

NORTH CAMPUS – UNIVERSITY PARK DEVELOPMENT CORPORATION
Board of Directors
April 13, 2023

A meeting of the North Campus – University Park Development Corporation (NCDC) Board of Directors was called to order by Executive Director, Rick Evans at 11:01am on Thursday, April 13, 2023 via Zoom Conference Call, California State University, Northridge. A quorum was present.

Directors Present via computer video and audio: Colin Donahue, Rick Evans, Jimmy Gandhi, David Honda

Directors not present: Erika D. Beck, Shayan Moshtael, William Watkins

Others Present via computer video and audio: Heather Cairns, Syrus En, Kevin Engstrom, Randy Libunao, Tom McCarron, Philia Militante, Bella Newberg, Julie Romey, Ken Rosenthal, Cindy Ruan, Freny Shah, Linda Turner, Lih Wu

ITEM #I	CONSIDERATION OF DECEMBER 13, 2022 MINUTES
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MSP (Honda/Donahue): The minutes of December 13, 2022 were approved as circulated.

ITEM #II ELECTION

The term of Colin Donahue, Vice President, CSUN Administration & Finance, expires this year. The University President recommends that the Board re-elect Mr. Donahue to serve a three-year term (2023-2026).

MSP (Honda/Gandhi): That the North Campus-University Park Development Corporation Board of Directors reelect Colin Donahue to the Board.

ITEM #III FINANCIAL STATEMENTS

Rick Evans, Executive Director, NCDC, explained that this item is provided for the record. An in-depth discussion will be provided under agenda item number 5 Operating Budget.

ITEM # IV FACULTY STAFF HOUSING – DEVONSHIRE DOWNS UPDATE

Mr. Evans recalled that at the last Board meeting, it was reported that the project is not currently financially viable under the self-development model due to the increase in the cost of production and the unprecedented interest rates. Nonetheless, the team continued to work with an architectural firm over the last several months on preparing the documents, a master plan amendment, and other project related issues. Mr. Evans reiterated that these criteria documents will be helpful under both the self-development approach and the P3 approach. If neither approach is viable at this time, the documents will still be valuable when the construction and the financial markets become more favorable.

Bella Newberg, NCDC Consultant, shared the status of the project starting with the team working with AC Martin in completing the Design Build Criteria Documents which consist of the two documents: program and design criteria. The team is expecting to receive the final document from AC Martin by April 15, 2023. Ms. Newberg reported that the Facilities Planning team is working on the Master Plan Addendum with the Chancellor's Office (CO). She discussed the project program which consisted of the space program description, space program matrix, planning adjacencies and room criteria information. She presented the program mix and described that this continues to align with the demand study. She reminded everyone that while the team comes up with a specific program mix, some of these things may change as the team fine tunes and works with a design-build team. She proceeded to show a couple more slides of the floor plans and interior layouts of different units. A project test fit was shown which will help determine how many different elements such as the buildings, amenities, parking, and traffic flow can fit nicely on the site.

Mr. Evans shared that TUC has been investigating what other models can be pursued to get the project built. A certain P3 model has generated some focused interest from the team. This model utilizes tax-exempt financing where a 501c3 Project Specific entity serves as the project owner. This model has been used by some of the UC campuses including UC Irvine and UC Riverside. Mr. Evans then referred to the flowchart attached in the meeting packet and illustrated an in-depth description of the structure and the process involved in a P3 approach. He pointed out that although this P3 conduit financing model appears to be the best approach, an RFQ/RFP process could bring forth another financing model that might work better. With this model, a separate non-profit LLC is the owner of the project but in approximately 40 years ownership will be returned to NCDC or CSUN. As for next steps, Mr. Evans shared that in mid-March the team hired Keyser Marston Associates (KMA) to provide financial consulting services. KMA will evaluate market conditions and other potential financing models. The team also contracted with JLL to do some cost estimates based upon the P3 delivery. The team will also continue to consult with the CO and come up with a revised project schedule. Mr. Evans added that P3 projects require CSU approvals which involve more system-wide oversight committees and their respective reviews. Land Development Review Committee (LDRC), the Board of Trustees (BOT) concept approval, and the Housing Program Review Committee (HPRC) are just some of the reviews that a P3 project will have to go through until it receives the Board of Trustees final approval.

