

TAP BOARD OF DIRECTORS MEETING

Thursday, June 20, 2024

3:00 – 5:00 pm

Zoom Meeting Conference: <https://csudh.zoom.us/j/6862964425?omn=89701416205>

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MEETING MINUTES

Members Present: Nicole Harper Rollins (Chair), David Gamboa, Del Huff, Edgar Mejia-Alezano, Myla Rahman, Pat West, Jeremy Brown, Dr. Thomas Parham, Dr. Michael Spagna, Dr. William Franklin, Tranitra Avery
Members Online: VP Deborah Wallace, Dr. Thomas Norman
Staff Present: Vicky Young Cherisse Ross, Amanda Dodd, Jonathan Canton
Guest Present: Brian Bonvechio, Phillip Mangawang, Emily Oliver, Katie Rodriguez, Jen McLaughlin, Brad Beverage, Linda Tatum, Chris Manriquez, Dr. Bobbie Porter

- I. Call to Order – Chair Nicole Harper Rawlins
 - Chair called the meeting to order at 3:12 PM. Quorum met.
- II. Approval of Minutes of Previous Meeting
March 21, 2024
 - Thomas Norman moved; David Gamboa seconded. Motion carried.
- III. Public Comments
 - No comments from the public.
- IV. Investment Review – Brian Bonvechio, Merrill Lynch
Investment Portfolio, as of May 31, 2024

Brian Bonvechio provides an update on the assets in the fund, focusing on asset allocation. They highlight the current holdings, noting a deviation from target percentages due to a request to raise \$1.2 million in cash six months ago. This cash, parked in a Treasury bill, will be distributed soon, realigning with target model percentages. They anticipate needing a similar amount next year, so they plan to accumulate cash while remaining invested, given positive expectations for equity and fixed income markets. They will liquidate equities and fixed income investments as needed, noting alternative investments take longer to liquidate, aligning with the investment policy statement.

The speaker discusses the stock market allocation, highlighting a strong start to the year with a 14% increase, outperforming the average 7% in typical election years. The significant performance boost in the stock market comes primarily from seven major tech companies (NVIDIA, Facebook, Apple, Google, Microsoft, etc.). While the fund has a large allocation to US large-cap growth, it is more diversified than the S&P 500, which is heavily influenced by these seven companies.

The speaker notes that 60% of the S&P 500's performance in the past year and a half is due to these tech giants, with the remaining companies contributing less. This has posed a challenge for investment managers, but the diversified portfolio approach has controlled risk and avoided large swings.

Performance data is shared: the fund's equity allocation is up 10.2% year-to-date (through May 31st), just slightly behind the S&P 500's 11.3% increase, but with less risk and exposure to the top tech names. Last year, the fund saw a 23% increase, rebounding from a poor 2022, compared to the S&P 500's 26% rise. Fixed income, making up about 20% of the portfolio, is flat this year, slightly outperforming the general bond market, which is down 1.5%. Last year's fixed income performance was 5.45%, aligning with the main index.

Overall, the portfolio's allocation is performing well, and the speaker sees no need for changes, expressing a positive outlook on both equity and bond markets going forward.

V. Approval of Meeting Agenda

- Del Huff moved; Thomas Norman seconded. Motion carried.

VI. Annual Business Review – Phillip Mangawang, Emily Oliver, Katie Rodriguez, & Jen McLaughlin Aramark Collegiate Hospitality

During the year-end review, key achievements included maintaining a consistent engagement rate of 3% and implementing new venues at Develop Fresh, hosting 5-6 themed events monthly. The dining options were expanded with Vicky Coolers and Eagle Grounds. Feedback mechanisms such as VOC surveys and dining advisory committee meetings led to program improvements, including expanded Grubhub, increased vegan offerings, and a partnership with Compton Vegan. Key performance indicators showed a 236% increase in campus employees, zero incidents in 2023, and VOC scores of 71%, aiming for 75%. Community engagement was strengthened with increased student event attendance, 25 public experiences per semester, and local dining partnerships. Sustainability initiatives earned an AASHE Stars Gold rating, with 28.5% of food sourced locally and 520 lbs donated to the Toro Food Pantry. Financially, food costs were reduced by 10%, labor costs by 30%, and direct expenses by 4%, with positive momentum from Eco Grounds. Future strategic plans focus on addressing the decline in voluntary meal plans, implementing meal plan optimization, and introducing new dining concepts and marketing strategies to boost engagement and awareness.

