

THE UNIVERSITY CORPORATION
Board of Directors
June 7, 2022

A meeting of The University Corporation (TUC) Board of Directors was called to order by First Vice President Dr. Ben Yaspelkis at 3:02 p.m. on Tuesday, June 7, 2022 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, Carlos Fuentes, Paige Hajiloo, Hamid Johari, Dave Moon, Jerald Schutte, Ben Yaspelkis

Members Absent: Mechelle Best, Harvey Bookstein, Miya Butler, Ronald Friedman, Jonathan Hay, Rose Merida, Isabella O'Brien, Michael Phillips, Kiana Requena

Staff Present via computer video and audio: Heather Cairns, Rick Evans, Mike Lennon, Philia Militante, Cindy Ruan, Grace Slavik, Linda Turner, Lih Wu

Others Present via computer video and audio: Amy Berger, Genevieve Evans Taylor, Omar Galvez, Ivy Kusler, Charlene Manzueta, Tom McCarron, Bella Newberg

ITEM I APPROVAL OF MARCH 8, 2022 MINUTES

MSP (Donahue/ Schutte): That the minutes of the March 8, 2022 Board of Directors meeting be approved as circulated.

Dr. Jerald Schutte, Professor, Sociology Department, requested to make a correction as his name Jerald was misspelled with the letter G instead of the letter J on the meeting minutes.

ITEM II RECEIPT OF MAY 3, 2022 EXECUTIVE COMMITTEE MINUTES

Dr. Benedict Yaspelkis, Professor, Kinesiology Department, stated that agenda item is included for informational purposes.

ITEM III APPOINTMENT TO THE BOARD OF DIRECTORS

Faculty:

The terms of Mechelle Best and Benedict Yaspelkis will expire on June 30, 2022. The University President has made the following appointments:

Mechelle Best	Three-year term (2022-2025) (reappointed)
Benedict Yaspelkis	Three-year term (2022-2025) (reappointed)

Administrative:

The term of Colin Donahue will expire on June 30, 2022. The University President has made the following appointments:

Colin Donahue Three-year term (2022-2025) (reappointed)

Community:

The term of Harvey Bookstein will expire on June 30, 2022. The University President has made the following appointments:

Harvey Bookstein Three-year term (2022-2025) (reappointed)

Students:

The terms of Miya Butler, Rose Merida and Isabella O'Brien will expire on June 30, 2022. The University President has asked the newly-elected Associated Students President, Shayan Moshtael, to present a list of nominees to fill the vacancies. The Vice President for Student Affairs will review the nominees, and in the next several weeks, the University President will appoint three students to serve two-year terms and two students to serve the remainder of Jonathan Hay and Kiana Requena's term.

Mr. Evans expressed his thanks to Dr. Best, Dr. Yaspelkis, Mr. Donahue, and Mr. Bookstein for their continued service.

ITEM IV NOMINATING COMMITTEE REPORT AND ELECTION OF OFFICERS

Dr. Yaspelkis presented the following recommendations for officers: *Chair* – Erika D. Beck; *First Vice President* – Ben Yaspelkis; *Second Vice President* – Paige Hajiloo; *Treasurer* – Michael Phillips; and *Recording Secretary* – Colin Donahue.

MSP (Donahue/Moon): That the recommendations of the nominating committee for officers of The University Corporation be approved as presented, one-year terms to begin July 1, 2022.

ITEM V CHARTWELLS HIGHER EDUCATION UPDATE

Rick Evans, Executive Director, TUC, acknowledged that Chartwells have done a great job managing the campus dining program with the opening of the majority of food services units this Spring and with helping the campus get through the first commencement in three years. Before turning it over to the next presenters, Mr. Evans prefaced that Chartwells's update will highlight some of the new programs Chartwells is implementing and will be implementing, which include plans for some renovations and even concept changes to a couple of the food units on campus.

Ivy Kusler, Regional Vice President, Chartwells, reported that as part of the system-wide master enabling agreement, Chartwells continues to build out a team that is dedicated to the California State Universities

(CSUs). Bernadette Falany-Davis, Sustainability Manager; Brian Johnson, Regional Executive Chef; and Joan Chang, District Manager for Marketing; are the new additions to their Regional and District Teams. Ms. Kusler expressed her excitement with these new leaders who will support the existing business and will help grow the business. Currently, Chartwells is serving 9 of the 23 CSUs.

