

**THE UNIVERSITY CORPORATION
Board of Directors
June 3, 2019**

A meeting of The University Corporation Board of Directors was called to order by Chair, Dianne F. Harrison at 3:03 p.m. on Monday, June 3, 2019 in the Sierra Center Colleagues Room, California State University, Northridge. A quorum was present.

Members Present: Colin Donahue, Ronald Friedman, Carlos Fuentes, Hamid Johari, Dave Moon, Michael Phillips, Louis Rubino, Jerald Schutte, Benedict Yaspelkis

Members Absent: Stacey Aguila, Harvey Bookstein, Zahraa Khuraibet, Sabrina Maglalang, Rose Merida, Beverly Ntagu

Staff Present: Heather Cairns, Elizabeth Corrigan, Ricke Evans, Time Killops, Michael Lennon, Dan Martin, Sheree Schrager, Linda Turner, Karina Ward, Lih Wu

Others Present: Mechelle Best, David Hart, Catherine Kniazewycz, Emory Molnar, Ken Rosenthal, Mary Clare Smithson, Sara Wright

ITEM II APPROVAL OF MARCH 4, 2019 MINUTES

MSP (Friedman/Schutte): That the minutes of the March 4, 2019 Board of Directors meeting be approved as circulated.

ITEM II APPOINTMENT TO THE BOARD OF DIRECTORS

Faculty:

The terms of Louis Rubino and Ben Yaspelkis will expire on June 30, 2019. The University President has made the following appointments:

| | |
|--------------------------------|-----------------------------|
| Mechelle Best | Three-year term (2019-2022) |
| Ben Yaspelkis (reappointed) | Three-year term (2019-2022) |

Community:

The term of Harvey Bookstein will expire on June 30, 2019. The University President has made the following appointments:

| | |
|-----------------------------------|-----------------------------|
| Harvey Bookstein (reappointed) | Three-year term (2019-2022) |
|-----------------------------------|-----------------------------|

Students:

The terms of Stacey Aguila and Zahraa Khuraibet will expire on June 30, 2019. Additionally, two nominees are needed to fill a vacant position and to complete the term of Beverly Ntagu, who is graduating. The

University President will appoint three students to serve two-year terms and one student to serve the remainder of Beverly Ntagu's term.

Dr. Harrison expressed her thanks to Drs. Yaspelkis and Rubino for their services and welcomed Dr. Best to the Board of Directors.

ITEM III NOMINATING COMMITTEE REPORT AND ELECTION OF OFFICERS

Dr. Yaspelkis presented the following recommendations for officers: *Chair* – Dianne F. Harrison; *First Vice President* – Ben Yaspelkis; *Second Vice President* – Rose Merida; *Treasurer* – Michael Phillips; and *Recording Secretary* – Colin Donahue.

MSP (Fuentes/Schutte): That the recommendations of the nominating committee for officers of The University Corporation be approved as presented, one-year terms to begin July 1, 2019.

ITEM IV HOTEL PROJECT UPDATE

Executive Director, Rick Evans introduced Sara Wright, Project Manager at Corvias; David Hart from Steinberg Hart the architect for the hotel; Emery Molnar from Gilbane, the hotel contractor.

Ms. Wright provided an overview of the development team, developer profile, and developer approach. Ms. Wright stated that Corvias views this project as a long-term partnership focusing on collaboration, flexibility, surety of project execution, and emphasis on community engagement and impact. Corvias will be working with Dr. Best to develop a Recreation and Tourism program integration with the hotel. Ms. Wright continued with an overview of Evolution Hospitality, the hotel operator.

Ms. Wright introduced Emory Molnar, Project Executive from Gilbane and David Hart, Principal-in-Charge from Steinberg Hart. Mr. Molnar provided an overview on Gilbane. The company recently completed construction on the Sustainability Center at CSUN. Mr. Hart represents the design team at Steinberg Hart. The firm has completed over 60 projects for the CSU system as well as the planning and design of more than 40 hotels worldwide.

Mr. Evans provided a summary on the project, key business terms, and CSUN benefits and financial consideration. Dr. Yaspelkis stated that the campus is excited about the project and asked the project team if they were excited. Mr. Hart and Ms. Wright confirmed that the development team is excited to be working on the project with the leadership team at CSUN and the Corporation.

Ken Rosenthal, Associate Vice President of Facilities Development & Operations, stated that the commitment and surety to achieve success has been a driver for the team. Mr. Rosenthal provided an overview of the progress to date and the design process.

Mr. Hart presented schematic drawing of the hotel. The design of the hotel is intended to compliment the campus and blend in with the surrounding buildings and outdoor space. The hotel will have a hot tub and courtyard that is usually not seen at Hilton Garden Inn hotels. The London Plain trees along Nordhoff will remain and be a nice façade to the hotel. Mr. Hart continued with a summary and color palette overview of the interior spaces.