VII. Officer Reports - Dr. Thomas A. Parham & Tranita Avery

A. President Update – Dr. Thomas A. Parham

The importance of the enterprise cannot be overstated. The foundation's function at 100% efficiency is crucial for the president and the campus to achieve their goals. The recent challenges, including the state's \$42 million budget deficit, compensation demands, and enrollment decline, have created a financial vortex. The CSU system celebrated its first institutionalized Juneteenth, enhancing black presence and excellence among students, faculty, and staff. Commencement ceremonies were highly praised, showcasing excellence and community support.

The current financial situation necessitates reliance on both philanthropic foundations and auxiliary partners to generate funds, providing flexibility for the campus community. Recent minor protests by the Students for Collective Liberation (S4CL) have brought forth demands for transparency, divestment from companies associated with Israel and defense contractors, and reinvestment into student support. The administration has agreed to provide transparency and address these demands, despite challenges and deadlines set by S4CL.

The focus remains on strategic planning to navigate the financial constraints while maintaining the campus's operational efficiency and excellence. The Finance Committee is tasked with deciding how to disclose divestment information to the students, reflecting the commitment to transparency and accountability.

B. Executive Director Update – Tranitra Avery

Tranita acknowledges the efforts and support of their team through a series of audits, particularly highlighting the CSU property equipment inventory audit and the CSU advisory audit. The CSU property audit revealed several findings which have been addressed, and the team will implement a new fixed asset module and purchase order module to streamline processes. The CSU advisory audit had 12 findings, most of which have been resolved. One significant step includes reinstating the Executive Committee and adding a Community seat held by the VP of Diversity Equity Inclusion. The team also focused on updating business service agreements and addressing outdated IDC methodologies. They discovered a separate organization created through the auxiliary in 2004, which is under investigation to understand its purpose and reallocate funds appropriately.

Efforts have been made to separate funds for different accounts to avoid commingling, and payment processes have been streamlined. There was a significant focus on correcting issues with late checks and expenses from previous fiscal years, emphasizing the importance of timely submission of invoices. The team also addressed the importance of audit compliance, including the timely filing of the Form 990.

Financial challenges were discussed, highlighting the need for cost recovery and addressing deficits due to unrecovered expenses from various contracts and services. The organization has been historically running a deficit by not recovering costs for services provided to the university. The goal is to recover all costs to support the university effectively. The speaker emphasized the organization's commitment to supporting the university despite financial constraints. s. The CSU advisory audit had 12 findings, most of which have been resolved. One significant step includes reinstating the Executive Committee and adding a Community seat held by the VP of Diversity Equity Inclusion. The team also focused on updating business service agreements and addressing outdated IDC methodologies. They discovered a separate organization created through the auxiliary in 2004, which is under investigation to understand its purpose and reallocate funds appropriately.

VIII. Action Items

A. Nominating Committee (CONSENT ITEMS)

The organization plans to renew the board membership of Adele Huff, Fran Fulton, Nicole Harper Rollins, and Pat West. Additionally, Bill Chang, Yancy Modesto, and Dr. Tayyeb Shabbir will continue as board liaisons. The new members to be considered are Linda Tatum

and Brad Beverage. University Community directors VP Chris Manriquez and Dr. Justin Gammage will also serve as university board members. The academic Senate has reappointed Dr. Thomas Norman and Dr. Rama Maloti to represent the faculty.

