

defines educational institutions as essential, provided that the recommended health and safety practices, such as social distancing, are adhered to.

Mr. Evans reported that TUC's administrative office is open with a minimal number of personnel coming in to the office and the majority of employees working remotely. The CSUN Campus Store, operated by Follett, is also open with six to eight employees staffing the store. Mr. Evans stated that all the dining units are closed except for a small staff at Geronimo's to provide meals for students living in student housing. The dining units are anticipated to remain closed throughout the summer.

The closures have resulted in a layoff of 330 part-time employees (281 students and 49 non-students) and 46 full time employees placed on unpaid leave. However, the employees will be paid their average salary through April 5 and will continue the health benefits for the full-time employees in hopes that they are able to return in the fall. Mr. Evans noted that many of the other commercial auxiliaries in the CSU are taking similar measures. The affected employees have been provided with resources available at the career center, as well as information on applying for unemployment benefits. As difficult as these measures were, it was necessary to ensure the fiscal soundness of TUC as unprecedented financial projections are anticipated in the coming months. COVID-19 is costing TUC approximately \$1,200,000 to the bottom-line.

Mr. Evans reported that the minimum guarantee payment with Follet is \$1,200,000. However, the contract stipulates that in the event of significant changes in business that materially impact store sales, the minimum guarantee will go away and the commission will revert to a commission based on sales. This change results in TUC's commission decreasing almost \$400,000. Mr. Evans stated that TUC is in the process of developing the FY 20/21 budget with the commitment of bringing in a balanced budget, unfortunately the net surplus will be significantly reduced over prior years.

Lih Wu, Chief Financial Officer, provided a summary on the financial impact of COVID-19 on TUC. Ms. Wu reviewed the status of TUC's long-term and short-term investments. Overall, long-term investments as well as portfolio investments are down with short-term investments flat. After consultation with D.A. Davidson, Northern Trust, and Dr. Michael Phillips, the decision was made to hold steady and continue with the investment allocation as laid out in the investment policy. Dr. Phillips confers with this decision.

Ms. Wu continued with an overview of the Profit & Loss. Ms. Wu stated that in FY 19/20 there will be a deficit to the net cash generated before contribution to CSUN. Dan Martin, Controller, reviewed the FY 19/20 Net Cash Generated. The two largest items affecting the budget are the CSUN Campus Store and Food Services division. Elizabeth Corrigan, Director of Food Services, provided an overview of the impact to the division. The majority of the dining locations closed with only two remaining open at Student Housing to provide meals to residential students. All catering events have been cancelled. These closures have led to all part-time employees being laid off and 70% of full-time employees being placed on leave.

Heather Cairns, Director of Administrative Services, provided an update on the Licensing department. All events have been cancelled through the Spring semester. The financial impact to FY 19/20 is a projected \$1,260,000 decrease from budget. Ms. Cairns noted that this is campus revenue since TUC manages licensing on behalf of CSUN. Ms. Cairns stated that there is no impact to cell site revenue.

Mr. Martin provided an update on the Financial Services and Post Award Administration departments. Both continue to support ongoing research efforts that are still taking place. Most of the essential work is

being performed remotely, critical staff follow a staggered schedule in the office, and paper-based processes are being transitioned to electronic processes.

Dr. Phillips stated that TUC employees are non-state employees therefore it may be necessary to reimburse the employees working remotely for their internet expenses. Mr. Evans stated that TUC management is discussing that issue. TUC has purchased more laptops for employees to use at home. President Harrison asked Mr. Evans to explain the difference between TUC student employees and stateside student employees. Mr. Evans explained that TUC is a separate corporation from the university and operates with different financial conditions and are required to be self-supporting and revenue driven. The Chancellor's Office and university Presidents agreed that auxiliaries have to handle their employees separately. TUC made the decision to pay the student employees up to April 5, 2020. Dr. Harrison stated that it is important for the board members to appreciate and understand the fiduciary responsibility to TUC; to guide and support the Corporation in difficult times to ensure it is fiscally sound so that it can still provide services to the university.

Mr. Bookstein asked where the projections of 10-15% reduction of student enrollment is coming from. President Harrison stated the estimate is based on the general economy, students who may not want to enroll in virtual classes, and those who may want to take a pause in their education. Colin Donahue, VP of Administration and Finance, stated that another factor to consider is the number of students who had originally planned to go away for college but will now stay local and attend CSUN. However, there are a multitude of variables to consider.

Rose Merida asked will there be rehiring priorities for the students and part-time employees that were laid off once campus reopens to normal operations. Mr. Evans stated that the students and part-time staff have the training and knowledge of the position and rehiring that population would be the priority once it is possible.

ITEM IV ORCHARD CONFERENCE CENTER & CATERING UPDATE

Mr. Evans stated that the agenda shows this as an action item. However, the action is being tabled for this meeting and this will now be an information item. Mr. Evans introduced Catherine Kniazewycz, Campus Architect and Director of Design & Construction. Ms. Kniazewycz stated that the contract has been awarded to the contractor and construction has started on the project. Ms. Kniazewycz provided an update on the floor plan, lighting, and furniture. Ms. Cairns presented on the branding of the OCC. The design and graphic elements capture the theme of "California elegance". Ms. Cairns stated that the President's Cabinet has approved the Catering Policy which will take effect March 2021.

