higher Education Center
Biola College
Bowdoin College
Cal State University - Fullerton
Cal State University - Los Angeles
Cal State University – Stanislaus
Cal State University – San Marcos
Cal Poly - Pomona
Centenary College
Central Michigan University
Central Missouri State University
Central Piedmont Comm. College
Cuyahoga Community College
Dallas County Community College (7 campuses)
Dalton State College
Delaware Community College
Delaware Valley College
Dickinson College
East Carolina University
Edward Waters College
Elizabeth City State University
Elmira College
Emory University
Fordham University
Florida Atlantic University
Frederick Community College
Gallaudet University
George Mason University
Georgia Institute of Technology
Georgia Medical College
Georgia Perimeter College
Georgia State College and Univ.
Gettysburg College
Guam Comm. College
Guilford College
Harrisburg Area Comm. College
Hillsborough Community College
Howard University
Idaho State University
Indiana University
Meredith College
Michigan Tech University
Mississippi Valley State University
Morgan State University
Mount Mercy College
New York University
North Carolina State University
Northern Kentucky University
Northern Virginia Community College (5 campuses)
Occidental College
Phillip Exeter Academy
Rutgers University - Camden
Saint Augustine College
Salisbury University
Santa Clara University
Savannah College of Art and Design
South East Missouri State Univ.
Southern Illinois University
Stanford University
St. Francis University
St. John’s University
SUNY - Cobleskill
SUNY – Oneonta
SUNY – Stony Brook
Syracuse University
Temple University
Tidewater Comm. College
Troy State University
Tulane University
UCLA
University of Alabama
University of Arkansas
University of Central Florida
University of Guam
University of Maine
University of Maryland, Baltimore
University of Maryland, College Park
University of Massachusetts - Amherst
University of Miami, Florida
University of Missouri - Kansas City
UNC - Asheville
UNC - Charlotte
UNC – Wilmington
Indiana University Purdue University
Kansas State University
Lehigh Carbon Community College
Le Moyne College
Longwood College
Louisiana State University, Baton Rouge
Louisiana State University, Alexandria
Manatee Comm. College
Manhattan College
Massachusetts State College System (9 campuses)
Medical College of Georgia
University of Nebraska, Lincoln
University of Southern California
University of South Florida
University of the Sciences in Philadelphia
University of West Florida
University of Windsor
University of Wisconsin - Milwaukee
University of Wisconsin - Stout
Virginia Commonwealth University
Western Kentucky University
Western Maryland College (now McDaniel College)
Xavier University of New Orleans
Bookstore Update to Board of Directors

1. Holiday sales for clothing and novelties during November and December 2014 was about $7,300.00 compared to prior year at $9,600.00. Down about 20%. However overall YTD sales from June thru October of 2014 for the same items were up by 22% from 2013.

2. Spring 2015 course booklist has been posted on our web site and the book rental Kiosk has been updated.

3. In the past several years changes have been made to try to increase sales, including:
   - Added option for Textbook rentals.
   - Special orders at no add cost (next day delivery)
   - No minimum on charge card sales
   - 4% off on textbook sales no matter how you pay
   - Buying back books for cash all year round
   - Selling HSCB parking decals weekly/monthly
   - Exchanging dollars for quarters for the washing machines
   - Wacky Wednesday’s sale 4% off anything in the store
   - Free engraving of names on stethoscopes sales
   - $5.00 gift card for every $250.00 spent on textbooks

4. We have been working with CHRP students in redesigning clothing for P.A. and O.T to sell in the bookstore.

5. Year end sale will be held April 1st thru May 27th.

6. Year end inventory is planned to be held on May 28-29.

7. Year to date (unaudited) as of November 30, 2014 is a $16,288 loss.

Submitted by,
Kenneth Carlton, Manager
FSA Board of Directors

1. As the Board is aware, the FSA office also provides the financial support of the HSCB Foundation. As of December 31st, we have completed the audit for our related organization for the period ending July 31st, 2014. The completion of this audit we are now current in audit filings for the HSCB which, only a year ago, was three years behind their filing requirements.

