

**THE UNIVERSITY CORPORATION**  
**Executive Committee**  
**May 3, 2022**

A meeting of The University Corporation Executive Committee was called to order by Chair Erika D. Beck at 3:02 p.m. on Friday, May 3, 2022 via Zoom Conference Call at California State University, Northridge. A quorum was present.

**Members Present via computer video and audio:** Erika D. Beck, Colin Donahue, Rose Merida, Michael Phillips, Ben Yaspelkis

**Staff Present via computer video and audio:** Heather Cairns, Rick Evans, Mike Lennon, Cindy Ruan, Grace Slavik, Linda Turner, Philia Militante, Lih Wu

**Others Present via computer video and audio:** Elizabeth Adams, Genevieve Evans Taylor, Charlene Manzueta, Tom McCarron, Bella Newberg, Whitney Scott

---

**ITEM 1. APPROVAL OF FEBRUARY 1, 2022 EXECUTIVE COMMITTEE MINUTES**

**MSP (Phillips/Donahue): That the minutes of the February 1, 2022 Executive Committee meeting be approved as circulated.**

**ITEM 2. APPOINTMENT OF NOMINATING COMMITTEE**

**MSP (Donahue/Yaspelkis): That the Chair appoint a Ben Yaspelkis, Mike Phillips, and Rose Merida at the nominating committee to make recommendations for Corporation officers, one-year terms to begin July 1, 2022.**

**ITEM 3. THE UNIVERSITY CORPORATION INSTRUCTIONAL IMPROVEMENT PROGRAM GRANT**

Philia Militante, Administrative Coordinator, provided a brief introduction on The University Corporation Instructional Improvement Program and shared that the names of the faculty members who will get the award will be available in Fall 2022. Ms. Militante introduced the next presenter Whitney Scott, Director CSUN Faculty Development.

Dr. Scott recognized that the mission of TUC aligns with Faculty Development's goal to support all faculty in their teaching with relevant and thought-provoking professional development. Dr. Scott then shared an overview of the general direction of the department that corresponds to the proposed spending allocation. She said that the umbrella that frames this proposal is all about scaling student success efforts within the domain of professional development for faculty. Thus, the focus on this proposal is about providing access to professional development that will serve a large number of faculty. She further emphasized that when faculty improve their teaching, student success happens.

Dr. Scott reported on the three professional development options that TUC Instructional Improvement Program helps provide: Equity-Minded Teaching (ITTL), Transforming STEM Teaching, and Syllabus Design for Equity. Dr. Scott also shared the sentiment that it takes a village and community to support gathering faculty. Accordingly, the department proposed funding to serve faculty for things such as bringing an inspirational speaker to campus, faculty facilitators to hold space and meet with faculty regularly, give feedback and to share from one another, resources such as books on learning-centered teaching, and resources to host a retreat or showcase to share out what faculty has learned and tried.

Dr. Michael Phillips, Professor, CSUN Finance and Financial Planning and Insurance, asked where can examples of student-oriented alternative structured syllabi be found. Dr. Scott replied the department will have some syllabus workshops over the summer. She also shared that there is a teaching tool kit at the Faculty Development website, as well as an entire section dedicated to the syllabus which links out to syllabi from different disciplines. She also offered to meet with Dr. Phillips for a further discussion.

**MSP (Merida/Phillips): That The University Corporation Instructional Improvement grants for the year, as recommended by The University Corporation Instructional Improvement Grant Selection Committee, be approved as circulated.**

**ITEM 4. RESEARCH AND SPONSORED PROGRAMS REPORT (JANUARY, FEBRUARY, MARCH 2022)**

Grace Slavik, Associate Director of Research and Sponsored Programs, TUC, reported that total Research and Sponsored Programs activities as of March 2022 was 4% below FY 21/22 budget but it is anticipated to meet the budget for this fiscal year. The net available to campus at this point, \$1.5 million, is lower than budget by 2% but Ms. Slavik stated the department continues to aim to meet the \$32.5 million grants revenue budget.

Charlene Manzueta, Grants & Contracts Manager, reported that compared to last fiscal year, from January 2022 to March 2022, there was an increase in the number of proposals submitted and in the overall dollar amount targeted. She indicated that the same scenario can be reported on the number of awards and on the number of dollars awarded. Since there is a considerable number of just-in-time requests received from National Institutes of Health (NIH), the department anticipates additional increase in awards in the coming months. Dr. Manzueta also shared that the department is in the process of filling four position vacancies.

Dr. Beck asked Dr. Manzueta to confirm if the department is managing with the four vacancies. Dr. Manzueta confirmed and listed that the department is filling up for the following positions: Research Compliance Specialist, Grants and Contracts Specialist, Budget Director, and Lead Grants and Contracts Analyst.

