

THE UNIVERSITY CORPORATION
Executive Committee
February 7, 2024

A meeting of The University Corporation (TUC) Executive Committee was called to order by Chairman Dr. Erika Beck at 3:02 p.m. on Wednesday, February 7, 2024 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, Grace Slavik, Alexandra Stahl, Linda Turner, Kathryn Weeks

Others Present via computer video: Robert Carlson, Andrew Crowell, Bryn Hagfors, Charlene Manzueta, Bella Newberg, Lih Wu

ITEM 1. APPROVAL OF SEPTEMBER 7, 2023 EXECUTIVE COMMITTEE MINUTES

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

ITEM 2. FINANCIAL STATEMENTS

Rick Evans, Executive Director, TUC, gave an overview of the Financial Statements as of December 31st, 2023. Mr. Evans reported that at the midpoint of the financial year so far, TUC is at a \$26,000 deficit and is off budget by \$92,000. Finding stabilization in TUC's commercial units has been a continuing issue post-pandemic, but fortunately TUC is a multi-divisional auxiliary where other divisions can help balance out the ones that may be struggling in any given period. Going over the divisions, Mr. Evans noted that the Campus Store is off budget by nearly \$120,000, a continuing downward trend that began pre-pandemic, but one that should stabilize once CSUN Ready is active. Foodservices is also off budget by \$90,000, due to an overly optimistic budget projection, but Mr. Evans pointed out that customer service has improved and that over \$600,000 of the \$940,000 non-cash depreciation expense farther down the sheet is for foodservice, bringing foodservice back up to over \$400,000 in cash surplus.

Mr. Evans then highlighted the strong year so far that Real Estate is having, with a \$250,000 surplus, better than budget by \$40,000. General & Administration is also better than budgeted by \$114,000 largely due to understaffed salary savings, and Post-Award is also better than budget by \$23,000. Finally, Mr. Evans noted that IDC recovery is below budget by \$200,000, but that this will likely pick up as billings and cash drawdowns from granting agencies increase before the end of the year. Moving onto the net cash generated, TUC's \$26,000 deficit means none of the special reserves can be funded yet; however, Mr. Evans stated

that he believes it is likely that a positive cash flow will be generated over the next few months to infuse cash into the reserves.

Mr. Evans then moved onto the balance sheet, which is much more positive and shows that TUC is on strong financial footing due to multi-diversification in operations, assets, and investments, as well as \$30 million in equity not even reflected on the balance sheet. Highlights of the balance sheet include a decrease of total assets by \$2 million. When compared with the decrease in liabilities of \$4.4 million, this actually results in an increase of net asset value of \$2.4 million. This results in TUC's total net asset value being just under \$56 million, which is the Corporation's strongest balance sheet in history.

Mr. Evans then turned to Cindy Ruan, Associate Director of Accounting, to discuss TUC's long term investments. Ms. Ruan stated that due to a good market, TUC's long-term investments without cash has increased by almost \$1.4 million, bringing the total market value to \$31 million. Ms. Ruan then pointed out that TUC's short-term investments have increased by almost \$200,000, bringing the total to nearly \$8.5 million, \$4.5 million of which is from the CSU SWIFT program.

ITEM 3. INVESTMENT COMMITTEE TARGET ALLOCATION REVIEW AND POLICY UPDATE

Mr. Evans reminded the committee that per TUC's investment policy, TUC is required to annually formalize its target allocations by updating the policy itself with any new targets. At the beginning of the year, the investment sub-committee met to develop the recommended target allocations for TUC's portfolio. The sub-committee, in conjunction with D.A. Davidson, is recommending a change to short-term investments, more specifically to zero out the SWIFT account to rebalance TUC targets to 50% cash and 50% fixed income.

Finally, Mr. Evans pointed out the current value of TUC's off-campus real estate holdings, which, while not technically part of TUC's investment portfolio, should be considered when determining optimal asset allocations for the investment portfolio according to the investment policy. TUC's total market value of its real estate holdings are estimated at \$41 million against a total debt of \$3.2 million, creating a total equity of \$38 million, which allows TUC to be slightly more aggressive when considering investment targets given the real assets held in real estate equity.

Mr. Evans then turned to Bryn Hagfors and Andrew Crowell of D.A. Davidson. Mr. Crowell started with calendar year of 2023, and highlighted that the student-run portfolios showed a 13% return for the year, putting CSUN's students in the top 20% of universities competing in D.A. Davidson's program. Mr. Hagfors then moved onto TUC's investment portfolio managed by D.A. Davidson, which did exceptionally well with a 14.5% return, due to the investment policies of TUC.

