

**THE UNIVERSITY CORPORATION**  
**Board of Directors**  
**June 4, 2024**

A meeting of The University Corporation (TUC) Board of Directors was called to order by First Vice President Ben Yaspelkis at 3:00 p.m. on Tuesday, June 4, 2024 via Zoom Conference Call at California State University, Northridge. A quorum was present.

<b>Members Present via computer video and audio:</b>	Colin Donahue, Ronald Friedman, Carlos Fuentes, Paige Hajiloo, Hamid Johari, Mitul Kalra, Dave Moon, Michael Phillips, Jerald Schutte, Lois Shelton, Allison Walker, Ben Yaspelkis
<b>Members Absent:</b>	Josephine Anderson, Harvey Bookstein, Erika Beck, Nicholas Tivy, Golden Bachelder
<b>Staff Present via computer video and audio:</b>	Heather Cairns, Rick Evans, Mike Lennon, Philia Militante, Christina Robertson, Cindy Ruan, Grace Slavik, Alexandra Stahl, Linda Turner
<b>Others Present via computer video and audio:</b>	Amy Berger, Bella Newberg, Jason Nussbaum, Ken Rosenthal, Richard Stockton, Samantha Thuotte, Lih Wu

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**ITEM I                      APPROVAL OF MARCH 13, 2024 MINUTES**

**MSP (Shelton/Moon): That the minutes of the March 13, 2024 Board of Directors meeting be approved as circulated.**

**ITEM II                      RECEIPT OF MAY 2, 2024 EXECUTIVE COMMITTEE MINUTES**

Dr. Yaspelkis stated that agenda item is included for informational purposes.

**ITEM III                      APPOINTMENT TO THE BOARD OF DIRECTORS**

Faculty:

The terms of Michael Phillips and Jerald Schutte will expire on June 30, 2024. The University President has made the following appointments:

Michael Phillips	Three-year term (2024-2027) <i>(reappointed)</i>
Jerald Schutte	Three-year term (2024-2027) <i>(reappointed)</i>

Community:

The term of Ron Friedman will expire on June 30, 2024. The University President has made the following appointment:

Ron Friedman	Three-year term (2024-2027) <i>(reappointed)</i>
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#### 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; *Treasurer* – Michael Phillips; and *Recording Secretary* – Colin Donahue.

**MSP (Schutte/Shelton): That the recommendations of the nominating committee for officers of The University Corporation be approved as presented, one-year terms to begin July 1, 2024.**

#### ITEM V ACCESSORY DWELLING UNITS (ADU'S) UPDATE

Rick Evans, Executive Director, TUC, provided an update on the ADU project. Mr. Evans first refreshed the Board on the location and scope of the project, which is located on a quarter acre parcel on Halsted Street, directly across the street from CSUN. The layout Mr. Evans shared had been updated since the last Board meeting to show the landscaping, which reflects TUC's desire to be respectful to the community and match the surroundings to enhance community property values. There will be a duplex with two 1200 sf units and two ADUs, one 1000 sf and one 800 sf, with eight parking spots on site, two for each of the four units, all of which will also have a front and back yard. Mr. Evans stressed that the design of the homes and landscaping is thoughtful to maximize curb appeal and differentiate the units visually.

Linda Turner, Associate Director, Real Estate, TUC, shared images of the planned interior design, which embodies aesthetic appeal while also prioritizing functionality. The interiors will be in a modern style that will be compatible with the decorating styles of all future tenants and will provide a welcoming space for CSUN faculty and staff. Bella Newberg, Housing Consultant, TUC, shared details on the building permit process. The permit and full plans were submitted on May 6<sup>th</sup>, after several meetings with the TUC Technical Team where all third party reports and plans were carefully reviewed to ensure that the project will be in a strong place when the project is put out to bid. Ms. Newberg shared the tentative project schedule, which aims for project completion in August 2025, though this is dependent on when the approval from LA City is granted. Several contractors will be allowed to bid on the project, and TUC plans to begin construction in August 2024. TUC also plans to communicate with the Northridge East Neighborhood Council in advance of construction to update them on the project.

