

THE UNIVERSITY CORPORATION
Executive Committee
September 7, 2023

A meeting of The University Corporation Executive Committee was called to order by Recording Secretary Colin Donahue at 3:02 p.m. on Thursday, September 7, 2023 via Zoom Conference Call at California State University, Northridge. A quorum was present.

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

Members not Present via computer video and audio: Ben Yaspelkis

Staff Present via computer video and audio: Heather Cairns, Rick Evans, Mike Lennon, Cindy Ruan, Grace Slavik, Linda Turner, Kathryn Weeks, Philia Militante, Alexandra Stahl

Others Present via computer video and audio: Lih Wu, Bella Newberg, Robert Carlson, Charlene Manzueta

ITEM 1. APPROVAL OF MAY 2, 2023 EXECUTIVE COMMITTEE MINUTES

MSP (Phillips/Beck): That the minutes of the May 2, 2023 Executive Committee meeting be approved as circulated.

ITEM 2. YEAR-END FINANCIAL STATEMENTS

Rick Evans, TUC Executive Director, provided a general overview of the year-end financial statement for FY 22/23. Net cash generated was \$944,310, which was roughly \$400,000 lower than budget. Mr. Evans went on to explain that the lower cash generated for FY 22/23 was almost entirely due to losses in Food Services due to overstated (budget error) meal plan revenue when creating the budget, the types of meal plans sold, and an unexpected drop in meal plan participation in spring semester due to a drop in campus foot traffic. However, Mr. Evans stated that when depreciation is added back, Food Service still brought in over \$1 million on a cash basis. Mr. Evans continued that the Campus Store is on budget, Real Estate is \$100,000 better than budget, and General & Administration is over budget by almost \$130,000 due to a change in accounting for post-retirement medical expenses. He reported that Research and Sponsored Programs (RSP) has been experiencing tremendous growth as the department is nearly \$800,000 better than budgeted.

Moving on to the balance sheet for FY 22/23, Mr. Evans showed that TUC's net assets grew by nearly \$5 million, resulting in TUC's strongest balance sheet to date, despite the drop in net cash generated. The increase in net assets was due to a nearly \$3 million increase in investments and a nearly \$1.7 million increase in fixed assets due to the purchase of two residential homes. He then showed that the long-term investment summary shows over \$2 million in growth and very little change in short term investment.

In the reserve schedule, Mr. Evans highlighted that the \$944,310 net cash generated has been allocated to the Real Estate reserve fund to replenish that fund after purchasing the residential homes, bringing that fund back up to over \$1.3 million. He also pointed out that while the TUC Operational Reserves have dropped by \$400,000, the undesignated general reserves have grown by over \$2 million due to investment gains. Finally, he showed that when combining TUC's Faculty & Staff Housing Operational Reserve with the same reserve at the North Campus Development Corporation (NCDC), the total is \$2.3 million.

Michael Phillips, CSUN Department of Finance professor, inquired about the Lancaster property shown on the asset sheet worth \$6,000. Linda Turner, TUC Real Estate Associate Director, replied that there are two parcels of uphill land that were bequeathed to TUC that only cost \$400 per year combined in taxes. Mr. Phillips suggested that TUC explore whether it could be used for ecological studies by campus, or that TUC looks into selling the property to remove it from the asset sheet.

Mr. Phillips also raised a concern about the rate of inflation in the prices of prepared food on campus. Mr. Evans replied that TUC food service aims to stay competitive with off campus options. Mike Lennon, TUC Associate Director, Facilities & Operations, added that efforts are being made to reduce prices of prepared food. Other vendor options are also being explored to try and reduce costs. Paige Hajiloo, CSUN Associated Students President, echoed Mr. Phillips' concerns and emphasized the importance of advertising the less expensive food options on campus.