Mr. Hagfors then discussed the SWIFT portfolio held by the Chancellor's office, which is a cash holding investment pool for auxiliary organizations across the CSU. TUC thus far has taken a balanced approach between accessing SWIFT funds for short term investments while also managing some independently in conjunction with D.A. Davidson. After consulting with the investment sub-committee, D.A. Davidson is suggesting that TUC should zero out its allocation in the SWIFT pool and instead reallocate those funds to the short-term investments managed by D.A. Davidson. This change will make the portfolio more transparent, more tailored to TUC, and will allow for D.A. Davidson to manage it with the specific liquidity needs of TUC in mind on an ongoing basis. It will also result in a higher yield for these assets, as the assets

managed by D.A. Davidson have shown a higher rate of return than those managed by the SWIFT portfolio. To that end, Mr. Hagfors urged the committee to approve the changes to the Investment Policy to allow TUC to follow D.A. Davidson's recommendations.

Colin Donahue, CSUN Vice President, Administration and Finance, inquired if there would be any issues caused by withdrawing from the SWIFT portfolio. Lih Wu replied that after speaking to the campus, this will not cause any problems.

MSP (Phillips/Donahue): That The University Corporation Executive Committee of the Board of Directors approve changes made in the Investment Policy

ITEM 4. TUC STUDENT MINIMUM WAGES

Heather Cairns, Associate Executive Director, Administrative Services, presented an information item on TUC student minimum wages. Ms. Cairns stated that after some student board members questioned why TUC follows state minimum wage, \$16 per hour, rather than L.A. City minimum wage, \$16.78 per hour, a meeting with those students and TUC's general counsel was held. Ms. Cairns then summarized this meeting, which explained that TUC follows CSUN's policies regarding wage issues in compliance with Education Code Sec 89900. As TUC is a state affiliated agency, it has predominantly followed state guidelines and has maintained that the City of L.A. does not have jurisdiction over it. Ms. Cairns stated that while there may be other considerations regarding the issue, it is currently not a requirement for TUC to follow City guidelines. She also noted that private employers operating on campus, such as Follett and Chartwells, must comply and actually do pay L.A. County minimum wage, \$16.90 per hour.

Mr. Evans added that while management can make any adjustments, TUC does not want to set a precedent of following the City's jurisdiction on campus. He then noted that any TUC activities off campus, such as real estate, are actually subject to the City's jurisdiction and TUC does follow City ordinance for those activities.

Paige Hajiloo, AS President, raised a concern that most CSUN students live in L.A. County and need to pay the higher rents and costs associated with living here. Mr. Donahue pointed out that student positions often pay different rates, so not all students employed by TUC are earning minimum wage. The clear distinction was made between policy changes versus management decisions. It was agreed that management should continue to be responsive to wage changes when appropriate, which has been the long-time practice.

ITEM 5. HOTEL UPDATE

Mr. Evans shared an update on the current state of the hotel project. Despite more optimistic reports in the agenda summary, Mr. Evans received word two days prior to this meeting that the project was no longer viable at this time. Previously, TUC was planning to send an RFQ to potential hotel developers, based on the leveling off of interest rates, the recovery of the hospitality industry in some sectors, and some discussions with potential developers. Very recently however, a notable hotel developer has decided to drop all preliminary work on at least eight hotel projects due to the high cost of construction and ever climbing operational costs. Mr. Evans stated that it is his belief that there would be no point in proceeding with the RFQ if there is not at least one reliable hotel developer expressing serious interest and capacity to develop the CSUN hotel, and that at this time, he does not believe there is such a company.

Michael Phillips, CSUN Professor, Department of Finance, concurred the hotel at this time is not feasible, and suggested the committee revisit the hotel project in five years. Mr. Donahue stated that TUC would continue to keep in touch with all market contacts and assess when this project may once again be viable.

ITEM 6. ACCESSORY DWELLING UNITS (ADUS) UPDATE

Mr. Evans reminded the committee that late 2023, the Board of Directors (BOD) authorized up to \$2 million for Phase I of the Accessory Dwelling Units (ADU) project, which would develop four residences on one quarter acre vacant lot on 18321 Halsted St. While a more comprehensive update will be shared at the BOD meeting next month, Mr. Evans turned to Bella Newberg, TUC Housing Consultant, for a brief update. Ms. Newberg stated that after interviewing 10 architects, Rick Stockton of Stockton Architects Inc. was selected based on his previous experience on projects similar to this one. The formal kickoff for the project was January 18th, 2024, and since then the TUC team has been coordinating preliminary architectural plans with Stockton Architects. The plan is for two primary units at 1200 square feet that have three bedrooms and two bathrooms, and two ADU's at 1000 square feet that have two bedrooms and two bathrooms. Each unit will have two designated parking spaces, for a total of eight total spaces. Attention will be paid to the landscaping and exterior of the units to match the surrounding neighborhood and enhance the visual value of the property.

