

**THE UNIVERSITY CORPORATION**  
**Executive Committee**  
**May 2, 2023**

A meeting of The University Corporation (TUC) Executive Committee was called to order by Chairman Dr. Erika Beck at 3:02 p.m. on Tuesday, May 2, 2023 via Zoom Conference Call at California State University, Northridge. A quorum was present.

**Members Present via computer video and audio:** Erika Beck, Colin Donahue, Paige Hajiloo, Michael Phillips, Ben Yaspelkis

**Members not Present via computer video and audio:** None

**Staff Present via computer video and audio:** Heather Cairns, Rick Evans, Michael Lennon, Philia Militante, Cindy Ruan, Freny Shah, Grace Slavik, Linda Turner, Kathryn Weeks

**Others Present via computer video:** Sue Duits, Sherrie Hixon, Whitney Scott, Lih Wu

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**ITEM 1. APPROVAL OF FEBRUARY 7, 2023 EXECUTIVE COMMITTEE MINUTES**

**MSP (Donahue/Phillips): That the minutes of the February 7, 2023 Executive Committee meeting be approved as circulated.**

**ITEM 2. APPOINTMENT OF NOMINATING COMMITTEE**

**MSP (Yaspelkis/Phillips): That the Chair appoint Ben Yaspelkis, Mike Phillips, and Paige Hajiloo as the nominating committee to make recommendations for Corporation officers, one-year terms to begin July 1, 2023**

**ITEM 3. THE UNIVERSITY CORPORATION INSTRUCTIONAL IMPROVEMENT PROGRAM GRANT**

Philia Militante, Administrative Services Manager, TUC, provided a brief introduction on The University Corporation Instructional Improvement Program. She informed the committee that when the packet was sent out, the number entered under unspent prior year balances was incomplete. The correct number for the unspent prior year balances is \$70,000, making the proposed total budget for FY 2023/2024, \$123,171.53

Dr. Whitney Scott, Director, CSUN Faculty Development recognized that TUC and Faculty Development have a shared mission of fostering learning and professional growth for all faculty. With this aligned mission, she provided a detailed description on the three important directions on what is to be covered under

the proposed FY 2023/2024 budget. First, she explained the focus of this proposal is about providing access to professional development for faculty at scale. Further on, she stated that feeding faculty with inspiration, evidence, data, strategies, and an invitation to join a CSU-wide student Success initiative, student fail rates can be reduced and race gaps can be closed. Second, she discussed Faculty Programming, where programs offered are aimed to invite faculty to shift mindsets about students while modeling teaching strategies that can be applied in their courses. There is also Equity Programming, which encourages faculty to critically analyze their grading practices. Also under Faculty Programming, Dr. Scott shared that they are gearing up to provide programming that supports faculty's use of the new Sierra Annex. Third, Dr. Scott echoed that the sentiment that it takes a village and community to support gathering faculty. Accordingly, the department proposed funding to serve faculty in ways such as bringing an inspirational speaker to campus, allowing faculty facilitators to hold space and meet with faculty regularly, giving feedback and sharing with one another, providing resources such as books on learning-centered teaching, and providing resources to host a retreat or showcase to share out what faculty has learned and tried.

Dr. Beck acknowledged the good work that Dr. Scott is spearheading along with her team in CSUN Faculty Development.

**MSP (Phillips/Donahue): 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 4. FOLLETT ORGANIZATIONAL CHANGES UPDATE**

Rick Evans, Executive Director, TUC, shared Follett's announcement on their massive organizational restructuring to what the company is calling "a multi-market model," which essentially means that Follett market leaders overseeing more than one campus. As an unintended consequence of this restructuring, CSUN Campus Store is losing eight core full time staff. Mr. Evans mentioned that as the chair of the Follett-14, a group of CSU campuses that have Follett as their partner, he convened an emergency meeting with the group along with Follett leadership. Mr. Evans conveyed his concern that Follett is not being particularly clear with regard to their intention and that they may be afraid to talk about the real motive; That the market is changing rapidly with digital materials taking-off, the future of brick-and-mortar stores more in question, and that virtual stores are starting to become more common smaller colleges. Mr. Evans suggested that although he agrees with the general notion of Follett's need to look to the future, he does not necessarily agree on how they have rolled these changes out, nor how it is affecting CSUN Campus Store in the near term with the brain drain and the additional demands it placed on the already overworked store staff. He stated that he will continue to monitor this situation.

