

THE UNIVERSITY CORPORATION
Executive Committee
September 2, 2020

A meeting of The University Corporation Executive Committee was called to order by Chair Dianne F. Harrison at 3:00 p.m. on Wednesday, September 2, 2020 via Zoom Conference Call at California State University, Northridge. A quorum was present.

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

Staff Present: Heather Cairns, Rick Evans, Tim Killops, Dan Martin, Linda Turner, Sheree
Schrager, Grace Slavik, Linda Turner, Karina Ward, Lih Wu

Others Present: Omar Galvez, Catherine Kniazewycz, Howard Lutwak, Charlene Manzueta,
Kylene Ott

**ITEM 1 APPROVAL OF MAY 7, 2020 and JUNE 24, 2020 EXECUTIVE
COMMITTEE MINUTES**

MSP (Phillips/Merida): That the minutes of the May 7, 2020 and June 24, 2020 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, 2020, TUC ended the year with a \$130,000 deficit compared to the \$421,000 deficit that were presented at the Board meeting on June 6, 2020. Mr. Evans explained that significant measures were taken to cut costs in response to the COVID-19 pandemic during the last few months of the fiscal year; the reduction-in workforce in May and June significantly reduced the post-retirement benefits obligations of June 30, 2020 and the Board of Directors approved not to fund the Reseda Annex reserve for fiscal year 2019/2020 to mitigate the deficit.

Chief Financial Officer, Lih Wu reviewed the ‘Balance Sheet’. Ms. Wu stated that total assets increased by \$331,000 due to higher research grants & contracts revenue of \$138,000 coupled with a very aggressive and mindful cash management during the past few months. Ms. Wu continued to review the long-term and short-term investments. Ms. Wu noted that the long-term investments portfolio shows an \$460,000 unrealized market loss at the year-end reflecting a very volatile stock market. At the time of the meeting, this market loss has been fully recovered

Ms. Wu provided an overview on the ‘Schedule of Reserves’. During fiscal year 2019/2020, the most active reserve was the Orchard Conference Center construction reserve. This reserve started the year with \$4,342,000 and ended the year with a balance of \$233,000. Due to fiscal year’s deficit of \$130,000, there was no fund available to replenish any reserves and the deficit was absorbed into ‘Undesignated General’ Reserve account.

Mr. Evans presented an updated forecast of ‘Budgeted Net Cash Generated’ for fiscal year 2020/2021 assuming a primarily virtual spring term. The Forecast included two levels of the university reimbursement through CARES funding for the residential dining program; reimbursing TUC for the fall term only, for

both fall and spring semesters. Mr. Evans compared their respective financial impacts to the In-person Spring term budget that had been approved by the Board of Directors.

Mr. Evans reminded the committee that all CSUN dining has been outsourced to Chartwell Higher Education (CHE). CHE will deliver the residential dining program with a management fee of \$150,000 for this fiscal year while TUC is still responsible for all the profits and loss for fiscal 2020/2021. Starting with fiscal 2021/2022, CHE will then operate CSUN dining with CHE owning the P&L.

President Harrison noted that the state of California and the CSU system is planning with the mindset of the aftermath of this pandemic being a three-year budget issue.

ITEM 4 INVESTMENT POLICY UPDATE

Dan Martin, Controller, provided an update on the investment policy. Mr. Martin stated that in May 2020 the Executive Committee approved consolidating investment managers from two firms to one firm, DA Davidson. DA Davidson has reviewed the Corporations' investment policy and recommended three changes. Mr. Martin reviewed the three recommended changes relating to alternative investments, fixed income, and proxy voting.

MSP (Phillips/Yasplekis): That the University Corporation Investment/Executive Committee of the Board of Directors approves changing the investment policy based upon the recommendations listed above.

ITEM 5 FRAUD PREVENTION REPORT AND UPDATE

Mr. Evans stated that the Executive Committee also serves as the Fraud Prevention Committee. This report will also be presented to the Auxiliary Audit Committee.

Mr. Martin reported an update to the Fraud Prevention & Ethics Advancement Plan including revisions to the tables of contents, procedural changes relating to Positive Pay Approval, Investigations, Fraud Event Reporting and attachments.

