

**AD HOC FINANCE & INVESTMENTS COMMITTEE MEETING**Date: Thursday, May 15<sup>th</sup>, 2025

Time: 3:00pm – 4:00pm

Location:

<https://csudh.zoom.us/j/82330936181?pwd=Y3vWkL5vVNJm6XEYslgnKnaUk563DR.1>**PW:** 888015 **Dial-In:** +1 669 900 6833 **Meeting ID:** 823 3093 6181**MEETING MINUTES****Voting Members****Present:** Chair Jeremy Brown, Brad Beverage, Jeanine Cornell**Staff Present:** Tranitra Avery, Markis Lazarre, Cherisse Ross**I. Call to Order**

- The meeting was called to order at 3:07pm by Chairperson Brown.

**II. Roll Call**

- Roll call was taken by Mr. Lazarre. A quorum was confirmed.

**III. Approval of Consent Agenda****A. Approval of Agenda**

- i. May 15<sup>th</sup>, 2025

**B. Approval of Previous Meeting Minutes**

- i. April 21<sup>st</sup>, 2025

- Motion to approve the agenda was made by Member Beverage and seconded by Member Cornell. All in favor. Motion to approve the previous meeting minutes was made by Member Beverage and seconded by Member Cornell. All in favor.

**IV. Public Comments**

- No public comments were made.

**V. Informational Items****A. Strategic Risk Tolerance Financial Transparency in Auxiliary Operations**

- i. Memorandum Evaluating Strategic Risk Tolerance and Ensuring Financial Transparency in Auxiliary Operations
- ii. Toro Auxiliary Partners Revenue Distribution Policy
- iii. Toro Auxiliary Partners Historical Financial Review
- iv. TAP Contract Recovery Summary

B. Fiscal Year 2025-2026 Budget Discussion

C. Preliminary Draft Advisory Services Report - Toro Auxiliary Partners ASC Contract

- Executive Director Avery introduced the item and noted that Vice President Deborah Wallace requested TAP to provide historical financial information with the committee to support data, and agreed with the meeting purpose and materials. Executive Director Avery provided historical context on TAP's financial management challenges, including inconsistent cost recovery from legacy business services contracts, structural impacts from COVID-19 closures, and revenue losses stemming from auxiliary operations such as dining, and the transfer of revenue-generating services to OSRP during the restructuring.
- Executive Director Avery and Ms. Ross reviewed a historical financial memorandum, which outlined multi-year trends and challenges impacting TAP's financial performance. Ms. Ross highlighted significant events such as the force majeure clause enacted during COVID-19 affecting the AEG contract, the lack of a mandatory meal plan at CSUDH, and the historical executive turnover leading to structural inconsistencies.
- Modernizations like Central Square (Finance Enterprise) were noted as essential tools enabling improved financial assessments and audit readiness. Executive Director Avery discussed restructuring of contract terms to ensure all direct and administrative costs—including insurance and staffing—are accounted for moving forward.
- The committee engaged in extensive discussions about the projected financial deficits, notably a \$1.4 million anticipated shortfall. Committee members discussed TAP's ability to retain sufficient revenue and emphasized the importance of formal agreements—particularly Memorandums of Understanding (MOUs) — to define revenue retention, administrative fees, and cost-sharing arrangements with the university. Member Beverage and Member Cornell emphasized the importance of presenting a clear, concise financial narrative to the full board to clearly communicate the financial reality and strategic imperatives necessary for successful negotiations.

- Ms. Ross presented historical trend lines and visualizations identifying enterprise performance from 2007 to 2024. She addressed the change in net position across divisions including dining internal, dining administration, vending, and commercial services. She confirmed the identification of a sharp decline in revenue due to the new interpretation of the AEG contract in which TAP now records only 10% of gross income as revenue and the university returns 90%.
- Member Cornell and Member Beverage discussed the need to simplify the budget narrative for broader Board understanding. Chairperson Brown emphasized the urgency of formalizing reserve-building and cost recovery policies to mitigate continued deficit operations.
- Ms. Ross and Executive Director Avery walked members through trends in TAP's revenues, highlighting a peak in 2022 due to one-time CARES Act relief, followed by continued decline in revenue streams. Concerns were raised about the lack of reimbursement clarity on university-managed services and executive decisions that constrained TAP's ability to fully recover costs.
- Member Brad Beverage requested that staff prepare a summarized FY 2025–2026 budget consistent with prior high-level formats. Executive Director Avery confirmed this update will be provided.
- Executive Director Avery and Chairperson Brown discussed financial concessions made to OSRP and other partners that lacked formal board approval, which have cost TAP hundreds of thousands in unreimbursed administrative expenses. A draft agreement is under negotiation to formalize future cost sharing, but concerns remain about capped reimbursements and the absence of a mid-year reconciliation process.
- Executive Director Avery underscored the importance of establishing MOUs and SOPs with the university to formalize TAP's revenue retention rights from commercial partnerships, dining operations, and land use agreements.
- Chair Brown highlighted several critical issues stemming from executive-level decisions that had impacted financial agreements negatively, advocating for greater transparency, and reinforced the urgency of structured negotiations to avoid further financial strain. The committee agreed to prepare concise, clear summaries and recommendations for the upcoming board discussions, clearly outlining the causes of the deficit and proposing mitigation strategies.
- Discussion centered around delays in administrative approvals and pending contracts (e.g., beverage RFP and cell tower lease fees), which are projected to bring in significant revenue. However, TAP cannot include these projections until final approvals are issued by the university. Members expressed concern over the disadvantage TAP faces in negotiating with university leadership who are also board members.

- Chairperson Brown and Member Beverage reiterated the need for a unified board position before bringing budget proposals forward. Member Cornell noted the importance of removing investment income from operating deficit reports for clarity.

#### VI. Adjournment

- The meeting was adjourned following a motion by Member Beverage, seconded by Member Cornell. All in favor. Meeting end time: 4:00pm.