Dr. Dave Moon asked why the particular logo and typeface was selected for the OCC. Ms. Cairns stated that there were several iterations of the logo and the one shown was the preference. A more in-depth design update will be presented at the upcoming Board of Directors meeting. Mr. Evans stated that TUC will meet with Dr. Moon prior to the next Board of Directors meeting. President Harrison recommended that TUC utilizes Dr. Moon's expertise for branding and graphic design.

Ms. Corrigan presented on Chartwells, the selected operator for the OCC. Chartwells is the education sector of the Compass Group North America. They currently operate on 280 campuses across the country including four CSU campuses: Cal Poly, East Bay, San Jose, and Stanislaus. Ms. Corrigan thanked Dr. Jerry Schutte for his involvement on the selection committee. Ms. Corrigan provided an overview on the

deal terms with Chartwells including the agreement term, financial terms, and key performance indicators (KPIs). Dr. Mechelle Best, Department Chair of Recreation & Tourism Management (RTM), has been very involved with both the hotel and OCC project, including the selection of the hotel developer and the OCC operator. Both agreements have KPIs with associated metrics that create an academic partnership with RTM.

Mr. Evans reiterated that the agenda item was an action to ask the Board of Directors to grant authority to TUC's Executive Director to sign an agreement with Chartwells. However, the action item will be moved to the May Executive Committee Meeting or the June Board of Directors meeting when there is a clearer understanding of TUC's financial position.

Mr. Donahue provided clarification on the finances of the project: 50% of the project budget from the campus side is all capital outlay money which is designated for capital construction coming from the CSU. The expectation is that projects that are underway are continuing with funds dedicated for that purpose.

Dr. Schutte asked why would the action item be tabled if the catering policy is in place and the contract with Chartwells is almost completed. Mr. Evans stated that he is open to moving forward with the action. Dr. Phillips asked if the project moves forward as planned and is not scaled down, will Chartwells still be the selected operator? Mr. Evans confirmed Chartwells will remain the selected operator. Dr. Phillips asked what would be the downside of taking action today. Mr. Evans stated that action can be taken and he would notify the Board of Directors before signing the contract or if the project were to be put on hold.

Ms. Merida asked to clarify what contract is being discussed and if there was a draft to review. Mr. Evans stated that it is not typical for the Executive Director to bring the contract to the Board of Directors to review. Ms. Corrigan provided an overview of the contract highlights and terms. President Harrison noted that in the meeting packet under item IV, a summary of the deal terms is provided. President Harrison clarified that the contract being discussed is between TUC and Chartwells.

Dr. Hamid Johari asked what are the possibilities of Chartwells backing out of the contract. Ms. Corrigan stated that TUC has been in discussions with Chartwells and they are still committed to being the operator of the OCC. Mr. Donahue clarified that there are two contracts being discussed here 1) the agreement with Chartwells to operate the OCC and 2) and the contract with 2H to construct the OCC.

Mr. Bookstein stated that moving forward on the action item would allow for flexibility in taking action on the operating agreement. Matthew Contreras stated he agreed with Mr. Bookstein. Mr. Donahue stated that the motion is subject to Mr. Evans conferring with the Executive Committee prior to signing the operating agreement contract with Chartwells.

MSP (Phillips/Bookstein): That The University Corporation Board of Directors approve, delegate, and authorize The University Corporation Executive Director to enter into a seven-year operating contract with Chartwells.

ITEM V HOTEL UPDATE

Mr. Evans provided an update on the Hotel project. Mr. Evans stated that Corvias has been a committed partner on the hotel project. The goal was to break ground in June and open the hotel in October 2021. Corvias was still finalizing their agreement with Hilton and Evolution Hospitality when the COVID-19

outbreak started. However, Corvias is still interested in keeping the project viable. Mr. Evans stated that during this time TUC will evaluate how things are unfolding with Corvias' financial and operating partners, conduct further due diligence with the Chancellor's office, as well as with TUC's legal counsel on terms and conditions of the contract that may need to be revisited based on the current state of the hospitality industry.

Mr. Donahue stated that Corvias is committed to completing the hotel project. Corvias is concerned about actions of governors' that have direct impact to the industry and their ability to operate. Corvias is reviewing the contract language on force majeure. Any language change in the contract will be reviewed with the Chancellor's Office. Dr. Schutte asked if the Board of the Trustees or the Chancellor's Office could suspend the project. Mr. Donahue stated once the contract is signed by TUC, it would be signed and finalized by the Chancellor's Office. Dr. Best stated that the hotel industry will always remain, the question is how the industry will reopen. Dr. Best explained that she and other researchers in the field are examining how this virus will disrupt the services within the industry. The emphasis will be on the traditional type of hotel services. The public will move away from the Airbnb type of rentals and towards traditional hotels because these hotels have the strength and resources of the industry. Dr. Best also stated, from an academic perspective, even though unemployment is increasing it is during these times that people turn to education. There may be more students enrolling in the RTM program. Mr. Donahue thanked Dr. Best for her comments and insight on the hospitality industry.

Mr. Evans stated an update on the OCC will be provided to the Board of Directors in the near future.

ITEM VI ANNOUNCEMENTS

President Harrison announced that Dr. Ben Yaspelkis' son has been accepted to CSUN. President Harrison and the board congratulated Ben Yaspelkis IV for his acceptance.

There being no further business, the meeting adjourned at 4:46 p.m.

Respectfully submitted,

Colin Donahue

Colin Donahue, Recording Secretary