**ITEM 5. HOTEL UPDATE**

Rick Evans, Executive Director, TUC, recalled that Corvias, the potential developer of the hotel, was going to break ground in June 2020 but ended up putting this on-hold since the COVID pandemic hit a few months prior and the hospitality industry went into freefall. The Access and Option Agreement (AOA) was extended with Corvias to expire March 31, 2021, but the pandemic pushed on in full force past that date. Past the expiration of the agreement, TUC would have now full ownership of the design and construction

drawings. Instead, operating in good faith, and in light of the pandemic, TUC decided to allow Corvias to continue and attempt to pull its financing together.

Mr. Evans reported that in the last several weeks, serious discussions on whether exercising the separation option or obtaining a solid commitment toward diligently pursuing the development of the hotel with Corvias have restarted. In May, Corvias is expected to complete the company's updated Market and Feasibility Analysis, as well as to provide the updated financial modeling. In June, TUC will decide whether to end the relationship or enter into another AOA with Corvias.

Colin Donahue, Vice President, CSUN Administration and Finance, pointed out that the hotel industry, particularly in California, is still lagging to get back to pre-pandemic occupancy rates. Additionally, we are seeing an unprecedented rise in construction costs.

#### **ITEM 6. FACULTY STAFF HOUSING – DEVONSHIRE DOWNS UPDATE**

Mr. Evans reported that the TUC Board and the North Campus Development Corporation (NCDC) Board have been updated about the Faculty Staff Housing project on March 8, 2022 and April 19, 2022 respectively. The NCDC Board has approved the FY 22/23 budget and the bulk of it included the \$2 million pre-development cost that NCDC will pay over the next year or so. At the NCDC Board meeting, Mr. Evans indicated that TUC Board is receptive of eventually taking an ownership position of the project which will require a significant equity investment from TUC. In turn, this will also require a significant equity investment from NCDC as well as a pledge of NCDC's surplus revenue for several years after the project is complete.

Mr. Evans reiterated that the project will be using the Design-Build approach. This approach involves using a competitive design process to select to the final architect and the General Contractor as a joint team to design and build the project to a set budget. It is expected that around March 2023 the design-build team will be selected and then another year to design and go through all the permitting and steps required before breaking ground in Spring of 2024. Mr. Evans reported that the coordination for the soils analysis as well as environmental review with the geology and environmental consultants has started. He also reported that AC Martin was selected as the architect to prepare the criteria documents. A campus-wide survey is also scheduled to go out on the week of May 9<sup>th</sup> to be part of an updated demand study, conducted by JLL.

Mr. Evans shared that starting this fiscal year, a new reserve called *Faculty & Staff Housing Operational Reserve*, is created to accumulate enough funds to mitigate the negative cash flow from the Devonshire Downs project, during construction and the stabilization phases. This action will require a significant commitment from CSUN and North Campus, where most of the surplus revenue that both auxiliaries generate -- on behalf of the campus and which are typically placed in a Special Projects reserve for campus-based projects -- those funds will now be placed in a reserve specifically for this project. To become an operational reserve to assist with cash flow for the project for a number of years after construction until we reach stabilization. TUC itself, will retain its traditional 60% of next cash generated at the end of the year.

Mr. Evans concluded his presentation by providing the following tentative schedule:

- February 2022 – Project kick-off
- May 2022 – Agreement with architect -- AC Martin

- March 2023 – Selection of the Design-Build Team
- September -- 2023 – Board of Trustees Approval of Schematic Design and Financial Plan
- June 2024 – Start Construction
- March 2026 – Construction Complete

Dr. Phillips asked if there has already been any review on the relative gain in putting additional floors in the project to be able to make a little more money and offset some costs. Mr. Evans acknowledged that there is economy of scale as the project progresses but the current challenge is trying to have this project pencil at 200 units and about \$6-\$7 million in equity is still needed to move forward.

#### **ITEM 8. 2022/2023 OPERATING BUDGET**

Mr. Evans provided a general overview of the executive summary. He enumerated the following high points of the year: meal plan sales exceeded the budget due to a much greater student housing occupancy than initially expected; the pandemic continued to greatly impact the Food Services operations; the CSUN Ready program; and the 10-year strategic partnership with Premier America Credit Union.

Mr. Evans relayed the summary of the fiscal year's overall initial budget versus the latest projection for FY 21/22. He reported that the increase in meal plan revenue, in combination with the \$1 million in HEERF funds, increases the Net Cash Generated from Operations to almost \$2.2 million. After payments and funding, the fiscal year results in a Projected Net Cash to Replenish Reserves of \$1.2 million.

