

THE UNIVERSITY CORPORATION
Board of Directors
June 2, 2020

A meeting of The University Corporation Board of Directors was called to order by Chair Dianne F. Harrison at 3:02 p.m. on Tuesday, June 2, 2020 via Zoom Conference Call at California State University, Northridge. A quorum was present.

Members Present via computer video and audio:	Jacob Akopnik, Mechelle Best, Harvey Bookstein, Matthew Contreras, Colin Donahue, Ronald Friedman, Carlos Fuentes, Dianne F. Harrison, Hamid Johari, Rose Merida, Dave Moon, Michael Phillips, Jerald Schutte, Ben Yaspelkis
Members Absent:	Mohammed “Q” Hotaki, Sabrina Maglalang, Diana Vicente
Staff Present via computer video and audio:	Heather Cairns, Elizabeth Corrigan, Rick Evans, Dakota Hughes, Tim Killops, Dan Martin, Sheree Schrager, Grace Slavik, Linda Turner, Karina Ward, Lih Wu
Others Present via computer video and audio:	Amy Berger, Joe Fischioni, Karen Gray, Catherine Kniazewycz, Nina Miller, Claudia Scotty

ITEM I APPROVAL OF SEPTEMBER 27, 2019 MINUTES

MSP (Fuentes/Contreras): That the minutes of the March 25, 2020 Board of Directors meeting be approved as circulated.

ITEM II RECEIPT OF MAY 7, 2020 EXECUTIVE COMMITTEE MINUTES

President Harrison stated that agenda item is included for informational purposes.

ITEM III APPOINTMENT TO THE BOARD OF DIRECTORS

Faculty:

The terms of Hamid Johari and Dave Moon will expire on June 30, 2020. The University President has made the following appointments:

Hamid Johari <i>(reappointed)</i>	Three-year term (2020-2023)
Dave Moon <i>(reappointed)</i>	Three-year term (2020-2023)

Community:

The term of Carlos Fuentes will expire on June 30, 2020. The University President has made the following appointments:

Carlos Fuentes Three-year term (2020-2023)
 (reappointed)

Administration:

The term of Colin Donahue will expire on June 30, 2020. The University President has made the following appointments:

Colin Donahue Two-year term (2020-2022)
 (reappointed)

Students:

The terms of Mohammed “Q” Hotaki, Sabrina Maglalang, and Rose Merida will expire on June 30, 2020. Additionally, one nominee is needed to complete the term of Diana Vicente, who is graduating. The University President will appoint three students to serve two-year terms and one student to serve the remainder of Diana Vicente’s term.

Dr. Harrison expressed her thanks to Drs. Johari and Moon, Mr. Bookstein, and Mr. Donahue for their services.

ITEM IV 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 (Schutte/Bookstein): That the recommendations of the nominating committee for officers of The University Corporation be approved as presented, one-year terms to begin July 1, 2020.

ITEM V HOTEL PROJECT UPDATE

Colin Donahue, Vice President and Chief Financial Officer, provided an update on the hotel project. Mr. Donahue stated that recent events in the past month have impacted the timeline of the hotel construction. However, the development team has remained committed to the project. Mr. Donahue stated that TUC and the campus have been working with Corvias on an acceptable extension to the project. An amendment was created to extend the Access and Option Agreement to March 31, 2021 which will allow more time to get the construction drawings through plan check and completing all the actions up to funding the project. The extension will allow more time to ensure economic stability and to have a better understanding on the direction of COVID-19.

Mr. Donahue stated that the \$800,000 earnest deposit will be released to the developer for the purpose of paying the architect firm to complete the construction drawings. Lastly, in the event Corvias is unable to fund the project by March 31, 2020, The University Corporation would have full access, use, and ownership of the design and construction drawings. Dr. Schutte asked if any of the changes have an effect on the Chancellor’s Office approval. Mr. Donahue stated that it does not have an effect on those approvals and the Chancellor’s Office is aware of the situation.

ITEM IV ORCHARD CONFERENCE CENTER & CATERING UPDATE

Mr. Evans reported that the Orchard Conference Center (OCC) started construction a few weeks prior to the COVID-19 stay at home orders and is continuing along. Heather Cairns, Director of Administrative Services, provided an update on the project. The project timeline has been delayed by one month resulting from additional hazmat abatement. However, the project is still expected to open in the spring. Ms. Cairns provided an overview of the reserve allocations to fund the project and stated that TUC's has fulfilled its half of the project budget of \$4,250,000.

Tim Killops, Associate Director of Facilities and Operations, presented an update on the construction of the OCC. Mr. Donahue thanked Carlos Fuentes for his comments and push to move forward through the financial discussions of the project which was before the start of the COVID-19 pandemic. The OCC will be something meaningful for the campus once it is completed.

Catherine Kniazewycz left the meeting.