ITEM 3. FRAUD PREVENTION REPORT

TUC Director of Administrative Services, Heather Cairns, provided a brief background on the TUC Fraud Prevention and Ethics Policy. She explained that TUC's Fraud and Ethics plan was developed in 2014 and oversight of this plan was delegated to the Executive Committee (EC) by the Board of Directors (BOD), designating EC as the "Fraud Oversight Committee". As such, on a yearly basis any updates to the fraud document and any incidents of fraud are reported to the EC.

Ms. Cairns then shared two minor updates to the plan; a fraud presentation that was completed and an annual security access review for all TUC staff. She also noted that one of the updates documents the regular communications to all staff regarding TUC's code of professional conduct. Ms. Cairns then highlighted section 5.3 of the plan to display over two dozen policies that were updated and reviewed in advance of the Chancellor's Office audit in January. Many changes were made to the policies, which resulted in training sessions with staff to keep them updated.

Finally, Ms. Cairns reported on Attachment C, where TUC tracks all incidents of fraud. Since the previous year's report, there have been only two small incidents, both involving fraudulent checks. Both cases were detected by the positive pay system of TUC's bank, Wells Fargo, and TUC did not incur any financial losses. The original payees were notified and the checks were reissued without further incident.

ITEM 4. PURCHASING POLICY UPDATE

Grace Slavik, TUC Associate Executive Director, Financial Services, shared an update to TUC's existing purchasing policy. She stated that TUC has gone through a thorough review of its policies and procedures and as such, TUC is bringing some of the policies today that require Executive Committee approval, the first being the Purchasing Policy. Although there have been minor revisions on this policy over the years,

the policy has undergone significant revisions to accommodate recent changes in the CSU and CSUN regulations, federal guidelines, and appropriate campus procedural changes.

The areas of the policy that were updated include:

- 1) a purchasing threshold increase and guidelines on methods of procurement,
- 2) Guidelines on recent state policy changes in sustainability or single use plastics and purchasing of gene synthesis equipment or gene synthesis products,
- 3) Guidelines on hazardous materials procurement as recommended by the Chancellor's Office and campus,
- 4) General guidelines for TUC purchasing cards, and
- 5) Vendor debarment and suspension checks specifically on purchases of \$25K or more as required by federal guidelines.

Ms. Slavik then clarified that some of these areas are already incorporated in TUC procedures and that this update formally codifies and incorporates the guidelines to the TUC purchasing policy.

Colin Donahue, CSUN Vice President, Administration and Finance, inquired as to the specifics of what was changed in the hazardous materials procurement guidelines. Ms. Slavik responded that the main change was to ensure purchasing hazardous materials are done through a purchase order, and to mirror the campus's procedure if they are purchased with a p-card.

Mr. Phillips then confirmed that this policy update has been approved by Robert Carlson, TUC, Legal Counsel. Mr. Carlson confirmed that the policy changes are all standard.

MSP (Phillips/Hajiloo): That the revisions proposed on the Purchasing Policy be approved.

ITEM 5. HUMAN RESOURCES POLICY UPDATE

Kathryn Weeks, Associate Director, Human Resources, presented an update on the Human Resources policy. Ms. Weeks reminded the committee that TUC maintains its employee handbook and HR policies as one and the same. When TUC has revisions to this handbook, they are brought to the Executive Committee. She then shared three proposed revisions. The first revision, under the harassment policy section, clarifies that TUC provides training to "all employees" and not just supervisors and managers. This is the mandatory California harassment prevention training provided through CSU Learn. The second revision updates the holiday policy to include Juneteenth, just as CSUN does. The last revision is a minor correction under the payroll section to remove a line about a paper form that TUC no longer uses.

MSP (Beck/Phillips): That the revisions proposed on the Human Resources Policies be approved.

ITEM 6. REAL ESTATE COMMITTEE UPDATE

Mr. Evans shared an update on the Real Estate Committee meeting conducted about a month prior. There were three initiatives discussed: building Devonshire Downs at North Campus, potentially buying an apartment complex, and finally the potential to build accessible dwelling units (ADUs) on TUC's existing properties.