Mr. Evans then went over the project budget. In October 2023, the TUC BOD approved \$2 million for this project, based on internal TUC estimates. Since working with the professional estimators at PK Financial, it is now estimated that a budget increase of \$850,000 is needed. While this is a large increase, Mr. Evans recommended that the Board approve, stating that the project will increase TUC's housing stock by four units that will be available to faculty and staff. Developing this project will also increase the value of this currently unimproved empty lot. There are funds in reserves to cover this increase as well as to eventually continue on to Phase II, which is to develop another TUC owned empty lot.

Michael Phillips, CSUN Professor, Department of Finance, asked what the anticipated total rent will be once all four units are occupied. Lih Wu, Accounting Consultant, TUC, replied that the estimated rent will total \$149,000 per year for all four units, which means it will take around 25 years for the project to break even. Dr. Phillips expressed concern that this may not be the best use of this amount of money and that it could be spent on a more profitable venture. Ms. Wu agreed that while this may not be the most profitable

use of funds, the project is mission driven. The goal is to provide more housing for CSUN faculty and staff, and if it is not built now, this project will only become more costly as time goes on. Colin Donahue, CSUN Vice President, Administration and Finance, added that having available housing has been instrumental in strategic hires at CSUN, allowing desirable recruits to accept a job at CSUN despite the difficult housing market in the area.

Lois Shelton, CSUN Professor, Department of Management, asked if TUC is confident that \$850,000 would be an adequate augmentation of the budget, or if it could increase further. Mr. Evans confirmed his confidence in the estimate and Ms. Newberg also confirmed that this increase should be enough.

Jerald Schutte, CSUN Professor, Department of Sociology, hypothesized an alternative option for this space, which would be to eventually clear the surrounding properties owned by TUC, change the zoning, and build far more dense multi-family housing along the entire block. Mr. Evans added that rezoning and combining the contiguous properties on Halsted for development into dense multi-family housing would also stir up far more acrimony from the neighbors than the current project will.

Mr. Fuentes, expressed that from a pure financial/business perspective, this may not be the optimal use of TUC funds, but reiterated the campus mission driven nature of the project to provide affordable housing to faculty.

**MSP (Phillips/Fuentes): That the Board authorizes an augmentation of an additional \$850,000 from the previously approved \$2 million to \$2.85 million to fund Phase I of the ADU initiative.**

## **VI. MARKETPLACE REMODEL UPDATE**

Michael Lennon, Associate Director, Facilities and Operations, TUC, provided an update on the remodel to the Sierra Marketplace. Chartwells will be introducing two new dining concepts, Baba's Pizza and Halal Shack, as well as expanding Pueblo and Wild Blue which will allow both concepts to offer an extended menu and modern look. Demolition of the space began on May 6<sup>th</sup> and was completed by the end of May. The project is currently on schedule with the goal to have construction completion by the beginning of August to allow time for training before the start of the fall semester.

## **VII. CSUN READY: AFFORDABLE COURSE MATERIALS FOR UNDERGRADUATES UPDATE**

Mr. Evans updated the Board on the current status of CSUN Ready: Affordable Course Materials for Undergraduates. While this program was going to launch this fall semester, the decision was made to hold off on implementation due to concerns raised at the April Faculty Senate meeting. However, work continued on this initiative soon after the program was put on pause. Mr. Evans met with both the outgoing and incoming faculty presidents and jointly decided to form an ad hoc committee to examine the CSUN Ready program and potentially modify it to address faculty concerns.

The committee has seven members, comprised of faculty, faculty senators, and two TUC Board members, (Carlos Fuentes and Lois Shelton). The first meeting of this committee was quite productive. Faculty senate members that had the most concerns were included on this committee, and the goal is to address those

concerns before returning to Faculty Senate to reestablish the program for implementation in 2025. Mr. Evans shared his optimism that the next Faculty Senate meeting will go well, and that the decision to pause the program showed that TUC is committed to shared governance with faculty.

