THE UNIVERSITY CORPORATION
Executive Committee
May 7, 2021

A meeting of The University Corporation Executive Committee was called to order by Chair Erika D. Beck at 3:01 p.m. on Friday, May 7, 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, Tim Killops, Cindy Ruan, Grace Slavik, Linda Turner, Karina Ward, Kathryn Weeks, Lih Wu
Others Present via computer video and audio:	Amy Berger, Sue Duits, Genevieve Evans Taylor, Omar Galvez, Catherine Kniazewycz, Howard Lutwak, Kylene Ott

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ITEM 1. APPROVAL OF FEBRUARY 9, 2021 EXECUTIVE COMMITTEE MINUTES

MSP (Phillips/Yaspelkis): **That the minutes of the February 9, 2021 Executive Committee meeting be approved as circulated.**

ITEM 2. APPOINTMENT OF NOMINATING COMMITTEE

MSP (Donahue/Phillips): **That the Chair appoint a Ben Yaspelkis, Mike Phillips, and Rose Merida at the nominating committee to make recommendations for Corporation officers, one-year terms to begin July 1, 2021.**

ITEM 3. THE UNIVERSITY COROPORATION INSTRUCTIONAL IMPROVEMENT PROGRAM GRANT

Karina Ward, Executive Assistant, reported on The University Corporation Instructional Improvement Program. Due to a recruitment process change in the Office of Faculty Development, the faculty names will be available in Fall 2021.

MSP (Phillips/Yaspelkis): **That The University Corporation Instructional Improvement grants for the year, as recommended by The University Corporation Instructional Improvement Grant Selection Committee, be approved as circulated.**

ITEM 5. FRAUD UPDATE

Heather Cairns, Director of Administrative Services, provided an update on two incidents that was presented at the February 9, 2021 Executive Committee meeting.

Ms. Cairns reported on the fraudulent unemployment insurance claim originally reported to be approximately $5,000. Subsequent to the initial claim, the amount had increased to $10,000. This was disputed with the California Employment Development Department (EDD) and shared with the Office of Internal Audit at CSUN. TUC will receive a credit for this claim on a future bill. Additionally, TUC management is working with CSUN's Office of Internal Audit to develop a written procedure for the timely review and reconciliation of claims.

Ms. Cairns provided an updated on the previously reported stolen checks totaling $22,000. This claim is still open with Wells Fargo and continues to be under investigation. CSUN Department of Polices Services reported that a suspect has been identified, however they have still not been located. A fraudulent check claim was filed and after its deductible, TUC was able to recover $17,000.

ITEM 5. CHARTWELL HIGHER EDUCATION UPDATE

Ms. Cairns reported that Chartwells Higher Education (CHE) is working with TUC to build operational plans assuming there will be much lower foot traffic based on current repopulation assumptions. At the start of the fall semester the initial focus will be to only open dining locations within the Campus Store Complex. The contract with Chartwells will continue under the cost plus management fee model for the coming year.

Tim Killops, Associate Director of Facilities and Operations, reported that the current point of sale system will be upgrade and replaced prior to the fall semester. Mr. Killops stated that in FY 21/22 CHE will move forward with plans to refresh the Matador Mercado in Student housing. Additionally, renovations at the Marketplace in Sierra Center and replacement of TUC's aging fleet of food services vehicle is planned for FY 22/23.

Dr. Yaspelkis asked which dining locations will be open in the fall. Mr. Evans stated that with an estimated 25% population on campus, the dining units at the CSUN Campus Store will be open in fall. Kylene Ott, CHE District Manager, stated that if there is an increase in foot traffic CHE will be prepared to open additional units.

Charlene Manzueta joined the meeting. Omar Galvez and Kylene Ott left the meeting.

