

**THE UNIVERSITY CORPORATION**  
**Executive Committee**  
**February 9, 2021**

A meeting of The University Corporation Executive Committee was called to order by Chair Erika D. Beck, at 3:03 p.m. on Tuesday, February 9, 2021 via Zoom Conference Call at California State University, Northridge. A quorum was present.

**Members Present via computer video and audio:** Erika D. Beck, Colin Donahue, Rose Merida, Michael Phillips, Ben Yaspelkis

**Staff Present via computer video and audio:** Heather Cairns, Rick Evans, Dan Martin, Tim Killops, Cindy Ruan, Grace Slavik, Linda Turner, Karina Ward, Lih Wu

**Others Present via computer video and audio:** Genevieve Evans Taylor, Bryn Hagfors, Catherine Kniazewycz, Howard Lutwak, Charlene Manzueta, Ken Rosenthal, Jerald Schutte

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**ITEM 1 INTRODUCTION**

CSUN President and new Chair of The University Corporation Board, Dr. Beck introduced herself to the Executive Committee and meeting attendees. Executive Director, Rick Evans facilitated introductions of TUC's Executive Committee, TUC staff, CSUN staff, and guest.

**ITEM 2 APPROVAL OF SEPTEMBER 2, 2020 EXECUTIVE COMMITTEE MINUTES**

**MSP (Donahue/Phillips): That the minutes of the September 2, 2021 Executive Committee meetings be approved as circulated.**

**ITEM 3 FINANCIAL STATEMENTS and FY 2021 PROJECTIONS**

Executive Director, Rick Evans began with a schedule showing the September 2020 re-forecasted budget with two scenarios: 1) the University reimbursing TUC for the cost of Chartwells' operating the Fall meal plan only, or 2) the University reimbursing TUC for the cost of Chartwells' operating both the Fall and Spring meal plans. Mr. Evans stated the university will use federal COVID relief funding, and that it appears likely that there will be funding for both the Fall and Spring semester, which results in a re-forecasted year-end deficit of \$59,000.

Dan Martin, Controller, reviewed the balance sheet noting that despite the many challenges of the COVID-19 pandemic, TUC has a strong balance sheet. Total Assets have increased from December 2019 to December 2020 by \$1.7 million. Mr. Martin also reviewed the long-term and short-term investment summaries. Mr. Martin noted that asset allocations are in line with the investment policy target allocations. Mr. Martin reviewed the Schedule of Reserves and highlighted that the reserve for the Orchard Conference Center will be spent in the third and fourth quarter of the fiscal year as the project approaches completion.

Dr. Schutte asked if the equities on the balance sheet are book value equities? Mr. Martin confirmed that it is book value equities and the unrealized gains on the equities are included in the balance sheet.

#### **ITEM 4 INVESTMENT COMMITTEE TARGET ALLOCATION REVIEW AND POLICY UPDATE**

Mr. Evans provided background information on the Investment Policy and thanked Dr. Mike Phillips for his work on updating the investment policy. The policy was rewritten to be more comprehensive, current, and in accordance with the Uniform Prudent Management of Investments Funds Act (UPMIFA). Mr. Evans reported that the subcommittee met and the recommendation is to approve the target allocation for 2021 as well as some minor modifications to the investment policy.

Mr. Martin provided an update on the recommended changes to the investment policy including the fixed income target allocation decrease from 35% to 25%, the maximum range for equities be increased from 75% to 85%, and the target allocation for equities be increased from 60% to 70%. Additional changes include some wording in the investment policy as well as verbiage modifications as noted in the meeting packet.

Dr. Yaspelkis asked when the changes will be implemented? Mr. Martin stated that the changes will be implemented after the meeting. The investment manager will begin updating the portfolio accordingly this month. Dr. Phillips stated that the changes are reflective of best practice particularly for institutional funds like TUC.

Mr. Evans thanked Bryn Hagfors from D.A. Davidson for attending the meeting.

**MSP (Phillips/Yaspelkis): That the University Corporation Executive Committee of the Board of Directors approve the 2021 target allocations as proposed as well as the changes to the terminology and language in the policy as noted above.**

Bryn Hagfors left the meeting.

#### **ITEM 5 HOTEL UPDATE**

Colin Donahue, Vice President for Administration and Finance, provided a review of the hotel project. The construction on the hotel was set to start in July of 2020 but was stopped due to the immediate impacts of the COVID-19 pandemic. Mr. Donahue stated that the development team, led by Corvias, remains fully committed to the project and has continuous communications with CSUN and TUC. The primary issue being monitored is the status of finance and equity investors, based on the prognostication of the hotel industry.

Mr. Donahue explained that amended Access and Option Agreement (AOA) stipulates that if Corvias does not achieve its due diligence and funding of the project by the March 31, 2021 deadline, TUC will have full access, use, and ownership of the design and construction drawings. Additionally, TUC shall have the rights and title to all third-party due diligence reports, project documents, construction permits, and agency approvals. Dr. Jerry Schutte asked what is the status of the non-refundable deposit? Mr. Donahue explained that Corvias provided \$800,000 in earnest money as part of the initial bid process, to be invested in the project once construction started. As part of the AOA addendum, the \$800,000 was released for the

purpose of Corvias to pay the design team. At this point, TUC and Corvias will continue to work together without an extended agreement. Although the AOA will expire, TUC and CSUN are looking to continue the relationship with Corvias. Corvias strongly asserts their desire to build this project and still believe in its viability.

#### **ITEM 6 MAJOR 3<sup>RD</sup> PARTY AGREEMENTS**

Mr. Evans reported that at the last Board of Directors meeting, he advised that due to the pandemic, Follett Higher Education (Follett) and Pepsi asked TUC to start contractual discussions to include possible extensions to their respective contracts.

