

**FINANCE & INVESTMENT COMMITTEE MEETING**

Friday, August 23, 2023

1:00-2:00 p.m.

Join via Zoom: <https://csudh.zoom.us/j/82638264592?pwd=YyaCoQJESbMF1RXYLVmSD3vjQ2AyHj.1>

Or Dial-in: +1 669 444 9171 Meeting ID: 826 3826 4592

**MEETING MINUTES**

Members Present: Jeremy Brown, Brad Beverage, Rama Malladi, Ph.D., Tayeb Shabbir

Staff Present: Tranitra Avery, Kelle Kain, Cherrisse Ross

Guest Present: Brian Bonvechio – Merrill Lynch

## I. Roll Call

- This meeting was held via Zoom virtual platform. Members and guests could be heard clearly. Quorum met.

## II. Call to Order

- Meeting called to order by Chair Jeremy Brown at 1:01 PM

## III. Approval of Meeting Agenda

- Brad Beverage moved and Rama Malladi second the motion, all in favor

## IV. Approval of Meeting Minutes – Ad Hoc June 27, 2024

- Brad Beverage moved and Rama Malladi second the motion, all in favor

## V. Public Comments

- No comments from the public

## VI. Investment Review as of July 31, 2024 – Brian Bonvechio, Merrill Lynch

- The speaker begins by sharing our investment report. The report reveals significant news from Chairman Powell's speech at the Jackson Hole conference, where it was announced that the Federal Reserve will begin cutting interest rates starting with the September meeting, marking the first rate cuts after months of speculation. Powell indicated that the pace of future cuts will depend on economic data, aiming to normalize the economy towards a 2% inflation target. The speaker expresses optimism about the positive impact on equity and fixed-income markets, though cautioning that volatility is expected leading up to the Presidential election. Despite short-term market fluctuations, the long-term outlook remains constructive, with no changes recommended to the current asset allocation. The report highlights strong performance in both equity and bond markets, with the portfolio performing well relative to benchmarks. The speaker concludes by affirming satisfaction with the portfolio's positioning and mentions plans to make liquidation requests from alternative investment managers as the year progresses.

## VII. Finance and Accounting Review – Cherisse Ross, TAP Controller

## A. Income Statement, as of June 30, 2024 &amp; July 31, 2024

- The income statement discussion for the fiscal year ending June 30, 2024, revealed several key financial insights. The organization is currently operating with a deficit of \$1.272 million, which is higher than anticipated. A significant factor contributing to this shortfall is the removal of a \$442,000 receivable from Aramark. This receivable was removed due to the nature of the commission-based agreement with Aramark, which would have resulted in a neutral effect on the bottom line had it been billed. The dining services division, particularly Department 40, accounted for nearly \$1.01 million of the total deficit, highlighting the ongoing challenges faced in this area. To mitigate future losses, efforts are being made to enhance meal plan marketing, reduce repair and maintenance costs, and optimize operations. The discussion also noted the need for better budgeting practices, particularly in dining services administration, where expenses exceeded projections. There was also a proposal to revise the income statement format for better clarity in future meetings, specifically by adjusting columns to reflect actuals and budget comparisons more accurately. Double check the formula in column M as a negative Budget in column K with positive Actuals in column L should decrease the negative amount in lieu of it increasing the negative amount in column M. Also rename the Column M to be 7/31/23 Actuals. The focus on refining financial reporting and understanding the reasons behind the budget variances will be crucial for the upcoming fiscal year.

## B. Accounts Payable (AP) Ledger, as of July 31, 2024 – Cherisse Ross, Tranitra Avery

- The discussion on Accounts Payable (AP) highlighted the significant size of AP at the fiscal year-end, primarily as an informational item with no immediate action required. Attention was also drawn to the ongoing challenges with Accounts Receivable (AR), particularly aging receivables. The AR situation has been a persistent issue for over a year, with specific concerns regarding the handling of AR by the Office of Research and Sponsored Programs (ORSP). Despite efforts to manage and reduce aging AR, progress has been slow due to staffing challenges within ORSP, which is responsible for managing their client portfolios. Monthly meetings have now been established with ORSP to address these issues more effectively. The conversation also touched on the need to ensure timely communication with key partners, such as the Compton Unified School District, to prevent further delays in payments. Moving forward, the Finance Committee plans to provide more regular updates on AR to the General Board, emphasizing the importance of demonstrating progress in this area.

## C. Accounts Receivable (AR) Ledger, as of July 31, 2024

- The controller describes the current period as "Crunch week" for the audit, emphasizing the team's focus on meeting upcoming deadlines. There have been recent personnel changes, with the departure of the

individual handling accounts receivable in early July. The Controller is pleased to announce the hiring of a new team member, Mkpung "MK" Akpan, who started on Tuesday. MK, a 2018 graduate of Dominguez with an accounting major and an MBA from Pepperdine, will be taking over accounts receivable and some of the tasks previously managed by Emily Teodoro. Due to this transition period, the Controller does not have a significant update on accounts receivable for this meeting.

VIII. Informational Items – Tranitra Avery

A. Contract Servicing Update – OSRP

- During the meeting, the speaker provided an update regarding the ongoing discussions about the contract with OSRP for the 2024-2025 fiscal year. They expressed concern over the potential impact on the organization's operations if support for OSRP were withdrawn, especially given the significant operational expenses, including over \$350,000 annually that the organization has not recouped since 2016. The speaker noted that this situation has been exacerbated since the pandemic and highlighted conversations with various university officials, including VP Wallace, regarding the future of OSRP's operations at Dominguez Hills. Additionally, they discussed challenges related to compliance with Title 12, faculty complaints about overhead costs, and the financial impact of discontinuing certain services like live scans. The meeting concluded with a suggestion to postpone a detailed discussion on related issues, such as the Dominguez Hill Corporation, until more information becomes available. The speaker also mentioned the importance of being prepared for different potential outcomes regarding OSRP's status, whether it remains independent or needs to be brought back in-house.

B. Closing of Dominguez Hills Corporation Account (Secretary of State)

- Will discuss at a later date due to the time constraints

IX. Other Items

A. Diesel Teck Litigation Update

- Tranitra Avery updates the group on several issues. First, she discusses a tenant called Diesel Tech, who leased a space on campus for truck maintenance but misused it for other purposes like storing boats and other equipment. They had difficulty collecting rent and eventually asked the tenant to vacate, leaving a contaminated space with cleanup costs of \$85,000, which they are still trying to recover. The second topic concerns discussions with LA Metro about leasing 10 acres of land to store 2,700 buses for the 2028 Olympics, which could significantly boost revenue. Nitra also mentions the need for a clearer land lease revenue-sharing agreement with the university, as current arrangements seem unfavorable to the auxiliary. Lastly, the conversation touches on concerns about transparency and governance issues related to upcoming land agreements, such as the Southern California Tennis Association project, where the auxiliary board lacks crucial information, potentially causing reputational

damage with the Board of Trustees. The speaker commits to obtaining and sharing the necessary documentation and addressing these concerns with the university.

X. Adjournment

- The meeting was adjourned following a motion by Brad, seconded by Rama, with thanks to all attendees. Meeting end time: 2:09pm.