ITEM 6. FOLLETT ACCESS UPDATE

Mr. Evans reported that program to provide all incoming Fall 2021 first-time freshmen with their required books and learning materials at no cost was approved by the campus to utilize Higher Education Emergency Relief Fund HEERF II (Higher Education Emergency Relief Fund) funds. Mr. Evans reported that CSU East Bay and San Diego State are also providing a similar program for their first-time freshmen. Mr. Evans stated that TUC will be submitting a proposal to continue the initiative for the Spring 2021 semester using HEERF III funds. If additional funding is approved, this will provide an opportunity for full academic year for data collection and analysis on how the program potentially supports retention and closing the equity gap. Mr. Evans reported that the next important step is to market the program to various campus stakeholders in the upcoming weeks.

President Beck stated that she is excited about the program and that it is a great use of HEERF dollars.

ITEM 7. RESEARCH AND SPONSORED PROGRAMS REPORT (JANUARY, FEBRUARY, MARCH 2021)

Grace Slavik, Associate Director of Research and Sponsored Programs, reported that total Research and Sponsored Programs activities as of March 2021 was 19% below FY 20/21 budget, the Indirect Cost Recovery rate is on target at 17.5%. The net available to campus is lower than budget by 22%.

Charlene Manzueta, Grants & Contracts Manager, reported that in 2020 Principal Investigators (PIs) transitioned to remote instruction which resulted in a decrease in awards for the first part of the fiscal year. However, the awarded dollar is still relatively high. Given the number of proposals that have been submitted this year, Ms. Manzueta anticipates an increase in awards over the coming months.

Charlene Manzueta and Ben Yaspelkis left the meeting.

ITEM 8. 2021/2022 OPERATING BUDGET

Mr. Evans provided a general overview of the executive summary. For FY 20/21, the total net cash generated from operations, before receiving Higher Education Emergency Relief Funds (HEERF) is projected to be a deficit of ($1,335,000), which is $354,000 better than the FY 20/21 revised budget. With the aid of HEERF I & II, this deficit will be reduced to a $262,000 surplus for FY 20/21.

Mr. Evans stated that a noteworthy factor related to FY 19/20 that impacts FY 20/21 was the significant meal plan revenue lost in FY 19/20. This was due to the university shifting to virtual learning in March 2020. To help cover this lost revenue, in FY 20/21 TUC received $907,000 from HEERF I. Mr. Evans provided an overview of the table summarizing TUC's budget conditions through FY 20/21 resulting to a combined net cash total of $253,000 for FY 20/21.

Mr. Evans went on to review FY 21/22 proposed budget. Significant issues affecting the budget in the upcoming fiscal year include: a deficit of $770,000 in Net Cash Generated from Operations and the assumptions that TUC will receive HEERF II and III funding for some of the lost revenue that TUC would otherwise expect to earn during a steady-state year. With this funding, for FY 21/22, the Net Cash Generated to Replenish Reserves is $291,000. The major assumptions for this budget include the following: substantially lower meal plan participation in fall and spring, no Follett minimum commission guarantee of $1,224,000 on book sales, Pepsi's annual payment of $208,000, no general salary increase, a net 3.5 administrative positions remain eliminated from previous year, and the assumption that $1,378,000 in HEERF II and III funding will be approved as part of the university's shared governance budgetary process.

Mr. Donahue clarified that HEERF stands for the Higher Education Emergency Relief Funds; federal funds universities receive for pandemic relief. One of the approved purposes of these funds is to help universities with the significant losses in revenue in meal plan, food services, parking, and student housing.

Ms. Wu, provided an overview of the Balance Sheet. By the end of FY 20/21, total assets are projected to be $71,000,000 and increase of $6,400,000. The large increase is attributed to many one-time factors including the $1,000,000 sign on bonus from CHE, $1,000,000 from Follett per the Follett contract, the net asset gain from the sale of University House, the realized and unrealized investment gains from a strong financial market.

Divisional budgets were reviewed by staff.