Starting with Devonshire Downs at North Campus, Mr. Evans explained that over the last 2 years staff has explored options to construct a 200-unit rental complex at North Campus, including the possibility of TUC

taking the lead and ownership of the project. However, without significant infusion of equity beyond TUC's resources, TUC would be liable to subsidize it for far longer than is viable. As a result, TUC has recommended that the NCDC Board put a pause on Devonshire Downs until interest rates and construction costs decrease and financial viability can be reassessed.

Mr. Evans then moved on to the idea of purchasing an apartment complex. The Real Estate committee's preference would be a complex within 8 miles of campus and they would like to work with a trustworthy and discrete broker who is familiar with CSUN. Ms. Turner began the process of scanning for potential apartment complexes that can be procured using system wide revenue bonds, would meet stringent system-wide or pro-forma requirements, and have a mix of units and amenity requirements for faculty and staff.

Finally, Mr. Evans discussed the concept of more immediately developing ADUs on TUC property. With the combination of SB9 and SB1069, up to four housing units can be built on a lot typically zoned for a single-family home, as long as the lot is sizable enough, which TUCs lots are. Mr. Evans discussed the six contiguous lots TUC owns on Halsted, Rathburn, and Citronia, of which three are empty lots while the other three have four houses that are currently occupied with renters. Mr. Evans then shared a map of a spacing study to show how many total units might be built on those lots. This map showed that there is potential to build a combination of 15 houses and ADUs that would increase the total housing stock in this area from 4 rentable homes to 19 rentable homes.

These houses and ADUs will likely be single-story units ranging from 1,200 sq ft to almost 1,500 sq ft, from 2 to 3 bedrooms each. The current plan is to begin Phase I development on the vacant lot at 18321 Halsted St as it faces campus and TUC owns all the lots on that street. Mr. Evans explained that while TUC is not asking for a budget allocation at this time, the current plan is to bring this to the Board of Directors in October to ask for an estimated \$1.7million to \$2 million in budget authority to begin Phase I.

Mr. Phillips commented that this is a winning strategy and asked if it would be possible to purchase more homes that strategy could work on, or if something like this could be done on North Campus for Devonshire Downs. Mr. Evans responded that while this would be difficult on campus, TUC does own several other residential properties across from campus on Zelzah that could be candidates for this once their current tenants vacate.

ITEM 7. FACULTY STAFF HOUSING TENANCY LIMITS POLICY UPDATE – NEW CITY OF LOS ANGELES LEASE REQUIREMENTS

Ms. Turner, explained an update to TUC's Faculty Staff Housing Tenancy Limits Policy. She explained that currently, the TUC housing guideline tenancy limit for College Court is 3 years and 5 years for single family homes. She reminded the committee that TUC's CSUN faculty and staff housing program is intended to provide transitional housing, not a permanent dwelling.

In January 2023, The City of Los Angeles enacted an ordinance that severely limits the ability to terminate no-fault tenancies. Ms. Turner elaborated that in the spring of 2024 this ordinance will begin to impact TUC maximum lease tenancies, and therefore TUC's ability to continue the transitional nature of the program. There are several TUC tenants reaching their term limits in the spring of 2024. As a result of this new ordinance, TUC cannot continue to put occupancy time limits in its tenant leases. The new ordinance leaves TUC with limited options to remove tenants, which TUC has done for years with little issue as TUC's tenants understand going in the transitional nature of TUC housing. Ms. Turner went on to explain that

TUC is proposing two changes to the Faculty and Staff Housing Tenancy Limits Guidelines Policy to help continue to facilitate the transitional housing nature of TUC's program:

- 1) Tenants who are no longer CSUN employees or CSUN Auxiliary employees will be increased to market rent not exceeding the amount allowed legally.
- 2) Tenants who are still employed by CSUN or a CSUN Auxiliary whose lease period has expired will be increased by a reasonable rent amount close to market but not exceeding the legal cap.

Ms. Turner stated that these changes should encourage people to potentially move-out, and turned to Rick Evans to continue this topic.