2. The needs of the HSCB Foundation have been taking more than its normal allocation of time. This is due to a combination of audit needs, increase growing reporting needs and reduced HSCB Foundation staff support. As a result of this and at the suggestion of our audit firm, we will be conducting a “desk audit” survey to determine the amount of time dedicated to each organization’s operation.

3. The FSA continues its efforts improving our reporting stream to the Student Councils and the Trust & Agency account holders. Our goal is to provide the user with a summary and a detailed report for timely review so that decisions can be made based on current data and discrepancies can be found and corrected on a timely basis. We will continue to work on our turnaround time. The student officers responsible for reporting and working with us are, in general, doing well with meeting their reporting requirements however we do have certain areas where we are finding difficulty in receiving information timely and in the format required. We will continue to work on improving on these issues.

4. The FSA was in a startup phase as to what requirements we would needed in the software replacement. The software currently selected is the Infor (Lawson) software package already being implemented for some departments at DMC/UHB. Since our last meeting the momentum for transitioning the FSA software has stalled to allow Lawson expansion to additional DMC/UHB departments. This will require that the FSA continue to work with the obsolete ACCPAK system that no longer has any external support. We continue to review potential backup plans.

5. We have reached out to Duvall Consulting to review the University Book store operations. If approved by the Board today then we will begin the review and plan to have reportable results by the next Board meeting.

6. Pursuant to the 2014 Auditors recommendation, attached is the recommended draft FSA Capitalization Policy for consideration to be adopted by the Board.

Respectfully submitted by,

Rodney M. Venten
1 Capital Expenditure

1.1 Capital expenditure means the cost of the asset including the cost to put it in place, including planning, shipping and related installation expenses. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any initial modifications, attachments, up to one year warranty, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired. It also includes the cost of incoming transportation incurred on shipments from external suppliers.

2 Equipment

2.1 Equipment means an article of non-expendable, tangible, personal property which stands alone, is complete in itself, does not lose its identity, and has a useful life of more than one year.

a. Capital Equipment
Those items of equipment which have an acquisition cost of $2,000 or more are capitalized.

b. Minor Equipment
Those items of equipment which have an acquisition of less than $2,000 are expensed.

3 Component Parts

3.1 Enhancement parts with an acquisition cost of at least $1,000, which materially and permanently increase the value or useful life of a capital item, will be capitalized and their cost added to the capital cost of the item being enhanced; otherwise, they will be expensed. The purchase information of the enhanced capital item must be referenced on the procurement document for the enhancement part(s) in order for the enhancement part(s) to be considered capital.

3.2 Enhancement parts with an acquisition cost of at least $1,000, which permanently increase the value of an item of minor equipment to $2,000 or greater and are acquired within 120 days of the acquisition date of the item of minor equipment, and which also permanently increases the useful life of the item, will have their cost added to the cost of the item of minor equipment being enhanced and both the enhancement part(s) and the item of minor equipment will be capitalized; otherwise, they will be expensed. The purchase information of the enhanced item of minor equipment must be referenced on the requisition order for the enhancement part(s) in order for the minor equipment item and the enhancement part(s) to be considered capital.

3.3 Replacement parts, required to repair an item of capital or minor equipment and which simply maintain the original function of the equipment, will be expensed.

4 Maintenance And Repair

4.1 Expenditures needed to maintain equipment in a proper operating condition or to restore equipment to a proper operating condition are expensed.

5 Software

5.1 All computer software, whether operating systems or applications, is expensed, except that the original operating system purchased with the computer is capitalized.

5.2 Software acquired, internally developed, or modified to meet the Institute internal needs, with no intention of marketing the software externally will be capitalized if the costs meet or exceed $10,000.