Dr. Harrison asked if there was an option to signify this hotel is on CSUN campus. Mr. Hart stated that it may be possible to work within the color palette to highlight the color red. Ms. Wright commented that there would be ways to incorporate the campus at the hotel. Mr. Fuentes asked how high tech the hotel will be. Mr. Hart stated that the internal functionality design is next. The focus is to design an infrastructure that allows for the evolution of technology. Dr. Harrison stated that sustainability also needs to be a priority. Mr. Hart explained that the hotel is on track to be a LEED Gold certified building.

Dr. Yaspelkis asked why there will not be a pool at the property. Mr. Rosenthal explained that there was a lot of discussion regarding the pool. Evolution Hospitality decided to a hot tub would be most appropriate for the development. Dr. Jerry Schutte commented that the campus is typically a 10-month environment, a pool would be necessary to attract business to the hotel during the two months of summer. Dr. Dave Moon asked how the look of the hotel will complement the Soraya building. Mr. Hart explained that the neutrals and color framework are matching to the tones of the Soraya. Mr. Evans noted that the Soraya is a taller building and directly facing Nordhoff. The hotel will be further in and partially covered by the London Plain trees. Mr. Hart stated that the hotel will blend well with the campus. Mr. Donahue commented that contextually the hotel needs to relate to the surrounding campus building. Dr. Harrison said it will be a balance to integrate the hotel to campus while also highlighting it as a special building.

Mr. Rosenthal explained the timetable of the development. Upcoming meetings include the CSU Land Development Review Committee and the CSU Board of Trustees. Plan Check should be completed in summer 2020 with a projected completion in late fall 2021.

**ITEM V RECEIPT OF FEBRUARY 21, 2019 EXECUTIVE COMMITTEE
MINUTES AND CONSIDERATION OF ACTION ITEMS**

Mr. Evan explained that Item V should have been titled May 30, 2019 Executive Committee minutes. The meeting was last Thursday so the minutes are not completed yet. However, two actions items were discussed in detail and approved to bring to the full Board.

Consent Agenda:

A. CSUN Restaurant & Conference Center (Executive Committee Agenda Item 4): Mr. Evans provided a recap of the CSUN Restaurant and Conference Center (URCC). The initial project budget is estimated at \$7,000,000. However, cost estimates are currently at \$8,500,000. Discussions between the Corporation and the campus to strategically value engineer the project to bring it closer to budget as well as potentially finding additional sources of funding. Mr. Evans introduced Ms. Catherine Kniazewycz, Campus Architect and Director of Design and Construction.

Ms. Kniazewycz presented the schematic designs of the URCC. There will be a multi-purpose room that can be reconfigured to accommodate a variety of events, meetings, and conferencing. The restaurant will have approximately 86 seats, a private dining room, and a pre-function space.

Mr. Rosenthal reviewed the timeline for the URCC. Once completed, the schematic design will be submitted to the Chancellor's Office for approval. Construction is scheduled to start at the end of 2019 with an estimated opening in Summer 2020.

Elizabeth Corrigan, Director of Foodservices, stated that the feasibility study conducted by Gensler showed the campus wanted a high-quality operation at the URCC. After completing a financial analysis, the Corporation does not anticipate a return on investment (ROI). The goal is to operate at a break even. With that in mind, it is essential that the campus financially supports the project by implementing a catering first right of refusal policy. The Corporation is researching the possibility of a contract management company operating the URCC. Ms. Corrigan confirmed that the four, full time staff members of the Orange Grove Bistro will be offered continued employment with the Corporation if the restaurant and conference center is operated by a contract management company.

Ms. Corrigan explained that the Corporation has engaged Envision Strategy, a foodservice and hospitality consultant, to assess CSUN Dining and assist with the Request for Proposal (RFP). Ms. Corrigan introduced Claudia Scotty, Executive Principal of Envision Strategy.

Ms. Scotty presented on the RFP process. Quality and innovation are paramount as well as working with a company that acts as a true partner to the Corporation and the campus. The objective is to locate a company that has the best intersection of quality and financials. Ideally, a supplier will be on board in time to provide input on the URCC design and develop an operating program. Ms. Scotty explained that an evolving financial structure may be the best situation. The project will also be more appealing to a high-quality service provider if a first right of refusal policy is in place.

Mr. Evans asked if the restaurant would attract a lot of off campus business. Ms. Scotty stated that in her experience, that is unlikely considering the location of campus and the availability of other dining options within the area. However, there is an opportunity to attract patrons of the Soraya and guests of the hotel.

Dr. Schutte asked if the short list consisted of qualified operators for restaurants, conference center and catering. Ms. Scotty confirmed that was correct. Dr. Schutte asked if the restaurant would serve lunch and dinner. Mr. Evans stated that the goal is to provide lunch and dinner service, 5 days a week; catering and conferencing services will be available 7 days a week.