TUC and Pepsi discussed at length the possibility of an extension but there was not enough in the negotiation that would warrant an extension. Mr. Evans stated that TUC and Pepsi came to a simpler agreement with no extension. The change includes amortizing Pepsi's annual payment to TUC over the next four years and retaining the annual Athletic Scholarship at \$50,000. Both without a gap year.

Mr. Evans stated that he does not anticipate an extension request with Follett either. TUC and Follett continue to meet weekly to discuss the changing market, to better understand where the market is going, and how the business model might continue to change.

President Beck asked about the systemwide negotiation with Coca-Cola and how it would impact the campus. Mr. Evans stated that the Chancellor's office has prepared a master enabling agreement which simplifies the ability for a campus to have a pouring rights agreement with Coca-Cola. Since CSUN is one of the largest CSU campuses however; Mr. Evans envisions that similar to five years ago, an RFP will be issued when we approach the end of the contract, and that Pepsi and Coke will both compete.

#### **ITEM 7 FRAUD INCIDENT REPORT**

Mr. Evans stated that the Executive Committee also serves as the Fraud Prevention Committee.

Mr. Martin reported on an incident of a fraudulent claim of unemployment benefits amounting to a little more than \$5,000. The claim was submitted to and paid by the CA Employment Development Department. TUC has reported the claim as fraudulent to the CA EDD. The claims administrator is confident TUC will be credited for the amount.

Mr. Martin reported on a second incident where an employee had two paychecks stolen by their landlord. TUC staff assisted the employee in filing a police report and replaced the stolen funds so the employee could be made whole.

Mr. Martin provided an update on an open incident that was reported at the September 2020 Executive Committee meeting. TUC worked with the associated bank and the police department to identify a suspect. CSUN's Department of Police Services has had an arrest warrant since August and is still working on locating the suspect and making an arrest. TUC will pursue prosecution once the arrest is made.

#### **ITEM 8 SALE OF THE UNIVERSITY HOUSE**

Mr. Evans stated that part of the FY 20/21 budget included selling the University house. Some of the factors in the decision to sell included: significant depletion of TUC's reserves leading up to and during COVID; proceeds of the sale will replenish the real estate reserve; a Chancellor's office assessment and recommendation for an ADA improvement which would be a significant cost; and it is more typical for presidents to choose where they live. Mr. Evans thanked Dr. Schutte for providing his expertise and advice during the sale. Mr. Evans also thanked Ms. Turner for her work on selling the University House.

Linda Turner, Associate Director of Real Estate, provided an update on the sale. The house was listed at \$1.25 million on January 8, 2021. After three days, there were four offers on the house. TUC accepted the highest offer at \$1.405 million. The house is currently in escrow with an estimated close date of February 12, 2021.

**MSP (Phillips/Donahue): That the University Corporation (TUC) Executive Committee delegates and authorizes TUC's Executive Director to sign all documents related to the sale of University House.**

**ITEM 9 RESEARCH AND SPONSORED PROGRAMS REPORT (AUGUST, SEPTEMBER, OCTOBER, NOVEMBER, DECEMBER 2020)**

Mr. Evans reported that unlike the past several years RSP (Research and Sponsored Programs) activity is significantly negative to budget. This is due to the negative impacts of the COVID pandemic. RSP activities total is \$12.4 million versus a budget of \$15.25 million and indirect cost recovery (IDC) rate is currently at 16.9%. The IDC collected is approximately \$400,000 or 17% below budget which is all COVID related.

Grace Slavik, Associate Director of Research & Sponsored Programs - Post-Award, reported that the decrease of RSP activities during the first six months of FY 20/21 can be attributed to two factors: travel and student payroll. For FY 20/21 most trips were deemed non-essential with only a handful of travel approved. Additionally, there were a few research projects which involved traveling outside of the country that were halted due to travel restrictions in the country of destination.

The second area that was affected was student payroll. There was a decline in student hiring, number of students working, and student work hours in grants. There are limited research activities that could be done remotely.

Charlene Manzueta, Grants & Contracts Manager, reported that there was a decrease in the number of proposals submitted due to faculty needing to delay submission to transition to an online classroom experience. Overall, the award rates remain the same.

President Beck and Catherine Kniazewycz left the meeting. Dr. Yaspelkis assumed chair of the meeting.

Dr. Yaspelkis asked if the decline in submissions could be attributed to faculty not physically being on campus? Mr. Donahue stated that the volume of submissions has been fairly strong in the past few months. Ms. Manzueta confirmed that grant submissions picked up significantly in January. Ms. Manzueta stated that the Grants & Contracts office has lost a senior staff member. Mr. Evans noted that there is also vacancy of the managing director of RSP. The new Associate Vice President of RSP will start in June.

Mr. Evans reported that Mr. Dan Martin, Controller will be leaving TUC at the end of the month. Dr. Phillips asked who will take over Mr. Martin's responsibilities. Mr. Evans stated that TUC will not be filling the position for the foreseeable future and that Cindy Ruan, Accounting Manager, and the accounting team will reorganize to distribute the work.

**ITEM 10                      ANNOUNCEMENTS**

Dr. Schutte stated that the Fiscal and Governmental Affairs committee of the Academic Senate of the CSU are crafting a resolution to present to the budget committee of the California State Senate to allow a reserve pool for funds to loan to auxiliaries. Dr. Schutte will provide more information at that evolves.

There being no further business, the meeting adjourned at 4:15 p.m.

Respectfully submitted,

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Colin Donahue, Recording Secretary