Before proceeding to the next agenda item, Mr. Evans provided a quick recap that last year the Board approved \$1.1 million to get the project through the first phase of completing the Criteria Documents. To get to the second phase, another \$900,000 will be needed to select the developer. He pointed out that only a portion of that amount will be used if the team cannot come up with a viable financial model and go forward approach. He also pointed out that NCDC has the reserves to absorb the overages for this fiscal year and next fiscal year. The overages should be viewed as a one-time cost and NCDC will be back to a balanced budget in Fiscal Year 24-25.

Syrus En, Director - Chancellor's Office, Short Term and Structured Finance, mentioned that the key to this whole endeavor is the prevailing wage question. Thus, Mr. En advised the team to follow-up with the Office of the General Counsel (OGC) and get a firm determination. Tom McCarron, Consultant – NCDC, shared that the OGC is very familiar with UC Irvine and UC Riverside's models.

ITEM #V OPERATING BUDGET

Freny Shah, Director – TUC, Business and Finance, began by showing the FY 22/23 projections versus FY 22/23 budget. She reported that NCDC projected a revenue of \$920,000 as compared to the budget of \$882,000. On the expenditure side, the total expense is projected to be significantly lower. NCDC will

have a savings of about \$900,000. She reiterated Mr. Evans' earlier statement that the project has not moved as quickly as initially projected, hence these savings.

Ms. Shah then described that the operating budget for FY 23/24 will be mostly flat at \$914,000 as compared to the FY 22/23 projection. The revenue consists of:

- 1) the investment and interest income expected at \$46,000; and,
- 2) Rydell's rent will increase by \$18,000 due to the consumer price index adjustments.

Moving on to the total expenses, Ms. Shah reported that it will also be in line with the projected FY 22/23 expenses of around \$1.2 million. This amount includes the \$900,000 Mr. Evans mentioned earlier that will cover the selection of a developer for the Faculty/Staff Housing project. Ms. Shah pointed out that there is a \$300,000 deficit but this is for a one-time cost only. Thus, the NCDC budget is expected to be in surplus mode again in FY 24/25. Ms. Shah voiced a reminder that NCDC has committed to establishing a faculty/housing operating reserve by setting aside \$500,000 per year. Going into next budget year, NCDC will begin with \$1 million in the reserve, and by adding another \$500,000, will bring the reserve to \$1.5 million as the budget year 23/24 closes. Similarly, TUC is also contributing to the reserve, which will bring the TUC reserve to about \$1.9 million by end of FY 23/24. Together, the combined total for these operating reserves for Faculty/Staff Housing will be at \$3.4 million at the end of FY 23/24.

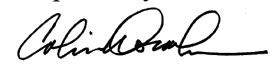
Dr. Jimmy Gandhi, Associate Dean & Executive Director of Program Development – CSUN, Tseng College, referred to the balance sheet and inquired what does long term versus short-term investment mean. Dr. Gandhi observed that the long-term investments have gone down while the short-term investments fared very well. Mr. Evans pointed out that it is not that the long-term investment dropped but NCDC shifted money to cover the operating expenses for the two fiscal years. Lih Wu, Consultant – NCDC explained that short term investments are funds that need to be used within a 3-year period.

MSP (Donahue/Honda): That the 2023/2024 operating budget be approved as presented.

ITEM #VI ANNOUNCEMENTS

Being no further comments, the meeting was adjourned at 11:37am.

Respectfully submitted,

 06/20/2023
Colin Donahue, Secretary