Ms. Corrigan showed a graph showing 80% of CSU campuses have a first right of refusal catering policy in place. Ms. Corrigan also presented on the pro forma. The restaurant is anticipated to be in a deficit position; the conference center and catering could potentially break even. Mitigations efforts include contracting the program to a management company and the campus committing to a first right of refusal policy.

Mr. Evans asked if the kitchen needed separate cooking lines? Ms. Corrigan confirmed the kitchen would need two separate lines for the restaurant and catering services. This is essential to providing efficient, high quality service as well as attracting a high-quality contract management company.

Ms. Cairns presented the current proposed reserve allocations to achieve the \$3,500,000 commitment for the project cost. Mr. Ron Friedman asked if emergency funds are still available. Mr. Evans stated emergency funds are still available and an overview of the reserves schedule will be discussed in the budget presentation. Dr. Hamid Johari asked where does the \$7,000,000 to \$8,500,000 difference come from? Mr. Donahue stated that there has been substantial escalation in construction costs in the last several years. The challenge will be to design a project within budget at the level of quality the campus is expecting. Dr. Harrison stated that there will be push back from the campus on the first right of

refusal policy if the services provided is not high quality and affordable. Mr. Fuentes stated that these projects are the beginning of a new era for CSUN and to start with a mindset of providing high quality services. Dr. Schutte asked if the campus has committed to providing the other \$3,500,000 of the budget. Mr. Donahue confirmed the campus has committed the funds towards the project.

MSP (Fuentes/Friedman): That The University Corporation Board of Directors approve the remaining allocation of \$3,175,000 to fulfill The University Corporation's commitment of \$3,500,000 toward the project cost.

B. 2019/20 Operating Budget (Executive Committee Agenda Item 6): Mr. Evans stated that the Executive Committee reviewed the proposed FY 19/20 budget in detail with management at the May 30, 2019 meeting and have approved it to be forward to the Board. FY 18/19 total net cash generated from operations is projected to be \$1,500,000 which is a decrease of almost \$500,000 from the FY 18/19 budget. The decrease is largely due to the foodservices division being below budget caused by lower than expected freshman enrollment, factors affecting meal plan participation, and the challenges of the steadily rising minimum wage.

For the foreseeable future, Campus Store sales will continue to decline but the Corporation does have a guaranteed minimum commission payment from Follett. All the divisions except for foodservices is meeting or exceeding budget. Net assets continue to grow, there has been investment gains, and reserves designated for immediate needs and financial viability are fully funded.

Mr. Evans continued with an overview of FY 19/20 proposed budget. Net cash generated is anticipated to be \$1,200,000, after the return to the University Special Projects reserve the bottom line net cash generated to replenish reserves is estimated to be \$750,000. Significant issues affecting the budget this coming fiscal year include: the financial commitment to University Special Projects, a 3% general salary increase for employees; and no additional staff positions are requested.

Mr. Evans provided a summary of reserves, commenting that the majority of FY 18/19 Net Cash Generated to Replenish Reserves will be allocated to the Restaurant and Conference Center.

MSP (Friedberg/Fuentes): That The University Corporation Board of Directors approve the 2019/2020 operating budget as proposed.

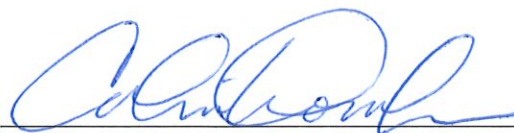
ITEM VI THANK YOU TO OUTGOING DIRECTORS

Dr. Harrison acknowledged and thanked the outgoing directors Lou Rubino, Stacey Aguila, Zahraa Khuraibet, and Beverly Ntagu for their service on the Board. Mr. Evans thanked Dr. Rubino for his 10 plus years on the board. Dr. Rubino has provided guidance on a variety of fronts such as the Corporation's HR Policies, best practices in Research & Sponsored Programs, and the importance of inclusive excellence on the Board composition.

ITEM VII ANNOUNCEMENTS

There being no further business, the meeting adjourned at 4:40 p.m.

Respectfully submitted,



Colin Donahue, Recording Secretary



The University Corporation
Research, Investments and Commercial Services
California State University, Northridge

MEMORANDUM

To: Colin Donahue, Vice President
Administration & Finance
California State University, Northridge

From: Rick Evans, Executive Director

Date: June 3, 2019

Subject: **THE UNIVERSITY CORPORATION-2019/2020 BUDGET**

In accordance with Title V, Section 42402 of the California Administrative Code, we are submitting for President Harrison's review and approval, the operating and capital outlay budgets of The University Corporation for the 2019/2020 fiscal year. This budget was approved by The University Corporation Board of Directors on June 3, 2019.

Please initial on the line next to your name, above, and forward to the President. President Harrison should indicate her approval by signing below and returning this memorandum to me. Thank you.

I hereby approve The University Corporation 2019/2020 operating and capital outlay budgets.

Dianne F. Harrison, President
California State University, Northridge

Date

/kww
att: