

**THE UNIVERSITY CORPORATION**  
**Executive Committee**  
**September 20, 2021**

A meeting of The University Corporation Board of Directors was called to order by Chair Erika D. Beck at 3:02 p.m. on Monday, September 20, 2021 via Zoom Conference Call at California State University, Northridge. A quorum was present.

**Members Present via computer video and audio:** President Erika D. Beck, Colin Donahue, Rose Merida, Ben Yaspelkis

**Members Absent:** Michael Philips

**Staff Present via computer video and audio:** Amy Berger, Heather Cairns, Rick Evans, Ken Premo, Grace Slavik, Linda Turner, Kathryn Weeks, Lih Wu

**Others Present via computer video and audio:** Andrew Crowell, Omar Galvez, Bryn Hagfors, Charlene Manzueta, Kylene Ott, Chris Sanford

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**ITEM I. APPROVAL OF MAY 7, 2021 EXECUTIVE COMMITTEE MINUTES**

**MSP (Donahue/Merida): That the minutes of the May 7, 2021 Executive Committee meeting be approved as circulated.**

**ITEM II. FINANCIAL STATEMENTS**

Mr. Rick Evans, Executive Director, provided an overview of the Corporation's FY 20-21 year-end financial statement. Net cash generated was \$376,693 which is \$600,000 better than budget and \$500,000 better than previous year. There were many uncertainties at the time of budget preparation. During that time, student housing & meal plan participation as well as the on-campus activities were hard to predict and the level of HEERF (Higher Education Emergency Relief Funds) support was unknown.

Ms. Lih Wu, Chief Business Officer, presented the Balance Sheet of 6/30/21. Total assets totaled to \$74,869,125, an increase of \$10,330,000 from last year. Some major contributing factors for the increase are:

- Investment gain of \$5,000,000 resulting from a strong stock market and the consolidation of TUC's investment advisory firms into one firm, DA Davison.
- A sign-on bonus of \$1,000,000 from Chartwells, which is to be amortized over 13 years.
- 2<sup>nd</sup> payment of \$1,000,000 from Follet Higher Education as per contract. This \$1,000,000 is to be amortized over a 5-year period.

- The sale of university house with the net gain of approximately \$1,000,000.
- Pepsi's annual payment of \$220,000.

Ms. Wu continued to review the Schedule of Reserves. As of 6/30/2021, the Operational Reserves were \$6,693,000, an increase of \$1,952,000 from prior year. The increases were primarily from the sale of the university house at the sales price of \$1,400,000 and the positive operational results of \$376,000.

### **ITEM III. INVESTMENT PORTFOLIO REVIEW**

Ms. Wu reported that, as of 6-30-2021, TUC has a total investment of \$40,150,000 with \$30,715,000 in long-term investments and \$9,434,000 in short-term investments.

Of the \$30,715,000 in long-term investments, \$28,475,000 are managed by DA Davidson, and \$2,235,000 was the balance of Public Safety Building (alternative investment). Ms. Wu continued her report that, of the \$9,434,000 in short term investments, 75% are in cash & cash equivalents and 25% is in fixed income per TUC's investment policy.

Mr. Andrew Crowell, Vice Chairman of Wealth Management, and Bryn Hagfors, Senior Vice President and Director of Development of DA Davidson Investments, presented the performance of the investment portfolio which DA managed for TUC. Mr. Hagfors gave an overview of TUC's portfolio positioning, which returned over 21% this past year due to very strong equity markets. As for the near-term outlook for the economy and stock market, Mr. Hagfors said that inflation will be surpassed by economic recovery and growth after COVID 19; the domestic stock markets show very high valuation of corporations; while some economies overseas may take longer to rebound, the domestic market shows encouraging momentum.

Mr. Donahue asked if TUC has about 70% in equities? Which Mr. Hagfors confirmed, adding that maintaining 30% in fixed income investments can help offset possible volatility in the equities market. Mr. Evans added that, by policy, TUC is required to meet annually and recommend reallocation targets.

### **ITEM IV. FRAUD PREVENTION**

In 2014, TUC adopted its fraud prevention and ethics policy that designates the Executive Committee as the Fraud Prevention Oversight Committee and requires that any instances of fraud or theft be reported to this committee. This policy also requires that TUC create a fraud prevention plan to be updated annually. Mr. Evans addressed this year's updates to the plan.

Annual fraud prevention trainings were conducted by Mr. Howard Lutwak, CSUN's Director of Audit. These trainings are voluntary but well attended by TUC staff. In addition, this year, Mr.

Evans began conducting mandatory training for core TUC staff, the first of which was conducted one week prior to this meeting. Mr. Evans also noted that he and Mr. Lutwak will be giving a presentation on Fraud Prevention at this year's AOA conference in Palm Springs.

In addition to an many updates to TUC's policies and procedures, the most significant undertaking was the transition to the common financial system (CFS). A majority of the credit for the success of this implementation goes to Grace Slavik and Cindy Ruan. CFS allows for more transparency between the corporation and the University which is another improvement in overall controls.