Mr. Evans went on to review the FY 22/23 proposed budget. The anticipated Net Cash Generated is budgeted to be a surplus of almost \$2.4 million and the fiscal year-end results in Net Cash to Replenish Reserves of \$1.3 million. Mr. Evans pointed out that the Net Cash to Replenish Reserves is only \$100,000 better than the current fiscal year, but the notable difference is that there is no HEERF funds in this FY 22/23 budget. The amount is all cash generated from the operations.

Mr. Evans then enumerated the following major assumptions for the FY 22/23 budget: the campus returning in the fall with 75% of campus dining units being opened; meal plan is set to return to almost normal at 1,400 meal plans; Chartwells will assume profit-and-loss responsibilities; Follett to provide a more favorable commission structure for the digital material for Inclusive and Equitable Access programs; a guaranteed commissioned of \$850,000 from Follett; a proposed General Salary Increase (GSI) of 4.3%; and continue to retain a net of 2.5 fewer administrative positions from before the pandemic. Mr. Evans deferred the discussion of major budget items to the TUC directors but briefly shared that in Real Estate section, the Faculty and Staff Housing project is going to be a major area of attention as well as the Hotel project.

Li Wu, Chief Business Officer, TUC, provided an overview of the Balance Sheet. By the end of FY 21/22, Total Assets are projected to an increase of \$160,000. The Cash and Investments are higher by \$1 million while Accounts Receivable is higher by \$641,000 which was offset by a decrease in Net Fixed Assets of \$1.5 million. Ms. Wu stated that the decrease in Net Fixed Assets is due to the yearly depreciation. Ms. Wu then reported that on the liabilities side, the Accounts Payable and Deposit held are higher by \$792,000, and the Long Term Debt is lower by \$886,000 due to the yearly payment of debt service.

Ms. Wu then discussed FY 22/23. Total Assets are up by \$1.2 million compared to the previous fiscal year primarily attributed to the operational results of FY 22/23. The Cash and Investment is up by \$2 million and the Accounts Receivable is higher by \$850,000 which is offset by a decrease in Net Fixed Assets of \$1.7 million. On the liabilities side, Ms. Wu stated the Deferred Revenue is lower by \$450,000 due to amortization and the Long-term Debt is lower by \$961,000 because of the yearly payment of debt service.

Ms. Wu began reporting the Reserve Schedule and indicated that this year TUC created a new reserve in anticipation of the Faculty Staff Housing - Devonshire Downs projects. She accounted that there was a Reserve Balance of \$24.6 million at the beginning of FY 21/22 and is projected to end the year at \$25.2 million. Of this balance, \$6 million is Operational Reserves, \$6.6 million is Undesignated General Reserves, \$5 million is Sponsored Programs Reserves, and \$7.5 million is In-support of University Projects. Looking at the FY 22/23 budget, Ms. Wu indicated that with the Net Cash generated in FY 21/22 of \$1.2 million, the beginning of FY 22/23 will be at \$26.4 million. She further relayed that FY 22/23 operations will generate \$1.3 million Net Cash to Replenish Operational Reserves for the following years. More funds will also be added to the Undesignated General Reserves, Sponsored Programs Reserves and In-Support to University Reserves. Finally, the Year-End Balance of FY 22/23 will be \$28 million with \$1.3 million yet to be allocated to various reserves for FY 23/24.

Divisional budgets were reviewed by TUC Directors and Associate Directors.

General and Administrative (G&A): Cindy Ruan, Associated Director – Accounting, TUC, reported that at the end of this fiscal year, it is projected to have a \$113,000 improvement in Net Surplus compared to the budget. This is due mainly to the cost savings and efficiency improvement from transitioning to Common Financial System (CFS) at the beginning of the fiscal year. In addition, the improvement is attributed to less service cost from having fewer employees. Ms. Ruan then looked at the FY 22/23 budget and indicated that overall, it will be \$98,000 more expensive to operate the division. This is largely because of the increase in sanitation costs, as well as personnel cost, which reflects a return to the pre-pandemic operation level. She said that on the revenue side, the division is expecting a \$34,000 increase in licensing fees partially due to the resumption of in-person activities, and also the addition of the Premier America Credit Union contract.

CSUN Campus Store: Heather Cairns, Director of Administrative Services, TUC, reported that for FY 21/22 academic year, with primarily virtual learning, *MyCSUNDigitalAccess* program continued to grow, serving about 16,000 students. In the same token, the CSUN Ready program was a success, serving over 4,000 students last fall and this spring. Ms. Cairns pointed out that FY 21/22 is projected to exceed budgeted commission revenue by \$233,000. Ms. Cairns indicated that for FY 22/23, \$850,000 is budgeted for commission revenue which is the guaranteed minimum. Operating expenses continue to realize a savings primarily due to the Campus Store Lease being fully depreciated by June 30, 2022. She also mentioned that in the coming year, Access programs will continue to be a focus.