#### **ITEM 5. RESEARCH AND SPONSORED PROGRAMS DELEGATION OF AUTHORITY FOR CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, AND STATE OF CALIFORNIA AGREEMENTS**

Grace Slavik, Director of Research and Sponsored Programs, TUC, reported that every two years, the City of Los Angeles, County of Los Angeles, and State of California requires contractors to obtain proof of authority. Before the expiration of the proof of authority, the committee is now being requested to delegate authority to Dr. Christopher Sanford and Charlene Manzueta of Research & Sponsored Programs, and Dr.

Amy Levin of Graduate Studies to execute agreements with City of Los Angeles, County of Los Angeles, and State of California.

**MSP (Hajiloo/Phillips): That The University Corporation Executive Committee give proof of authority to the following individuals for City of Los Angeles, County of Los Angeles, and State of California agreements: Christopher Sanford, Associate Vice President, Research & Sponsored Programs; Charlene Manzueta, Managing Director of Research and Sponsored Programs; and Amy Levin, Assistant Vice President of Graduate Studies.**

## **ITEM 6. RESEARCH AND SPONSORED PROGRAMS REPORT**

Grace Slavik, Associate Director of Research and Sponsored Programs, TUC, reported that total Research and Sponsored Programs activities as of March 2023 was \$25 million which is 14% above FY 22/23 budget. Ms. Slavik stated that the department will not only meet the budget, but it is projected to be at \$36 million for this year. She also reported that the total Indirect cost (IDC) as of March was about \$4.2 million which was 27% higher than budget. Half of that amount would be funding TUC's post-award operations, which includes post-award team, human resources, accounting, IT, and executive oversight. At this point, net available to campus is \$2 million which is also 27% better than budget.

Sherrie Hixon, Director of Strategic Research Initiatives, who was presenting on behalf of Charlene Manzueta, Managing Director of Research and Sponsored Programs, conveyed that while there are a fewer number of awards issued this year, the total dollar amount is almost identical with \$33,607,126 this year versus \$33,549,475 last year. This was reflected on the number of sizeable awards the department received as new projects this year, including nearly \$6 million from Dr. Cindy Malone's Stem Cell Biology grant, \$2.3 million from Gabby Chavira's new National Science Foundation grant, \$1 million from the Office of the President, Amanda Quintero's Department of Education grant, and \$1 million from Strength United's Substance Abuse and Mental Health Services Administration grant just to name a few. Ms. Hixon clarified that the number of awards may be less this at this point but that could be a reflection of some of the data not being completely updated. She indicated that the projections are right on target and the awarded dollar amount will be quite similar as last year.

## **ITEM 7. 2023/2024 OPERATING BUDGET**

Mr. Evans provided a general overview of the Executive Summary. He reported that FY 22/23 saw an over 30% decrease in cars in the campus parking structures which correlates to the reduction in on-campus foot traffic. Given so, the Food Service division will not be as a significant source of revenue for the near and mid-term future as compared to prior years. He mentioned TUC continues to work on the "CSUN: Ready Affordable Course Materials for Undergraduates" initiative, which is a comprehensive Equitable Access Program for all undergraduates, to be implemented in the fall 2024 semester. He also shared that the North Campus Development Corporation (NCDC), in partnership with TUC, is pursuing a faculty and staff housing project, called "Devonshire Downs," with the goal to develop 200 rental apartments.

Mr. Evans relayed the summary of the fiscal year's overall initial budget versus the latest projection for FY 22/23. He reported that TUC is expecting the Net Cash Generated from Operations to replenish the reserve

by 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 23/24 proposed budget. There is a drop from the prior year on anticipated Net Cash Generated from Operations to \$1.7 million. Once again, TUC will fund the University Special Project Reserve at \$260,000 and the Faculty/Staff Housing Project Operation Reserve at \$382,000 which result in Net Cash to Replenish Other TUC Reserves of \$963,000. Mr. Evans pointed out that the drop in the Projected Net Cash Generated in FY 23/24 from the FY 22/23 is not a continued downward trend. He believes that TUC will see growth from Research and Sponsored Programs. In addition, he anticipated that in FY 24/25, the decline seen over the last 12 years in the Campus Store will level-off.

Mr. Evans then enumerated the following major assumptions for the FY 23/24 budget: 1) Foot traffic on campus is expected to remain similar to FY 22/23 levels; 2) Commission from Follett is expected to reduce from \$850,000 prior year, to \$768,000 in FY 23/24; 3) General Salary Increase of 5% is budgeted; 4) One administrative position is added leaving TUC a net of two fewer full-time administrative positions than prior to the pandemic; and 4) Licensing activities are expected to bounce back closer to pre-pandemic operations.