General and Administrative (G&A): For the 20/21 budget, an improvement of just under a half million is projected. The improvement is primarily the result of facility closures and associated expenses in response to the pandemic. There was an increase in projected revenue of $158,000 due to a partial sponsorship payment from Pepsi as well as higher than planned licensing management fee and agency account fees. For FY 21/22 G&A has a budgeted increase in expense of $146,000.

CSUN Campus Store: FY 20/21 financial performance is projected to continue to decline due to the significant increase in competition from online book sales and percentage of students purchasing course materials through other sources. TUC will not receive Follett's minimum guarantee payment for FY 20/21 nor FY 21/22. The *MyCSUNDigitalAccess* program has increased three-fold with growth expected to continue in FY 21/22.

Dr. Mike Phillips, asked if there will be research on student outcomes relating to *MyCSUNDigitalAccess* (MCDA) or the First Time Freshman Access program? Mr. Evans stated that a survey of students and faculty was conducted with those who participated in the MCDA program. For the First Time Freshmen Access program, collecting and analyzing student outcomes would provide insight on the impacts to student success. Mr. Donahue stated that data collection, proper research analysis, and even a paper with findings on the program should be conducted. Dr. Beck concurred. Mr. Evans stated that TUC will coordinate toward that goal.

Food Services: In FY 20/21, TUC started the agreement with Chartwells Higher Education Group (CHE) to operate all campus food services.

For FY 20/21 projections, the fall semester started at the height of the COVID-19 pandemic and three units opened to support the small residential dining operation. The limited number of housing residents directly affected the purchase of residential meal plans, 206 compared to 1,500 meal plan participants typically. There were increased costs associated with the adherence to strict COVID guidelines. Labor, as a % of sales, is projected to come in over budget due to low revenue. Cost of Goods Sold as a percentage to sales are projected to be slightly below budget. These factors result in a projected negative variance to budget of $27,000, and a total operational deficit of $2,300,000. When depreciation is added back, the net deficit is $1,200,000.

For FY 21/22, the proposed budget assumes that the campus will reopen with limited in-person instruction of 25% of normal foot traffic in the fall, and 70% in the spring. At these capacity levels, CHE will continue to operate under a cost-plus management fee model. Meal plan participation for fall and spring are forecasted to be 300 and 600, respectively. In fall, CHE will open food units within the Campus Store Complex (CSC). In Spring, CHE will also open the Arbor Grill and the Freudian Sip Arbor Grill in addition to the food units in the CSC. The new Orchard Conference Center will open in Spring 2022 providing additional meeting space and catering for the campus.

Research and Sponsored Programs (RSP): The ongoing pandemic has had a significant negative impact on RSP revenue. FY 20/21 projected grant revenue is $29,600,000 due to most programs and activities being put on hold, cancelled or moved to virtual platforms during the current fiscal year. For the proposed

FY 21/22 budget, grant revenue is budgeted to be $32,500,000 which is $2,900,000 more than the projected grants revenue for FY 20/21.

Real Estate: All existing tenant leases were extended by 18 months due to issues related to the COVID-19 pandemic. FY 20/21 was still a high vacancy year, averaging 12% vacancy. FY 21/22 will improve to a 9% vacancy rate. The net surplus for FY 21/22 is budgeted at $262,000, which is better than FY 20/21 projected by $81,000. Significant factors include, higher revenue, anticipating a lower vacancy rate at College Court, no foreseeable single-family home turnovers, and a 1.7% consumer price index increase for the Reseda Annex lease.

Capital Budget: For FY 21/22 proposed budget will be $180,000 which is reduced from the previous year's $250,000 capital budget.

MSP (Donahue/Phillips): **That The University Corporation Executive Committee recommend that The University Corporation Board of Directors approve the 2021/2022 operating budget as proposed.**

ITEM 9. ANNOUNCEMENTS

There being no further business, the meeting adjourned at 4:07 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: 2021.05.22 13:20:16-07'00'

Colin Donahue, Recording Secretary