

Tuesday April 28, 2020

2:00 PM – 3:00 PM

Zoom: <https://csudh.zoom.us/j/99767254934>

Dial: +1 312 626 6799 (US Toll) or +1 646 876 9923 (US Toll)

Meeting ID: 997 6725 4934

BOARD OF DIRECTORS MEETING MINUTES

Members Present: President Parham, Alan Caldwell, David Donell, Dr. Cornelia Brentano, Dr. Leena Furtado, Dr. William Franklin, David Gamboa, Jerome Groomes, Gilbert Ivey, Christian Jackson, Roger von Ting, Deborah Wallace, and Dana Ward

Members Absent: Dr. Michael Spagna

Guests: Richard Chester (Associate Executive Director Foundation), Amanda Dodd (HR Director), Jinna Matzen (Manager Business Process Improvement), Cecilia Ortiz (Executive Director LSU), Marci Payne (AVP Information Technology), Deborah Roberson (University Chief of Staff), Bob Sesnon (CFO Consultant), Roshni Thomas (Director Facilities Planning & Design) and Cherisse Ross (Interim Controller)

I. Call to Order

Von Ting moved, Huff Seconded. Motion Carried.

Meeting called to order by von Ting at 2:04 P.M.

II. Approval of Meeting Agenda

Gamboa moved, and Furtado seconded. Motion carried.

III. Public Comment

Several members of the public attended. No public comments made.

IV. Financial Reports

a) Financial Update

Groomes notified the Board that revised meeting materials were sent to them about an hour before the start of the meeting with updated financials. Groomes went on to

summarize the report stating that the numbers provide a realistic statement of the Foundation's current financial status. Groomes went on to discuss with the Board actual and projected numbers with revenues and losses per month, projected year-end balance, existing commitments, budgeted, and unbudgeted items, commitments to consulting firms, software equipment, design commitments, retirement fund commitments, effects of COVID-19 on revenue and investments, losses sustained attributed to the campus closure, attempts to reduce costs and labor, layoffs of part-time and student workers, evaluation of full-time staff, volunteer furloughs of management, and the FY2021 budget.

b) Investment Accounts Update

Groomes detailed Foundation's current investment status noting that investments recently took a big dive dipping from approximately twelve million to ten million dollars. Groomes explained that the numbers projected on the financial statements are a combination of investment and operating funds. The Board accepted this information and discussed year-end totals, beginning balances, the net balance of long term investment funds, negative operating cash balances, alternative scenarios, and clarification on the two financial scenarios provided. Sesnon, CFO consultant, explained that scenario three was the scenario being used, incorporating the assumption that students will be back on campus in January 2021. Sesnon discussed with the board trajectories and assumptions made in the projections, fund balances, and what the fund balances will look like in January. Groomes further explained obligations to the Philanthropic Foundation, reconciliation of endowments, I&I building commitments, Grobstein Teeple commitments and efforts to negotiate a fee reduction, and Oracle – Software for Dining. The Board continued to discuss negative cash balances, borrowing from other entities to support Foundation operations, commingling of funds, separation of funds, grants reimbursements, monthly expenses, best practices, and what other CSU auxiliaries are doing during the pandemic.

V. Informational Items

Information for Action Item- Loker Student Union Capital Improvements to be presented

Groomes briefly described that to accommodate both the new students that are to occupy the new residential hall opening in Fall 2020 and to enhance Dining services for existing students Foundation agreed to assist in the renovation of Loker Student Union further noting that Foundation has already funded a design draft and that the project is currently out to bid. Groomes went on to detail the different phases of the proposed project, explaining that Phase I is what is being discussed today- the renovation of 1910 to knock down a wall and open up the space. Groomes further clarified that Phase II would be the kitchen design of the space previously occupied by Taco Bell. Roshni Thomas advised the Board that students have repeatedly requested the opening up of access for students to Café 1910. Thomas further detailed design schematics and campus dining needs. Roshni notified the Board that the total project for Phase I comes to around 2.8 million dollars, including the design cost Foundation has already funded.