Food Services: Mike Lennon, Director Facilities and Operations, TUC, In FY 20/21, TUC, shared that FY 22/23 will be the third year that Chartwells has been the campus food service provider in which the first two years was in a cost-plus model where TUC owned the profit & loss (P&L). In FY 22/23, Chartwells will assume the P&L for the food service operations which results in a significant change to next year's budget. Mr. Lennon reported that the division budgeted for a significantly lower number of meal plans based on expected occupancy in Student Housing. However, in fall, 1,300 meal plans were sold which far exceeded the expectations resulting in an increase in revenue. Three units on the main campus opened in

September and with the increase of foot traffic in Spring, an additional three were added. The additional meal plans sold, significantly improved the division's operating deficit to \$66,000 which favorable to budget by \$1.6 million.

Mr. Lennon then reviewed the FY 22/23 budget and stated that with Chartwells taking P&L responsibilities, it will trigger \$723,000 in additional expense reimbursement to TUC and the campus. Accordingly, the revenue in the Food Services division, budgeted at \$6.8 million, will come from the two major sources: the meal plan revenue that TUC will continue to receive directly, and the commission revenue from Chartwells on all the non-meal plan-related sales. The cost of Goods reflected in the budget is the amount Chartwells will charge TUC for the costs associated with the delivering the meal plans. Mr. Lennon indicated that the budget for Food Service labor and Other Operating expenses will decrease significantly since these will now be under Chartwells' responsibility. Mr. Lennon also stated that with the roll-out of the new campus catering policy and the vast resources and experience Chartwells possessed, a strong year of sales for the catering department is to be expected. Finally, the division is projecting a surplus in the Food Service division of \$968,000. Mr. Lennon pointed out that although not reflected in the chart he presented, adding back depreciation, the surplus becomes \$2.2M.

Real Estate: Linda Turner, Associate Director - Real Estate, TUC, shared that in the two years since the pandemic started, TUC did not increase current tenant rates. However, for FY 22/23, a 3.5% increase in rents for the existing tenants in all TUC housing properties will be budgeted. Ms. Turner reported that FY 21/22 projected surplus is favorable to budget by \$35,000. This is largely due to the \$49,000 higher revenue resulting from the higher occupancy rate for the year and the \$14,000 higher operating expenses due to higher facilities related expenses and insurance. She then reviewed the FY 22/23 budget and indicated that the Net Surplus is budgeted at \$340,000, which is \$43,000 better than the FY 21/22 projected budget. Ms. Turner indicated that for FY 22/23, after adding back non-cash depreciation expense of \$345,000, the division is cash positive at \$685,000.

Research and Sponsored Programs (RSP): Ms. Slavik reported that for FY 21/22, the division is anticipating a grants revenue of \$32.5 million with 17% IDC recovery rate, which is same as budget. As projected, the first six months of FY 21/22 were comparable to the first six months of FY 20/21. Ms. Slavik shared that a slight increase in the next coming months is expected as more in-person activities transpire and domestic travel resumes. Ms. Slavik then reviewed the FY 22/23 budget and indicated that \$33.3 million is budgeted for grants revenue which is a 2.6% increase from FY 21/22 budget. Ms. Slavik shared that CSUN recently completed the Facilities and Administration rates negotiation with US Department of Health and Human services, which resulted to the increase of CSUN's IDC rate for federal research grants from 45% to 46.5% as of December 2021. Indirect Cost recovery rate for FY 22/23 is projected to be 18%, a percent increase from FY 21/22 projection. Accordingly, TUC's share of the indirect cost recovery increases from \$2.3 million to \$2.5 million. Ms. Slavik shared that the operating budget for FY 22/23 is set at \$925,000, an increase of 10% from the previous fiscal year. The increase in budget is influenced by the anticipated increase in the department's travel expenses as more trainings and meeting will be done in-person. In addition, insurance cost for next year is expected to increase.

Capital Budget: Ms. Cairns reported that For FY 22/23 the proposed Capital budget will be \$215,000 which is reduced from the previous year's \$250,000 capital budget. Ms. Cairns highlighted two major projects: replace or repair older and aging kitchen equipment budgeted at \$75,000 and enhance landscaping outside of the Orchard Center budgeted at \$50,000.

**MSP (Phillips/Donahue): That The University Corporation Executive Committee recommend that The University Corporation Board of Directors approve the 2022/2023 operating budget as proposed.**

**ITEM 8. ANNOUNCEMENTS**

There being no further business, the meeting adjourned at 4:21 p.m.

Respectfully submitted,



24-May-2022

---

Colin Donahue, Recording Secretary