Regarding TUC's Code of Professional Conduct and Ethics Hotline; emails have been sent to TUC staff twice per year. This communication has been extended to include emails to faculty PIs.

Mr. Evans also provided an update on an incident where \$22,000 of checks were stolen this past year. TUC was able to recover \$17,000 from insurance. Another update in the case is that the District Attorney's Office has filed three counts of felony grand theft against the suspect and the court has issued a felony arrest warrant.

#### **ITEM V. CHARTWELLS HIGHER EDUCATION GROUP / THIRD-PARTY SAFETY UPDATE**

Ms. Heather Cairns, Director of Administrative Services, introduced Mr. Omar Galvez, Chartwells' Resident District Manager, to provide an update. Mr. Galvez stated that 1,300 students were on meal plans despite their initial projection of 300 students. Mr. Galvez also cited the positive impact of the new POS system installed across campus. Additionally, the Matador Eats social media channels are generating a great deal of traffic, however Mr. Galvez also stated that opening campus food locations is being negatively impacted by the current labor shortage.

Mr. Galvez pointed out that Chartwells continues to follow the university's COVID 19 safety guidelines. This includes temperature checks at the beginning of shifts and self-certification at the beginning of each shift. Mr. Evans added that Chartwells is following the policy that by September 30, all employees must have attested or have weekly testing. Mr. Evans then inquired about the level of activity at the Campus Store Complex as expectations were that there would only be about 20% of normal foot traffic, which Mr. Galvez confirmed was the current situation though he remains optimistic that this will increase.

Ms. Kylene Ott, Chartwells' District Manager, stated Compass has done a good job helping stabilize the supply chain. Chartwells receives priority if there are supply chain shortages, and this is one of the advantages of having Compass as part of the campus. However, Ms. Ott noted that the labor shortage is an ongoing problem.

## **ITEM VI. CSUN READY UPDATE**

Ms. Cairns commented about the extensive communication plan was employed to make certain that first time freshmen (FTF) were aware of CSUN Ready program. To that end, a series of emails and text messages were sent to first time freshmen over the course of the summer. Ms. Cairns then introduced Ms. Amy Berger, Campus Store Director, to give more of the details about the CSUN Ready program as well as the CSUCCESS program.

Ms. Berger reported CSUN Ready program provided nearly 27,000 course materials for 4769 first time freshmen students. This was a huge undertaking and the Campus Store has definitely learned some lessons, but the programs are going very well and they plan to continue to improve the program's execution.

Additionally, the CSUCCESS program launched, providing a free Apple iPad, Apple Pencil and keyboard case to first-time freshmen and first time-transfer students. Over 5,000 devices have been given out so far with more to be claimed.

The Campus Store is also mirroring CSUN and Chancellor's Office policy to get all employees either fully vaccinated or granted an exemption by September 30. Those with exemptions will continue with weekly testing. Staff has had no cases of COVID 19 this semester. The top priority is to keep everybody safe.

Ms. Rose Merida, Board Member, recognized Amy and her team for being so helpful in getting materials to students and for making access to the programs as smooth as possible for first time students.

## **ITEM VII. RESEARCH AND SPONSORED PROGRAMS**

Ms. Grace Slavik, Associate Director of Research & Sponsored Programs, provided an update in post-award activities, research and sponsor programs expenditures for fiscal year 2020 2021. The pandemic had a significant impact on sponsored programs activities, with total expenditures for fiscal year at \$29M; 17% lower than budgeted in March 2020.

The indirect cost rate recovery was higher than budget, ending the year with 18.2%. The net available to campus was \$2.1 million, which was 16% lower than the budget, however this rate was close to the variance between actuals and budget, at 17%. A positive note is that summer activities were higher than last year by more than \$300,000, so the hope is that this increased activity will continue.

Mr. Donahue, commended Ms. Slavik's work with her team and with academic affairs, adding that just a few years ago the average IDC recovery rate was 12% to 13%, which has increased significantly. This work is helping support the research infrastructure at the university.

Ms. Charlene Manzueta, Assistant Director of Research & Sponsored Programs, welcomed the newly appointed Dr. Chris Sanford, Vice President of Research. Ms. Manzueta noted that despite losing staff, the grants and contracts team maintained or increased the number of submissions. Although the overall number of awards has slightly dropped, the dollar amount per awards remains high. It is expected that the number of awards will increase in the future.

Ms. Manzueta pointed out two awards from the US Department of Defense that provide minority serving institutions with equipment and instrumentation. The first award was won by Drs. Christoph Shawn, Peter Vishay and Jamie Booth from Mechanical Engineering for establishing a multi-scale mechanical characterization laboratory. The award benefits mechanical engineering faculty and approximately 1,100 undergraduates and graduate students from across the engineering department. The second award was won by Dr. Thomas Chan and Casey Blackman, and will be used to purchase augmented reality equipment, allowing them to support over 100 students in cutting edge research projects, exploring social and behavioral healthcare effects on the human machine.

#### **ITEM VIII. ANNOUNCEMENTS**

There being no further business, the meeting adjourned at 3:57pm.

Respectfully submitted,

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Colin Donahue, Recording Secretary