Mr. Evans took a moment to mention that TUC is increasingly recognizing itself as a research foundation and providing the optimal customer service to Principal Investigators is continuously becoming a high priority. Thus, in FY 23/24, TUC is expected to be fully staffed and will increase its focus on supporting sponsored research activity to meet the growth in CSUN's sponsored research. He also shared that under the Real Estate division, TUC purchased two additional single-family homes.

Freny Shah, Director of Business and Finance, TUC, provided an overview of the Balance Sheet. She explained that by the end of FY 22/23, the Total Assets are projected to grow to \$76.8 million. The increase of \$2.7 million in Total Cash and Investments contributed to that additional \$4.4 million increase in Total Assets. Ms. Shah proceeded to review the FY 23/24 budget. She stated that Total Assets will grow by \$1.2 million to reach \$78 million at the end of FY 23/24. She referred to the table on the packet where it listed Total Cash and Investments are up by \$1.9 million which is largely coming from Investment Income (dividend/interest), the repayment on the Public Safety building, and the Operation Surplus from the prior year.

Ms. Shah began reporting the Reserve Schedule and indicated that the actual reserve balance at the end of FY 21/22 was at \$22.9 million which is projected to increase up to \$26.1 million at the end of FY 22/23. Of this balance, \$6.4 million is in Operational Reserves. She noted that TUC is projecting to generate \$1.2 million in Net Surplus which is already included in the Operational Reserves' calculation for FY 22/23. Similarly, FY 23/24 is budgeted to generate \$963,000 in Net Surplus. FY 23/24 is budgeted to have the Reserve Balance of \$28.4 million at the year-end. She then explained that the Real Estate investment fund will be close to fully funded at \$1.4 million in preparation for any strategic purchase that TUC makes in the future. On the same note, TUC is anticipating to see Facilities Reserve at \$1.5 million (fully funded) at the end of FY 23/24. Lastly, she mentioned that North Campus Development Corporation (NCDC) also created an additional companion reserve in which the two-reserves combined will have \$3.4 million in total at the end of FY 23/24.

Divisional budgets were reviewed by TUC Directors and Associate Directors.

General and Administrative (G&A): Heather Cairns, Associate Executive Director, Administrative Services, TUC, pointed out that the FY 22/23 Net G&A surplus budget of \$2,373,000 versus the projected \$2,362,00 indicates that TUC is right on budget. Ms. Cairns then looked at the FY 23/24 budget and reported that TUC budgeted an increase in G&A expenses of \$276,000. The reason behind the increase in the budget expenses is the increased payroll/benefits which is a combination of the proposed 5% General Salary Increase (GSI) which totals \$100,000, the refilling of vacant positions, and the adding back of one administrative position. She highlighted that the cost to G&A of almost \$2.6 million closely reflects pre-pandemic operations, but is still less than \$2.9 million of FY 18/19.

CSUN Campus Store: Ms. Shah reported that for the FY 22/23, TUC was able to generate \$1.05 million in revenue that includes \$850,000 as guaranteed minimum commission revenue from Follet and \$200,000 from the amortization. This was exactly what was budgeted for the year. Ms. Shah then looked at the budget for FY 23/24 and indicated that TUC is budgeted to generate about \$768,000 in commission revenue, which is at an \$82,000 decline from the prior year. She pointed out, however, that with the continued focus on Access Programing, CSUN Campus Store's revenue may stop the decline in FY 24/25.

Food Services: Mike Lennon, Associate Director Facilities and Operations, TUC, reported that Retail Sales was budgeted significantly lower than 2019's pre-pandemic operations. Unfortunately, actual Retail Sales are projected to be even lower than that. Mr. Lennon explained that the biggest issue was a budgeting error that resulted in an overstatement of meal plan revenue by more than \$400,000, which resulted in a budget to projected variance that was worse than it would have been without the error. He pointed out that Meal Plan cost represents the fees that Chartwells charges TUC to operate the Residential Dining program. Unfortunately, costs were unexpectedly high as a result of the mix of meal plans sold. Due to lower than budgeted Retail and Catering Sales, plus higher Meal Plan cost, Food Services is projected to be \$947,000 lower than budget, or \$500,000 with the budgeting error, however after adding back depreciation, there is a surplus of just over \$1.2 million.