Groomes notified the Board that due to Foundation's financial condition, Foundations felt that they did not have the funds to dedicate to this project, and a plan has been proposed in collaboration with other auxiliaries to assist in funding. Groomes further explained that a proposal has been made for Loker Student Union to pay half of the cost, 1.5 million dollars and that the Foundation funds the other half through a 1.5 million dollar loan from the Philanthropic Foundation for a loan term of 10 years at a 2.25% annual interest rate. The Board discussed the reactions of the Loker Student Union and the Philanthropic Foundation. Groomes notified the Board that the LSU Board met on Friday morning and had several questions before making a final decision with Groomes advising the Board that LSU was meeting again next Friday. Groomes concluded that the LSU Board has yet to act and that the Philanthropic Foundation has yet to bring this item to their Board, Groomes noted that this proposal would not work if all three entities do not agree. Cecilia Ortiz, LSU Executive Director, advised the Board that the LSU Board was awaiting the Foundation Board first to make a decision.

Von Ting updated the Board on Executive Committee discussions notifying the Board that all auxiliaries are required to fund a reserve. Von Ting went on to explain the needs of a reserve, noting that auxiliaries must have 3-6 months reserves to cover operating expenses, which for Foundation comes to approximately four million dollars. Von Ting further advised the Board that Foundation is not meeting reserve requirements noting that Foundation also needs a capital assets reserve to fund the purchase of new equipment. Von Ting stated that some of the numbers are unknown with market volatility but that the current balance sheet is not covering reserves and that the Executive Committee's opinion that to take on more debt at this time without positive cash flow is not advisable and that it is the recommendation of the Executive Committee not to fund this project. A discussion followed on the use of the I&I building. Thomas explained to the Board that the I&I building was primarily being designed for conference and banquet space and not an open dining space for students, Thomas also cited enrollment growth as a factor as a need to expand dining, and the need to build for the future. The Board discussed ramifications of placing construction on hold, commitments, construction costs, I & I building specifications and student access to all spaces, dual benefit spaces, a possible reimagining of the I&I space, active learning classrooms, and operation difficulties to use spaces for open dining.

President Parham addressed the Board noting that the challenges being faced are not just present on the financial spreadsheets, and amongst those challenges is looking at ways that we can operate better as a collective whole related to the university and not operate in silos as different entities. The President further stated that all auxiliaries, members, faculty, and staff should operate with the mindset that everything we do on campus is on behalf of our students. President Parham explained to the Board that the I&I building is not an independent dining space and that it is a multipurpose space where academics will take priority. Dining will be the default when the area is not being used for instruction. President Parham went on to advise the Board that 506-bed spaces of students will be arriving on campus when the campus is reopened, and that the university needs to have something on campus that looks like a living-learning residence hall community, and that the expansion will not only serve these new students it will

serve all 17,000 CSUDH students. President Parham urged attendees and auxiliaries to work together to support a first in class experience for DH students, even in the face of incurring debt and the COVID-19 pandemic. President Parham had to leave the meeting before its adjournment and voted yes to fund this project before he departed.

Board members continued to discuss this project in President Parham's absence deliberating loan repayments to the Philanthropic Foundation with a request for the Philanthropic Foundation to remove the interest rate on the proposed loan to adhere to the Presidents urging of collaboration of auxiliaries and keeping in mind all entities are here for the benefit of the students. Members requested that the Philanthropic Foundation defer all payments until Foundation starts earning revenue. Board members displayed a reluctance to vote and requested a postponement of the "Action Item" pending additional information including two-year financial projections, a revised agreement with the Philanthropic Foundation to defer all payments including interest until the Foundation is earning revenue, and a plan detailing how dining will accommodate the students moving into student housing if the project does not move forward

VI. Action Items

a) Loker Student Union Capital Improvements

Von Ting moved to poll Board members to vote not on the action item but instead to vote on whether to defer the vote or to vote now.

Three Directors voted to "Vote Now," Nine Directors voted to "Defer the Vote," and One member had to leave before casting his vote.

Vote to be deferred and another "Ad Hoc" meeting to be scheduled in approximately two weeks.

Board members requested the following information be presented via email before the next vote, PF loan term agreements to be deferred, LSU agreement to fund 1.5 million of this project, two-year fiscal projections, and alternatives food options for dining if the project does not move forward.

VII. Adjournment

Ward moved, and Jackson seconded. Motion Carried.

Meeting adjourned at 4:25 P.M.