Omar Galvez, Chartwells Resident District Manager, introduced Viviana Chavez the new Associate Controller to join the Chartwells-CSUN Team. Mr. Galvez then presented a list of food service units that are open during the summer. He indicated that the foot traffic is slower than expected and so updates on which stores will be opened and the hours of operation will be posted. He also provided the list of food service units available in the fall. Two Freudian Sip locations, one at the library and at the other one at the USU, will be opened in the fall. These locations are part of Chartwells' re-modelling projects or capital expense projects. In addition, a new concept unit called Fry Shack will replace the existing Burger King location. Mr. Galvez stated that enriching the student dining experience, creating positive and festive experience, promoting Meal Plans, designing innovative, experiential dining events and working on social media engagement, continue to be the focus of Chartwells' marketing plan for the campus.

Mr. Galvez then showed a list of events that occurred during spring and noted that the Chartwells team went into the demanding Commencement events head first, tried to be as organized as possible and made sure that all needs were taken care of. The Orchard is be busy with every single day of the month in May booked with events and with catering to major events on campus such as the President's Investiture, the Soraya's 10th Year Anniversary and Commencement. Mr. Galvez concluded his presentation highlighting a couple of capital projects completed in the spring like the re-designing of the Freudian Sip USU interior and a few more projects planned to be completed in the fall, such as the Arbor Grill interior design and Burger King being replaced with a new concept, Fry Shack.

Paige Hajiloo, Associated Students Presidential Cabinet, extended an invitation for Chartwells to participate and table in the upcoming Matador Involvement Center's Meet the Clubs event.

ITEM VI HOTEL UPDATE

Mr. Evans reiterated that Corvias, the potential developer of the hotel, was going to break ground in June 2020 but ended up putting this on-hold after the pandemic hit a few months prior and the hospitality industry went into freefall. The Access and Option Agreement (AOA) was extended with Corvias to expire April 2021, but the pandemic pushed on in full force past that date. Past the expiration of the agreement, TUC would now have full ownership of the design and construction drawings.

Mr. Evans reported that in the last several weeks, serious discussions on whether exercising the separation option or obtaining a solid commitment toward diligently pursuing the development of the hotel with Corvias have restarted. In May, Corvias completed the company's updated Market and Feasibility Analysis, however the financial modeling is still in the process of being updated. A meeting between Corvias, Mr. Evans and Mr. Donahue is being arranged for the latter part of June.

Carlos Fuentes, Investment Banker, Harvard Westlake, expressed is strong belief that this hotel must be built, and further discussed how many more events will be held at the Marriott, Hilton and other places whereas they could be held at CSUN. Mr. Evans clarified that even if CSUN and Corvias go separate ways,

the vision to build a hotel remains, but it would be more expeditious if Corvias develop a model that they can move forward with.

ITEM VII FACULTY STAFF HOUSING – DEVONSHIRE DOWNS UPDATE

Mr. Evans began his presentation by recalling that during the March TUC board meeting, he stated that the North Campus Development Corporation (NCDC) stays in lead position for this project and that it is expected to pay the \$2 million in predevelopment costs over the next year. During the April NCDC board meeting, the board approved their FY 2022/2023 budget which included the bulk of that \$2 million predevelopment costs. He reported that the soils and geology tech firms completed their analysis and the environmental review is underway.

Mr. Evans reiterated that the project will be using the Design-Build approach. This process requires significant upfront time and resources to prepare the criteria documents for the RFP solicitation to find the joint team. The big item for this process is to select the architect to prepare the criteria documents. He reported that AC Martin was selected as the architect and a kick-off meeting occurred June 1st.

Mr. Evans stated that the demand study provided by the company Jones Lang LaSalle (JLL) in 2019 is in the process of being updated. During the week of May 9th, a survey was sent out to faculty and staff and came back with approximately 700 responses. The survey shows that the employee's housing costs have increased over 13% since 2019. The demand from the target faculty and staff market supports more than 335 rental units (an increase of 22 units from 2019). In general, the housing decision drivers which are 1) total cost of rent or mortgage, 2) quality of housing; and 3) travel time to campus, are consistent with what the current survey shows.