ITEM V 2020/2021 OPERATING BUDGET

Mr. Evans stated that TUC typically starts working on the budget in late February. When COVID-19 started to have an impact in mid-March, the budget process had already started. Projections and assumptions were adjusted, however, a decision had to be made to start preparing the budget with the best assumptions available. The budget was presented and approved at the May 7, 2020 Executive Committee meeting with the caveat that it be updated again prior to the Board meeting.

Mr. Evans stated that CSU systemwide announcement for a primarily virtual fall 2020 semester resulted in a significant change to the FY 20/21 operating budget. Mr. Evans reported that the annual budget typically lays out a work plan with expenditure authorizations and provides a guiding financial plan. The guiding financial plan this fiscal year will be to take whatever actions are necessary to address TUC's budgetary needs while still maintaining quality support and service in areas that are still in operation.

Mr. Evans provided a general overview of the executive summary. For FY 19/20, the total net cash generated from operations to replenish reserves is project to be a deficit of \$421,000, which is \$1,666,000 less than the original budget. There will be no contribution to the University Special projects reserve this year which was originally budgeted to be \$500,000. Mr. Evans noted that the \$420,000 deficit is primarily due to lost food service revenue, mainly from 1,200 cancelled meal plans resulting in over \$1,000,000 in refunds, and an almost \$400,000 loss on Campus Store commission. Mr. Evans reported the immediate actions taken to stabilize the financials which included a series of layoffs, furloughs, and elimination of vacant positions. The net total savings through the start of fall semester from these work force adjustments is \$1,300,000.

Dr. Harrison commented that auxiliaries at universities throughout the country have had to make difficult decisions to ensure the financials stability of the organization. Mr. Bookstein asked if universities qualified for the Paycheck Protection Program (PPP)? Dr. Harrison explained that universities are eligible for CAREs higher education funds, and University 501(3)c auxiliary organizations are generally eligible for small business or PPP loan funds. Mr. Evans stated that TUC had over 500 employees which was one of the disqualifiers of the program. Mr. Donahue reported that the university received significant CARES Act

funds due to the size of the campus, the number of Pell Grant recipients, and the designation of being a Minority Serving Institution.

Mr. Evans continued on to review FY 20/21 budget. Unfortunately, there will be no contribution to the University Special projects reserve for the second year in a row and close to \$100,000 deficit on Net Cash Generated to Replenish Reserves. The major assumptions for this budget include the following: campus will resume with primarily virtual instruction for fall term and in-person instruction in the spring term, no Follett minimum commission guarantee of \$1,224,000 on book sales, the second \$1,000,000 cash payment from Follett (amortized over five years), Pepsi's annual payment will be reduced by 50%, significantly lower meal plan participation in the fall with a slight increase in the spring (CSUN will contract with TUC to provide the residential dining program and will fund the projected meal plan operating deficit for fall 2020), Licensing activities will resume in the fall, University House to be sold early spring 2021, no general salary increase, a hiring freeze, a one day per month furlough, a reduction in TUC's matching contribution to an employee's 403(b), and a change in Sponsored Programs fee. The post-award administrative support financial model will change in FY 20/21 from the current model of a service fee of 3.9% of total grant and contract activity to a new model where 50% of the total indirect cost recovery will be retained by TUC.

Mr. Evans reviewed FY 19/20 Budgeted Net Cash Generated. Significant issues affecting the budget in the upcoming fiscal year include large decreases in the CSUN Campus Store and Food Services. Mr. Evans presented a revised budget based on a primarily virtual fall semester. Mr. Friedman ask where the food income/revenue will come from? Mr. Evans stated that the revenue projected to come from the anticipated meal plan participation in the fall semester. Mr. Bookstein asked what the debt principal repayment was? Lih Wu, Chief Financial Officer, stated that it is the capital lease on facility renovation and the SRB bond, which includes the Reseda building debt. Dr. Hamid Johari asked how the budgets will be modified is the campus remains in primarily virtual operation during the spring semester? Mr. Evans stated that TUC has a budget model based on that scenario. Dr. Harrison recommended that TUC prepares two models for the spring semester, the current one and another that is equivalent to the fall semester.

Dan Martin, Controller, provided an overview of the Balance Sheet. The largest variances are in Cash and Cash Equivalents due to the over \$1,000,000 refunds in meal plan and cash outflow for the construction of the Orchard and Conference Center. Mr. Martin noted the decrease in long-term investment is due to the market fluctuations because of COVID-19. Total assets for FY 20/21 are projected to increase in short-term and accounts receivable for grants and contracts.

Dr. Harrison clarified that the campus will be a primarily virtual environment in the fall. However, there will be some small classes on campus than cannot be taught virtually which include physical science labs, engineering senior capstone projects, as well as others. There may also be some extra curricular activities on campus for freshmen and new transfer students as well.

