

THE UNIVERSITY CORPORATION
Executive Committee
June 24, 2020

A meeting of The University Corporation Executive Committee was called to order by Chair Dianne F. Harrison at 1:30 p.m. on Wednesday, June 24, 2020 via Zoom Conference Call at California State University, Northridge. A quorum was present.

Members Present via computer video and audio:	Colin Donahue, Dianne F. Harrison, Rose Merida, Michael Phillips, Ben Yaspelkis
Staff Present via computer video and audio:	Heather Cairns, Elizabeth Corrigan, Rick Evans, Dan Martin, Karina Ward, Lih Wu
Others Present via computer video and audio:	Mechelle Best, Harvey Bookstein, Ronald Friedman, Jerald Schutte, Claudia Scotty

ITEM I OVERVIEW OF CHARTWELLS FINANCIAL PROPOSAL

Mr. Evans introduced Claudia Scotty, Principal of Envision Strategies and TUC Hospitality Consultant. Ms. Scotty presented an overview on the Chartwells financial proposal. The presentation included information on the length of the deal, financial model, commission structure, meal plan program, key performance indicators (KPIs), investments, in-kind and cash donations, innovation fund, and estimated financial impact.

Harvey Bookstein asked for clarification on KPIs and risk payment. Ms. Scotty clarified that there will be a performance scorecard on mutually agreed upon KPIs. If Chartwells falls below a minimum acceptable threshold on any of the KPIs, it will prompt a risk payment.

Mr. Bookstein asked for clarification on “convenience” and if Chartwells needs to provide notice if they select to “leave for convenience”. Ms. Scotty explained that “convenience” would be if Chartwells determines the deal is no longer working for them and has elected to leave the campus. The contract does specify that Chartwells may not leave during the academic year.

Ron Friedman asked if TUC decides to terminate the contract, how much notice needs to be given to Chartwells? Ms. Scotty stated it would depend if the termination is for cause or for convenience. Mr. Friedman ask if the contract is terminated on cause, would there be money owed back on capital investments. Ms. Scotty confirmed that tangible capital investments, such as renovations at a dining facility, would require a payback which is typical in the food service industry. Mr. Friedman asked if “cause” has been defined in the contract. Ms. Scotty stated that “cause” has not been defined. Mr. Evans stated that the contract has been reviewed by TUC’s attorney who also worked on the hotel contract.

Dr. Harrison asked if the internships will be paid. Ms. Scotty confirmed that the internships will be paid. Rose Merida asked what the innovation fund would be used for and if there would be student involvement in the determination of use of funds. Ms. Scotty stated that the use of the innovation fund would be a collaboration between TUC, the university, and Chartwells. Mr. Evans stated that there would be an advisory board which would include students.

Ms. Scotty explained TUC G&A Support in the self-operating model includes the general and administrative support functions for the foodservices program which Chartwells will perform once the contract is in place. Ms. Wu clarified that in the self-operating model, TUC G&A Support includes the rehire of staffing needed to operate dining locations on campus and residential housing.

Dr. Harrison left the meeting.

Colin Donahue, Vice President and Chief Financial Officer, stated that the quality, benefit to students, and financial terms look favorable. However, TUC needs to ensure the percentage of student hiring and adequate control on the meal plan pricing to students is part of the contract.

Mr. Bookstein asked for clarification on what Chartwells will be contracting. Mr. Evans explained that Chartwells will operate all the dining locations along with residential dining. TUC will continue to operate the administration of the meal plan because of financial aid and student privacy rights. Ms. Scotty explained this is a typical arrangement for higher education food services that are operated by a third party.

Elizabeth Corrigan, Director of Foodservices, explained the current Memorandums of Understanding (MOU) with different campus partners regarding revenue sharing at various dining locations on campus. Ms. Wu clarified that cost recovery is more accurate as TUC is paying back any cost incurred on the TUC's behalf.

Rose Merida and Harvey Bookstein left the meeting.

In response to Mr. Evans' question regarding how to present the deal to the full Board of Directors, the Executive Committee recommended that TUC management focus on general terms and key areas of the contract, the ability to control pricing, minimum guarantees, risk protection, in-kind donations and scholarships, internships, and benefits to students for the Board of Directors meeting on June 29, 2020.

There being no further business, the meeting adjourned at 2:26 p.m.

Respectfully submitted,

Colin Donahue

Digitally signed by Colin Donahue
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Date: 2020.08.24 09:33:54-07'00'

Colin Donahue, Recording Secretary