## **ITEM VIII                    2024/2025 OPERATING BUDGET**

Mr. Evans gave a brief overview of the FY 24/25 operating budget and noted that the full budget was approved by the Executive Committee. To start, Mr. Evans noted the over 25% decrease in on-campus foot traffic since the pandemic, which continues to affect commercial services and foodservice revenue. However, as previously stated, plans are well underway to renovate the Sierra Marketplace this summer, aiming for reopening at the start of the fall semester. Also, while the CSUN Ready program will not launch this fall, discussions are ongoing to potentially reintroduce it in the future through an ad hoc committee. Mr. Evans stated that Research and Sponsored Programs (RSP) is projected to exceed budget by \$2 million, which contributes to a significant bump in IDC. In Real Estate, FY 24/25 will see the construction of TUC's ADU Phase I project, which is mission driven to increase housing stock for the benefit of CSUN faculty and staff.

Mr. Evans emphasized that despite operational income challenges, TUC's balance sheet continues to strengthen annually. Net assets grew from \$43 million in FY 18/19 to \$56 million in FY 23/24, excluding \$30 million in off-campus real estate held by the Corporation. Looking ahead to FY 24/25, net cash generated from operations to replenish reserves is projected to be over \$1.75 million. TUC plans to allocate funds to reserves, including \$260,000 for the University Special Projects Reserve and \$442,000 for the Faculty/Staff Housing Project Operational Reserve, with over \$1.05 million remaining to replenish other reserves, reflecting an increase of approximately \$50,000 compared to FY 23/24.

Mr. Evans proceeded to outline key assumptions underpinning the FY 24/25 budget. These include maintaining a 25% lower campus foot traffic post-pandemic, an over \$80,000 decrease in guaranteed minimum commission from Follett, an increase of \$451,000 in IDC retention, and a strong real estate department. Additionally, the budget assumes a 4.5% General Salary Increase (GSI) and higher payroll and benefit costs despite no new full-time hires, which total \$355,000 in total budget increases. Mr. Evans discussed the last point in detail in the major items section. The 4.5% GSI will total \$128,000, which is necessary for staff retention. \$116,000 is related to other payroll increases, adjustments, and associated benefits, while \$111,000 is due to a significant change in benefit rates, chiefly retirement benefits.

Moving on to RSP, Mr. Evans highlighted the growth in this department. To support this growth and provide optimal customer support, adequate staffing is a priority. The IDC recovery rate is expected to reach \$3,695,000 for TUC, which is matched by the return to Academic Affairs. In Real Estate, Mr. Evans pointed out that while a new City of L.A. ordinance has prevented TUC from putting occupancy time limits on leases, a TUC policy was changed that increases rent above the subsidized rate closer to market rate once a tenant's initial term elapses. The goal is to encourage turnover and maintain a supply of transitional housing for CSUN faculty and staff.

Mr. Evans then provided an overview of the Budgeted Net Cash Generated schedule. He highlighted the net cash generated to replenish other TUC reserves, which will be over \$1 million in FY 23/24, exceeding

the original budget by \$40,000, and projected to rise to \$1.05 million in FY 24/25. Despite ongoing challenges in Food Service due to lower pre-pandemic levels, increased revenue from Real Estate of \$126,000, as well as increased IDC recovery revenue of \$450,000 for RSP contributed to this overall increase.

Dr. Shelton asked for more details on the negative variances seen on the budgeted net cash generated sheet. Mr. Evans discussed the reduction in CSUN Campus store profits and decrease in campus foot traffic, which caused drops in food service. The drops in general & administration are largely due to the aforementioned increases in GSI and benefits, as well as a reorganization in RSP to promote employees without adding any new positions.

Dr. Schutte asked if the Follett commission, which has continually decreased over the years, will ever stabilize. Mr. Evans replied that it is likely that the commission will eventually level off at the very low \$200,000 per year, though if CSUN Ready were to be put into practice, this would increase.

**MSP (Phillips/Donahue): That The University Corporation Board of Directors approve the 2024/2025 operating budget as proposed.**

#### **ITEM IX                      THANK YOU TO OUTGOING DIRECTORS**

Dr. Yaspelkis thanked the outgoing directors and complimented their effectiveness throughout their term. He also noted that a small token of appreciation will be sent to all outgoing directors.

#### **ITEM X                      ANNOUNCEMENTS**

Carlos Fuentes raised a concern about the concessions sales at sporting events on campus. Mr. Evans replied that these concerns are appreciated and that actions are in the works to improve the concessions experience as much as is feasible given the facilities.

There being no further business, the meeting adjourned at 4:14 p.m.

Respectfully submitted,



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Colin Donahue, Recording Secretary