Mr. Martin reported on an incident of stolen checks. The checks were fraudulently deposited by persons who the checks were not intended for and one of these checks was altered. There was a failure to follow an internal control process which allowed the altered check to be cashed by the bank. Mr. Martin stated new procedures have been implemented to update the internal control process. President Harrison asked where were the checks stolen from and how were they able to obtain the checks? Mr. Martin stated that the incident is still under investigation by police. Mr. Martin reported that he worked with Mr. Howard Lutwak to update the positive pay procedure to prevent a similar incident in the future.

Mr. Martin also provided an overview on an incident where an unauthorized user gained access to an employee's ADP (third party payroll processor) account. ADP detected the breach and notified TUC and the employee. ADP confirmed that only one account was compromised and provided the employee with credit monitoring services. TUC counseled the employee regarding cyber security best practices.

Kylene Ott and Omar Galvez from Chartwells Higher Education joined the meeting.

ITEM 5. ORCHARD CONFERENCE CENTER & CATERING UPDATE

Heather Cairns, Director of Administrative Services, introduced Kylene Ott, District Manager, and Omar Galvez, Resident District Manager of Chartwells Higher Education.

Ms. Cairns reported that the project timeline is on schedule slated to open March 2021 and remains within budget. The Campus Catering Policy has been signed by President Harrison. In the coming months, Chartwells will continue to meet CSUN campus partners and participate with the roll out of the catering policy. Ms. Cairns stated that Gensler will be attending the October Board of Directors meeting to present an in-depth design update. Tim Killops, Associate Director of Facilities and Operations, provided an update on the construction of the Orchard Conference Center.

ITEM 6. FOODSERVICES/CHARTWELLS UPDATE

Mr. Evans provided a brief update on the fall residential dining program. Mr. Killops presented an overview on the transition to Chartwells operating foodservices, Chartwells Path to Open plan, and the rebranding of CSUN Dining to Matador Eats. Mr. Killops stated that Chartwells has hired former TUC employees for the open positions at Geronimo's. Mr. Killops continued to report on the culinary team, the information technology team, Boost mobile ordering app, marketing, new meal plan options, and virtual programming events. Mr. Evans thanked Kylene and Omar for attending the meeting. Ms. Ott thanked the committee and stated that they are excited to be part of the campus.

Kylene Ott and Omar Galvez left the meeting.

ITEM 7. RESEARCH AND SPONSORED PROGRAMS REPORT (APRIL, MAY, JUNE, JULY 2020)

Mr. Evans provided highlights from the fiscal year 19/20 year end. Mr. Evans advised that Research and Sponsored Programs activities total is \$34.4 million, indirect cost recovery (IDC) rate is 19.5% which is 4% higher than budgeted. The net available to campus is \$3.3 million. Mr. Evans noted that TUC retained 38% of IDC which is below the 51% budgeted and probably the lowest percentage retained by an auxiliary within the CSU System.

Dr. Sheree Schrager, Senior Director of Research and Sponsored programs, introduced Charlene Manzueta, Pre-Award Grants & Contracts Manager. Dr. Schrager reported that fiscal year 19/20 ended with \$34.7 million worth of new awards. COVID-19 had an impact on the review and approval process of grant submissions. Dr. Schrager noted that CARES Act funds are not reflected in the report because it was awarded directly to the campus. However, the pre-award department assisted with bringing in an additional \$48 million to support the campus. Dr. Schrager reported that federal funding is very much available and the landscape is favorable at National Institutes of Health, National Science Foundation, Department of Education, etc... to research generally and to research which can be used to help in the pandemic. Dr. Schrager speculated that proposal volume may be down this year as faculty is adjusting to a primarily virtual teaching environment.

Colin Donahue joined the meeting. Rose Merida left the meeting.

ITEM 9. ANNOUNCEMENTS

President Harrison thanked Rick Evans and TUC staff for moving forward during this challenging and difficult time.

There being no further business, the meeting adjourned at 3:38 p.m.

Respectfully submitted,

Colin Donahue

Digitally signed by Colin Donahue
DN: C=US, E=colin.donahue@csun.edu, O="California
State University, Northridge", OU="Vice President for
Administration and Finance/CFO, CN=Colin Donahue
Date: 2020.10.09 14:40:09-0700

Colin Donahue, Recording Secretary