MSP (Phillips/Friedman): That The University Corporation Board of Directors approve the 2020/2021 operating budget as proposed.

ITEM VII OPERATIONS DURING PRIMARILY VIRTUAL LERANING FOR FALL 2020

Mr. Evans stated that in the fall, TUC's main office will continue to remain open with a skeleton crew with the majority of the staff working remote. With regard to the CSUN Campus Store, operated by Follett, the

physical store will remain open just as it has been during the spring and summer semesters. The primarily virtual teaching environment creates new opportunities and challenges for adopting required course material for students. Follett will work with faculty to identify digital course materials to replace traditional textbooks, expand the myCSUNDigitalAccess Program, and promote Follett Discover Adopt.

Mr. Killops presented on the plan for Residential Dining Services. TUC is estimating 450 Meal Plans based on Student Housing achieving a maximum 41% occupancy. There will be minimal foot traffic on the main campus so all the CSUN Dining units on the mail campus will remain closed. This is subject to change pending on-campus activities. At Student Housing, Geronimo's dining facility and Matador Mercado convenience store will be open for meal plans students as well as walk-in business. Mr. Killops noted that the scope of the program will be scaled to the number of students residing in Student Housing.

Mr. Killops provided an overview on the Meal Plan Program. The plan is to operate a "Dine-In" program where the meals will be served by TUC staff while adhering to rigorous physical distancing protocols, following comprehensive cleaning and disinfecting protocols, and implementing a training program to ensure staff are following all COVID-19 related protocols on and off the job.

Dr. Harrison left the meeting. Dr. Yaspelkis took over as chair of the meeting.

Dr. Best asked if the dining services in house is governed by the same policy the govern restaurants in LA County? Mr. Killops stated yes. Dr. Best asked if the county were to change again in terms of allowing dining in, is there a Plan B for the students that purchase a meal plan? Mr. Evans stated, yes there is a Plan B. Additionally, student will be allowed to take their meals to go if they preferred not to dine in at Geronimo's. Dr. Best asked if the restaurant would continue as buffet style in fall? Mr. Evans stated that the restaurant would still be buffet style with staff serving the food to the students. Mr. Fuentes asked if there will be a kitchen open if staff wanted to purchase food? Mr. Evans stated that Geronimo's and the Matador Mercado at Student Housing will be open students, faculty, and staff. Ms. Merida asked if students living in Student Housing are required to have a meal plan? Mr. Evans stated that students living in a kitchen unit are not required to have a meal plan. However, student living in a non-kitchen unit are required to purchase a meal plan. Mr. Donahue asked where Mr. Killops received the information for the estimated occupancy levels at Student Housing. Mr. Evans stated that the occupancy level was based on planning information received from Student Affairs and Student Housing.

ITEM IX

THE UNIVERSITY CORPORATION 403B MATCHING

Mr. Martin provided an overview on the proposed change to TUC's 403(b) employee contribution retirement plan matching. Currently, employees choose how much they contribute through payroll deductions and TUC matches at a rate of 200%. Due to the projected budget shortfall during FY 20/21, and to bring the employer contribution more in line with common practices, TUC management recommends that the employer matching contribution be reduced to 100% of the employee contribution up to a maximum of 5% of the employee's gross pay. Making this change will reduce annual costs by approximately \$250,000.

Dr. Phillips asked when the are "rainbows and sunshine" again, is there an option to raise the rates to make up for the loss contribution to the dedicated employees? Mr. Martin stated that the employer match is discretionary and TUC can increase the employer match contribution any time with the board's approval. Dr. Phillips asked if there was a legal limit on how large the match can be? Mr. Martin stated he is uncertain

and will look up the information. Dr. Phillips proposed that this action is approved however, at a future date the board considers supplemental contributions. Mr. Friedman suggested a cap on contributions, such as 3%-5% during these difficult financial times.

MSP (Phillips/Bookstein): That The Board of Directors approve a reduction of the TUC employer contribution to the Plan to match the employee contribution at 100%, up to a maximum of 5% of employee gross pay.

ITEM V FOODSERVICES CONTRACT

Mr. Evans provided background information on exploring the financial and operational benefits of outsourcing the foodservice operation. Due to COVID-19, all but two foodservice staff have been laid off or furloughed and because of this, management would like to consider outsourcing foodservice operations and potentially contracting with Chartwells.

Mr. Evans stated that TUC was in process of signing the contract with Chartwells for the operation of the OCC just before the outbreak of COVID-19. At this time, the potential to outsource all of foodservices to Chartwells has been added to the discussion. Mr. Evans noted that there was a six-month Request For Proposal (RFP) process in selecting Chartwells as the OCC operator.

Joe Fischioni, Karen Gray, and Nina Miller joined the meeting.