Mr. Evans shared that starting this fiscal year, a new reserve called *Faculty & Staff Housing Operational Reserve*, is created to accumulate enough funds to mitigate the negative cash flow from the Devonshire Downs project, during construction and the stabilization phases. This action will require a significant commitment from CSUN and North Campus, where most of the surplus revenue that both auxiliaries generate – on behalf of the campus and which are typically placed in TUC's Special Projects reserve for campus-based projects -- will now be placed in a reserve for this project. Specifically, an operational reserve to assist with cash flow for the project for a number of years after construction until stabilization. TUC itself, will retain its traditional 60% of next cash generated at the end of the year., after adding \$260,000 into the University Special Project reserve. Then the remainder will now go into the *Faculty & Staff Housing Operational Reserve*.

Dr. Yaspelkis, referring to a question raised by Mr. Harvey Bookstein, partner, Armanino LLP, in the previous board meeting, asked if there are any updates regarding adding an extra story to the project. Mr. Evans replied that for financial purposes the project is programming for 200 units. Adding more units for the purpose of adding extra stories or apartments at this time is not financially viable. He also mentioned that for environmental master plan purposes, staying no more than four stories is important.

ITEM VIII 2022/2023 OPERATING BUDGET

Mr. Evans provided a general overview of the executive summary. He enumerated the following high points of the year: meal plan sales exceeded the budget due to a much greater student housing occupancy

than initially expected; the pandemic continued to greatly impact the Food Services operations; the CSUN Ready program; and the 10-year strategic partnership with Premier America Credit Union.

Mr. Evans relayed the summary of the fiscal year's overall initial budget versus the latest projection for FY 21/22. He reported that the increase in meal plan revenue, in combination with the \$1 million in HEERF funds, increases the Net Cash Generated from Operations to almost \$2.2 million. After payments and funding, the fiscal year results in a Projected Net Cash to Replenish Reserves of \$1.2 million.

Mr. Evans went on to review the FY 22/23 proposed budget. The anticipated Net Cash Generated is budgeted to be a surplus of almost \$2.4 million and the fiscal year-end results in Net Cash to Replenish Reserves of \$1.3 million. Mr. Evans pointed out that the Net Cash to Replenish Reserves is only \$100,000 better than the current fiscal year but the notable difference is that there are no HEERF funds in this FY 22/23 budget. The amount is all cash generated from the operations.

Mr. Evans then enumerated the following major assumptions for the FY 22/23 budget: the campus returning in the fall with 75% of campus dining units being opened; meal plan is set to return to almost normal at 1,400 meal plans; Chartwells will assume profit-and-loss responsibilities; Follett to provide a more favorable commission structure for the digital material for Inclusive and Equitable Access programs; a guaranteed commissioned of \$850,000 from Follett for year one; a proposed General Salary Increase (GSI) that averages at 4.3%; and continue to retain a net of 2.5 fewer administrative positions from before the pandemic. Mr. Evans encouraged the directors to review the major budget items and briefly shared that in Real Estate section, the Faculty and Staff Housing project is going to be a major area of attention as well as the Hotel project. He also highlighted the Faculty & Staff Housing Operational Reserve which he previously explained was established to mitigate the negative cash flow from the Devonshire Downs project for the first several years. The balance of this reserve by the end of FY 22/23 will be almost \$2.2 million.

Dr. Schutte asked how TUC books the HEERF funds. Lih Wu, Chief Business Officer, TUC, replied that the funds will go against the P&L in the Food Services division. Ms. Lih explained that the basis for justification of obtaining HEERF is the loss of revenue due to the pandemic.

MSP (Yaspelkis/Fuentes): That The University Corporation Board of Directors approve the 2022/2023 operating budget as proposed.

ITEM IX THANK YOU TO OUTGOING DIRECTORS

Dr. Beck noted that although those outgoing directors are not present during the meeting, tokens of appreciation will be sent to them.

ITEM X ANNOUNCEMENTS

There being no further business, the meeting adjourned at 4:08 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Colin Donahue", written over a horizontal line.

Colin Donahue, Recording Secretary