Mr. Lennon then reviewed the FY 23/24 budget and indicated that there will be a small increase in revenue in anticipation of a smoother fall opening than in FY 22/23 and increased sales at the Marketplace since more services are being added. Similar to FY 22/23, TUC is forecasting 1,400 meal plan participants for the term. The FY 23/24 revenue for the Food Services division is estimated at \$6.3 million with an operational deficit of \$16,000 which is \$37,000 worse than the FY 22/23 projection. After adding the non-cash depreciation, the net surplus is just over \$1.1 million. He also projected an increase in Meal Plan costs by \$139,000 due to a change in the anticipated type/mix of meal plans sold.

Dr. Ben Yaspelkis, Professor, CSUN Department of Kinesiology, asked why under Utilities, there is a big variance between the FY 22/23 projected budget of \$14,000 and the FY 23/24 budget of \$68,000. Mr. Lennon indicated that the numbers are based on what the campus will charge TUC in Utilities but he said that he will take a look at this numbers closer and will get better answers. Colin Donahue, Vice President, Administrative & Finance, CSUN, concurred that the overall utilities for the campus went up significantly.

Real Estate: Linda Turner, Associate Director - Real Estate, TUC, shared that in the two years since the pandemic started, TUC did not increase current tenant rates. This may result in a gap for FY 23/24 ranging between 9% to 18% below market. In spite of this, Ms. Turner reported that TUC's housing occupancy rate for FY 22/23 was 100%. The FY 22/23 projected surplus was right on budget at \$18,000. She then reviewed the FY 23/24 budget and indicated that the Net Surplus is budgeted at \$409,000, which is \$51,000

better than the FY 22/23 projected budget. Finally, she indicated that for FY 23/24, when adding the non-cash depreciation expense of \$350,000, the division is cash positive by \$708,000.

Research and Sponsored Programs (RSP): Ms. Slavik reported that for FY 22/23, the department is anticipating a grants revenue of \$36.1 million which is 8% better than budget. She explained that more in-person activities and increased travel expenditures have contributed to higher than budget direct costs. The projected IDC is also better than budget with TUC's share at \$3.1 million. Ms. Slavik shared that the department's operating expenses is \$114,000 below budget due to salary savings. The department had difficulty finding applicants with research administration experience. The recruitment efforts shifted to hiring entry level administrative support with the goal of training them in the next year to fill higher positions and ensure that the department can meet the needs of research and sponsored activities. Ms. Slavik then reviewed the FY 23/24 budget and anticipated to see the volume of research and sponsored activities to reach \$37.1 million, a million dollars more than projected in the prior year. There will also be an increase in IDC for FY 23/24 due to the increase in the indirect cost rates for both Federal and California State awards. Ms. Slavik also announced that for FY 23/24, TUC and CSUN will begin working on the Facilities & Administration rate negotiation project, which is a comprehensive study of research space and sponsored projects activities at CSUN. Traditionally, this effort results in an increase to the indirect cost rate.

Mr. Donahue noted that to have a line "Net Surplus" does not accurately reflect the additional costs associated of G&A, which also directly support RSP. Mr. Evans acknowledged this as a good point, and will update the narrative and summary line items to more accurately reflect TUC operations and associated costs.

Capital Budget: Ms. Cairns reported that For FY 23/24 the proposed Capital budget will be at \$200,000. Ms. Cairns highlighted two major projects: replace four antiquated air conditioning units in the west side of the Campus Store Complex and on-going equipment purchases and repairs as Chartwells continues to expand the dining operating refresh spaces.

Mr. Donahue shared that the Reseda Annex building has some tenancy related to sponsored programs, but the central campus budget continues to pick up the entire lease for the building. In turn, the entire IDC forwarded to the campus actually goes to Academic Affairs. Accordingly, Mr. Donahue suggested the group to be cognizant that with the increase of research and sponsored activities, there should be a better understanding as to purpose of IDC, which includes facilities.

Mr. Donahue suggested approving the budget, to include the 5% GSI; however, he suggested that further discussion on the GSI should probably continue. Mr. Evans agreed and made a note of this suggestion.

**MSP (Yaspelkis/Donahue): That The University Corporation Executive Committee recommend that The University Corporation Board of Directors approve the 2023/2024 operating budget as proposed.**

## **ITEM 8. ANNOUNCEMENTS**

Mr. Evans congratulated Ms. Paige Hajiloo for becoming the next Associated Students (AS) President. Mr. Evans explained that typically the AS President is on the TUC Board and so Ms. Hajiloo will once again be part of Board in FY 23/24.

There being no further business, the meeting adjourned at 4:11 p.m.

Respectfully submitted,



05/24/2023

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Colin Donahue, Recording Secretary