Elizabeth Corrigan, Director of Foodservices, introduced Chartwells representatives Joe Fischioni, Division President West, Karen Gray, Vice President of Business Development West, and Nina Miller, Digital Strategy Manager. Chartwells presented an overview on their higher education food services program including talent acquisition, training & development, tools & resources, marketing resources, market research, and Compass Digital Labs & dining technology. Dr. Schutte stated that Chartwells is a viable partner who would view this contract as a partnership where their innovations and CSUN's need can meet. Mr. Evans thanked the Chartwells team for their presentation.

Joe Fischioni, Karen Gray, and Nina Miller left the meeting.

Mr. Donahue stated that Chartwells showed some technology that would be valuable and almost necessary in the current environment at least for this year and possibly moving forward. Mr. Donahue asked if the cost and infrastructure is included in their proposal. Mr. Evans confirmed that it is included in the proposal. Mr. Evans introduced Claudia Scotty, President of Envision Strategies. Ms. Scotty presented on the financial deal terms and estimated financial impact of outsourcing food services versus self-operation as well as additional points for negotiation.

Dr. Best asked what would be outsourced, would it include all Matador Mercado stores as well as all dining outlets? Ms. Scotty confirmed that it would include the Orchard, all Matador Mercado stores, all Freudian Sip coffee shops, retail dining locations, and residential dining. Mr. Evans stated that TUC continue to hold the contract with Pepsi, Shake Smart, Panda Express, El Pollo Loco, and First Class Vending. Dr. Best asked who would determine the pricing for the meal plans offered to students? Ms. Scotty stated that TUC would determine the pricing.

Mr. Bookstein asked if the food quality will be as good as it is currently and will there be the same type of choices that the campus has now? Mr. Harvey stated that he would like to hear more on how the program

would work specifically the food quality and pricing. Mr. Evans stated that TUC is confident in the level of cuisine provided by Chartwells. Ms. Corrigan confirmed that Chartwells is a food centric company with a team of knowledgeable culinarians; the company has the skill set and resources that would exceed the current program in place.

Mr. Friedman asked for clarification on how Chartwell and TUC would make money from the partnership. He also stated that he would need to review the financial information before deciding today. Mr. Evans reviewed the two-part action item and recommended that the Board allow TUC management, along with Envision Strategies, to continue to negotiate the terms and conditions of a contract with Chartwells. A special board meeting could be called to further discuss this agenda item and vote on outsourcing foodservices.

Dr. Best stated she was concerned about the costs to the students; the program should be financially beneficial to the campus, TUC, and the students. Matthew Contreras stated that he agreed with Dr. Best and would like to see how Chartwells program would benefit students. Mr. Evans stated that what is being brought forward is for the benefit of the students including the cuisine, service, health & safety, and technology that the Compass Group is able to provide that TUC may not be able to. The goal is to enhance the service to the students and campus community.

Dr. Schutte stated that he looks at indicators of what trends are going forward. He noted that CSUN was the first campus to outsource the bookstore operations and now almost every campus outsources the bookstore. Currently, the same trend is happening at multiple CSU campuses outsourcing food services. Dr. Schutte commented that he sees the quality potentially being better for equal or lesser price based on the nine months he has spent as part of the OCC operator selection committee.

Mr. Bookstein stated that he agreed with Mr. Contreras' comment regarding costs. However, the role of the board is to serve several purposes including the responsibility to ensure the financial viability of TUC to support the various activities on campus while providing a service that is of value and quality to the students. Dr. Johari asked how Chartwells would address student hiring. Mr. Evans stated that in the Chartwells presentation they spoke about hiring back former TUC employees including students, part-time non-students, and career individuals.

Mr. Donahue stated that TUC took dramatic actions in the spring and summer semesters. The staff reduction in food services leaves the organization not functional for fall and would require rebuilding the department. There is a serious consideration if TUC can provide the level of quality needed for fall due to the staffing reduction in food services. Mr. Donahue stated that is important to focus on the meal plan aspect of the deal and it will be necessary to provide a first-class experience for the students returning in fall.

MSP (Donahue/Friedman): That The University Corporation Board of Directors authorize TUC management to negotiate the terms of an agreement and bring back key business terms for the Board of Directors for general approve to move forward.

ITEM XI THANK YOU TO OUTGOING DIRECTORS

Mr. Evans acknowledged and thanked the outgoing directors Mohammed "Q" Hotaki, Sabrina Maglalang, Rose Merida, and Diane Vicente. Mr. Evans congratulated Ms. Merida on becoming the new Associated

Students President and continuing on TUC Board of Directors. Mr. Merida stated that she will be starting graduate school in fall and is very excited to be serve another term on the Board of Directors.

ITEM VI ANNOUNCEMENTS

There being no further business, the meeting adjourned at 5:25 p.m.

Respectfully submitted,

Colin Donahue

Colin Donahue, Recording Secretary