

**THE UNIVERSITY CORPORATION**  
**Executive Committee**  
**September 6, 2018**

A meeting of The University Corporation Executive Committee was called to order by Chair, Dianne Harrison at 3:06 p.m. on Thursday, September 6, 2018 in University Hall Room 250, California State University, Northridge. A quorum was present.

**Members Present:** Colin Donahue, Dianne Harrison, Michael Phillips, Ben Yaspelkis

**Members Absent:** Stacey Aguila

**Staff Present:** Heather Cairns, Elizabeth Corrigan, Rick Evans, Sheree Schrager, Karina Ward, Kathryn Weeks, Lih Wu

**Others Present:** Robert Carlson, Ken Rosenthal, Mary Clare Smithson

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**ITEM 1 APPROVAL OF MAY 1, 2018 EXECUTIVE COMMITTEE MINUTES**

**MSP (Phillips/Donahue): That the minutes of the May 1, 2018 Executive Committee meeting be approved as circulated.**

**ITEM 2 FINANCIAL STATEMENT**

Executive Director, Rick Evans reviewed the 'Net Cash Generated' schedule. As of June 30, 2018, Net Cash Generated to Replenish Reserves and Contribution to Campus is above budget. Mr. Evans commented that most of the division beat budget with Foodservices having the largest surplus. The increase in meal plan participation, freshmen enrollment, and housing occupancy positively impacted the cash generated.

Chief Financial Officer, Lih Wu reviewed the 'Balance Sheet'. Ms. Wu noted that total assets increased due to investments. This was a result of the market performance and good fund management partially by Dr. Michael Phillips and his students.

Ms. Wu continued with a review of long term and short term investments. Overall, fiscal year 2017/2018 was a positive year.

**ITEM 3 FRAUD PREVENTION REPORT AND UPDATE**

Mr. Evans stated that the Executive Committee also serves as the Fraud Prevention Committee. Director of Administrative Services, Heather Cairns reported an update to the Fraud Prevention Program including revisions to the table of contents, fraud prevention team, organizational chart, and a new procedure relating to Research & Sponsored Programs (RSP) rental agreements.

Ms. Cairns reported on a recent incident of fraud. A BUILD PODER staff member conducting research out of state was subject to a rental scam. A check sent to pay for monthly rent was cashed by a different entity from that of the signed agreement. Ms. Cairns stated that implementing a new procedure with added controls and documentation review should prevent similar fraud in the future. Ms. Cairns also noted that the money loss was recovered and returned to the grant.

Ms. Cairns also reported on minor incident involving a fraudulent check. The control procedure in place with the bank was able to identify a counterfeit check and prevent it from being cashed.

#### **ITEM 4 HOTEL UPDATE**

Mr. Evans reported that the Request for Qualification/Request for Proposal (RFQ/RFP) went out to the development community on August 28. Jones Lang LaSalle (JLL) prepared and distributed a marketing piece to potential developers. (Appendix A)

Ken Rosenthal, Associate Vice President of Facilities Development & Operations, stated a site conference is scheduled for September 14, 2018 with the interested developers who have received the RFQ/RFP. Mr. Rosenthal provided an overview and timeline for the RFQ/RFP and selection process.

#### **ITEM 5. CSUN RESTAURANT AND CONFERENCE CENTER UPDATE**

Mr. Evans stated, in partnership with CSUN's Facilities Planning department, the Corporation has completed the RFP process to select an architectural firm to conduct the pre-schematic program, design, and feasibility of the project.

Mr. Rosenthal reported that Gensler was the architectural firm selected to conduct the feasibility study. A series of focus groups have been scheduled with the campus community to solicit input on the restaurant and conference center. Mr. Rosenthal provided an overview of the estimated timeline. Deliverables from the architectural firm will include different design and functionality options for the space, branding elements, as well as a business operations plan for the restaurant, conference center, and catering.

Mr. Evans provided a general overview of the financial plan. This project will be a partnership between the campus and the Corporation as a mission driven investment. The Corporation will use funds from reserves grown from cash generated from operation and not from reserves generated by investment income. Mr. Evans stated that a budget allocation request to the Corporation Board will be made at a later date.

Betsy Corrigan, Director of Foodservices, reported on the restaurant, conference center, and catering program. Ms. Corrigan stated that it is anticipated the restaurant's hour of operations will provide lunch and dinner service. There will be a dedicated staff focusing on the operations of the restaurant.

Ms. Corrigan continued with a summary of the catering and conference center program. This location will operate seven days a weeks with a separate staff focused on the catering and conference center. The new conference center with flexible space and greater occupancy will allow for larger events. Ms. Corrigan noted that the proposed first right of refusal catering policy will help support the success of the catering program. The restaurant and conference center programs will reflect the needs of the campus community.

Chief Financial Officer, Lih Wu presented on the ten-year proforma for the restaurant and conference center. Ms. Wu explained these calculations were based on various assumptions and anticipated growth. (Appendix B) In the combined proforma, the restaurant and conference center shows a positive surplus in sixth year. The individual proforma show the restaurant at a negative surplus for the ten year duration. The conference center shows a positive surplus starting in the first year.

Dr. Phillips asked if it is know how much is spent by a department each year on dinner expenditures for recruiting. Ms. Wu explained that she worked with the campus' Financial Services department to determine that information. Mr. Evans stated that the starting point for First of Right Refusal would be for catered events held on campus. Ms. Wu continued to explain the various assumptions used to calculate the ten-year proforma.

Dr. Phillips asked if he may receive a copy of the assumptions spreadsheet to review. Ms. Wu confirmed she will send it to Dr. Phillips. Mr. Donahue stated that when the project is at the right point and there is more clarity on the financial numbers a draft memorandum of understanding (MOU) will be created between the campus and the Corporation. The MOU may also include language on the first right of refusal policy. Dr. Phillips added that the MOU should clearly state what portions of funds will not be amortized. Dr. Harrison recommended that University Advancement participate in the naming of the conference center.

**ITEM 6. RESEARCH AND SPONSORED PROJECTS – AWARDS AND SUBMISSIONS (APRIL, MAY, JUNE, AND JULY 2018)**

Mr. Evans provided some highlights from the fiscal year 17/18 year end. Mr. Evans advised that Research and Sponsored Programs activities exceeded budget by 2%, indirect cost recovery (IDC) for the year-to-date is at 15.6%, service fee income is ahead by 2%, and the net available to campus is 52% ahead of budget.

Dr. Sheree Schrage, Managing Director of Research and Sponsored Programs, reported that budget projects for the 18/19 fiscal year was completed assuming conservative numbers but anticipates an IDC rate of 15%. Mr. Donahue commented that he is seeing less IDC waivers. Dr. Schrage confirmed that she reviews and approves applicable voluntary IDC waiver requests. The department is renegotiating the Federally Approved Indirect Cost (F&A) rate and hope to increase it to 48%.

**ITEM 9. ANNOUNCEMENTS**

Dr. Phillips announced that the student portfolio class was selected by the D.A. Davidson & Co. to be 1 of 20 universities to participate in their annual portfolio competition. CSUN is the first school from California to participate in the competition. Dr. Harrison extended her congratulations to Dr. Phillips and the portfolio class.

The open meeting ended at 4:05p.m. The Executive Committee went into executive session to consider a legal and personnel matter.

Respectfully submitted,

  
Colin Donahue, Recording Secretary