Mr. Evans reiterated that this new ordinance has put TUC in the difficult situation of curbing the ability to keep TUC's limited housing stock transitional. TUC only has 43 units and if they stop turning over, this will be problematic as there have been countless times when TUC housing played a very key role in sealing the deal with recruiting key new faculty or administration to campus. While there still will be some natural turnover as employees buy a house or find something they want more, the lack of time limit on their lease will definitely slow things down. As such, by moving their rents closer to market, this should help with turnover.

Mr. Evans stated that soon TUC will be sending all tenants a letter along with an amendment for their lease. The letter will let them know that instead of the prior single option of moving out, they now have another positive option in their favor, which is to stay, albeit at a rental market rate. This will likely be a relief to tenants who are not yet ready to vacate. Finally, Mr. Evans stated that the bigger problem falls back to TUC and the North Campus Development Corporation (NCDC), and that is there is now an even greater need to acquire and/or build more faculty/staff housing.

Mr. Phillips asked if TUC had considered the idea of having new tenants move in at market rate, but then putting the amount of rent TUC would traditionally subsidize into a fund that is held for them and will be returned only if they move out in a timely fashion. Mr. Evans expressed interest in this idea and stated that he and Ms. Turner would discuss it.

MSP (Phillips/Beck): That the revisions proposed on the Faculty and Staff Housing Tenancy Limits Guidelines Policy be approved.

ITEM 8. RESEARCH AND SPONSORED PROGRAMS REPORT (APRIL, MAY, JUNE, JULY 2023)

Ms. Slavik reported that FY 22/23 was a record-breaking year for Research and Sponsored Programs (RSP). The total for RSP activities were \$37.3 million and, prior to this, the highest RSP activities total was in FY 19/20 for \$34.4 million. The indirect cost total was also the highest to date, at \$6.3 million, which is 32% higher than FY 21/22 which was \$4.8 million. The indirect cost recovery rate, which was the pooled or average IDC of FY 22/23, was 20.4%, compared to 17% to 18% during the pandemic. \$3.16 million funded TUC post-award operations which included the expenses for running the central post-award office, Accounting, IT, and HR, and also providing executive oversight. The campus IDC return was \$3.15 million. Ms. Slavik went on to share that post-award is fully staffed after the recent hiring of three new staff to join the team. RSP's main focus currently is to provide appropriate guidance and training to all staff to support

the growing research department at CSUN. Ms. Slavik then turned to Charlene Manzueta for pre-award office updates.

Charlene Manzueta, Managing Director of CSUN Research & Sponsored Programs, shared that the previous AVP of the department resigned in August and that she is currently the Acting Administrator-in-Charge as the campus works to recruit another AVP. In addition, RSP is adding a new Grants & Contracts Analyst position to their office, given that their research portfolio has continually increased. Ms. Manzueta went on to say that their office now also supports CSUN's Office of Undergraduate Research run by Dr. Gabriel Chavira, who is meeting with campus stakeholders and connecting with other campuses with existing student research offices. Ms. Manzueta reported that RSP has experienced an increase in proposals submitted and overall dollar amount targeted, as well as an increase in awarded funds that have exceeded \$40 million. Finally, she highlighted a significant award to Dean Daniel Hosken of Arts, Media, & Communication, who received \$1 million from the USDE for the next three years to advance equity and innovation in entertainment and information media.

Mr. Donahue asked about the number of current grants, rather than just the total dollar amount of all grants, as the value can vary but even lower dollar amount grants can require the same amount of support as the higher value grants. Ms. Slavik responded that while she didn't have the exact number at hand, that the department is very aware of the variety of needs across all the grants post-award services, and that they are constantly evaluating workload across the department. Ms. Manzueta echoed this sentiment for pre-award. Mr. Evans also reiterated that three empty positions in TUC's post-award depart were recently filled.

ITEM 9. ANNOUNCEMENTS

There being no further business, the meeting adjourned at 4:09 p.m.

Respectfully submitted,



Colin Donahue, Recording Secretary