Ms. Newberg then shared the tentative schedule for this project, noting that there is a lot of work to be done and approvals from the City of L.A. need to be obtained. Currently, schematic designs will be worked on through early March of 2024, case management with the City of L.A. will begin mid-February and will continue through April. Construction bids will be from May through July, and construction potentially would begin in July 2024 with a tentative completion of August 2025. Ms. Newberg cautioned again that this timeline is tentative and is subject to change.

Mr. Evans stated that TUC will be putting up a public website detailing the project to keep the community informed, and will reach out to the Chair of Northridge Vision to discuss further.

ITEM 7. PURCHASE OF CITRONIA HOUSE

Mr. Evans shared that TUC's Real Estate Policy allows the Corporation to acquire real property in a nimble fashion, which has allowed TUC to recently purchase 18315 Citronia. The previous owners of this home approached TUC with an initial offer to sell at \$1.7 million, and TUC was able to negotiate to a final offer of \$1,495,000. This is actually on the lower end of prices for this type of property in this area, and it offers increased value as this residence has both a main house and an ADU, increasing TUC's housing stock by two. This purchase was also strategic due to this residence being contiguous with two other TUC owned properties in the area, increasing the corporation's overall footprint in the Halstead/Citronia area. Mr. Evans stated that a larger update on this property will be shared at the upcoming BOD meeting and shared a map of TUC's properties in this area, highlighting the new purchase.

ITEM 8. RESEARCH & SPONSORED PROGRAMS REPORT (AUGUST – DECEMBER 2023)

Grace Slavik, Associate Executive Director of Financial Services, provided a report on Research & Sponsored Programs (RSP) at TUC. Ms. Slavik first shared the RSP actual expenditures as of December

2023, which showed that activities are currently under target budget by 5%, currently at \$16.7 million, with an IDC recovery rate of about 20%, which is 2% lower compared to the budget. She cautioned that at this midpoint of the year, it is premature to say that the \$37.3 million target is unreachable, as the numbers for this year are very similar to numbers from last year. Ms. Slavik was optimistic that this year will be similar to last fiscal year's volume, if not slightly higher. Ms. Slavik then turned to Charlene Manzueta, Managing Director of CSUN Research & Sponsored Programs, for an update on RSP pre-award.

Ms. Manzueta shared that campus is currently in the process of recruiting an AVP of Research and Sponsored Programs, with the goal to have the position filled by July 1st. She stated that RSP did have turnover at the end of the year and that training new Grants & Contracts Analysts has been an ongoing process. Due to this training period, some of the reported data does not reflect actual submissions and awards, which are actually higher than reported and will be reflected more accurately by the next meeting. Despite turnover, the number of submissions and awards have been maintained, and Ms. Manzueta shared that there were \$41 million in awards in FY 22-23, and more than \$39 million so far in FY 23-24.

Ms. Manzueta then shared a few highlights in RSP pre-award. These included CSUN's new Office of Undergraduate Research, work with Medtronic on funding faculty research projects, and one particular US Department of Education Grant awarded to Dr. Ramesh totalling over \$2.9 million dollars for a project that will expand the number of Hispanic and underrepresented students in Art, Health Sciences, Engineering, Computer Science and STEM disciplines and close equity gaps in achievement, positively impacting over 5,000 students. Mr. Donahue emphasized this last highlight, as it aligns very closely with overall campus goals.

Ms. Hajiloo asked if these grants were publicized online to share more easily with students. Ms. Manzueta replied that these are always shared with CSUN Today, but she has no input on which grants they choose to publish.

ITEM 9. ANNOUNCEMENTS

Mr. Evans congratulated Heather Cairns for becoming the President of AOA, and noted that Ms. Cairns, Mr. Donahue, and Dr. Beck presented an update on auxiliary organizations at the last Board of Trustees meeting.

The open meeting ended at 4:14 p.m. The Executive Committee moved into executive session to discuss legal matters.

Respectfully submitted,



Colin Donahue, Recording Secretary