Myla Rahman is nominated for Secretary Treasurer, Sheri Loadsman will chair the Business Innovation Committee, and Jeremy Brown will chair the Finance and Investment Committee. Dr. Tony Jakes will chair the Audit Committee based on the position stipulated by the Constitution and bylaws. There is no current president serving on a committee due to their commitments, and the speaker, who attends all meetings, has not assigned themselves to a committee. Dr. Span is welcome to join any committee if interested.

B. Fixed Asset Policy (UPDATE: Periodic Inspection; Disposal of Assets)

The next item for review and vote is the fixed asset policy, which aims to address audit findings. Changes include adjustments to periodic inspections and asset disposal procedures to meet both university and CSU expectations. The updated policy, highlighted in blue, was provided in the meeting package. Additionally, links to forms for constituents to complete the processes have been added. The speaker calls for a motion to accept the fixed asset policy as indicated, and the motion is moved and approved by all in favor.

C. Accounts Receivable Policy (UPDATE: Allowance & Write-Off of Uncollectible Accounts)

Will review the accounts receivable policy, which aims to address audit findings. The policy includes updates on the allowance and write-off of uncollectible accounts. It outlines the steps for the executive director and the controller, and specifies balances, limits, and time frames for collections. Many accounts receivable are linked to the Office of Research and Programs, which is diligently ensuring timely collections. The written policy is provided for review.

D. Approve the Schedule for Board of Directors and Committee Meetings for FY2024-25

The approval of next year's board meetings is up for review. A tentative list includes set meetings for the Business Innovation Committee and the Audit Committee. If additional meetings are needed, they will be added. The Finance and Investment Committee will continue to meet monthly. This specific meeting is required for approving annual benefits, impacting one of the audit findings and budget plan requirements. A motion to approve the schedule was moved, seconded, and approved by all in favor.

The update to the Constitution and bylaws includes adding an additional university community seat and Dr. Bobby Porter's position, increasing the total number of seats to 20. The Vice President for Diversity and Inclusion has been added as an automatic board seat. The Executive Committee is being reinstated to address audit findings, with members including the chair, vice chair, Vice President of Accounting and Finance, Secretary-Treasurer of the Board of Directors, and the Vice President of Diversity and Inclusion. This ensures that the committee has insight into HR matters and aligns with University DI components. The motion to approve these changes, with the correction that the VP position is for Administration of Finance, was made by David, seconded by Jeremy, and approved by all.

E. FY 2024-2025 Operating Budget – Cherisse Ross

The proposed budget for fiscal year 2024-2025 includes detailed line items for revenue and expenditures by division. The top three revenue sources are administrative services from OSRP (\$500,000), ballet (\$396,000), and commercial filming (\$175,000). A new cost recovery item totaling approximately \$855,000 brings total expenditures to about \$3.7 million. Key cost recovery items include \$424,000 for OSRP services, \$310,000 related to Aramark, and \$120,000 for the finance enterprise ERP system. The aim is to ensure that users cover some costs to avoid one entity bearing the full expense. The five largest expenditures are wages, taxes, and benefits (\$1.7 million), Aramark commissions (\$245,000), contracted services (\$174,000), EO 1000 indirect costs (\$160,000), and insurance costs (\$131,000).

F. Just Pushing Dirt update – Tranitra Avery

Despite initially projecting a significant deficit, to enhance revenue, we are renewing contracts with Just Pushing Dirt, which has historically paid \$2,500 a month. Our assessment reveals we should charge at least \$21,780 monthly, indicating we have been undercutting the value of our land. We have a meeting with Just Pushing Dirt to discuss this significant increase and potential in-kind benefits for the university. Additionally, there is interest from another potential partner for two to four acres of land, which could further improve our financial situation. Our goal is to avoid withdrawing funds next June, and we are optimistic given the new, justified pricing per acre. The previous rate of \$2,500 was already under review to potentially increase to \$5,000, but even that was deemed too low based on recent appraisals and comparisons. The motion to approve the budget approved by all.

VIII. Other Items

The investment Committee needs to have a transparency letter ready for Dr. Parham by June 30, 2024.

IX. Adjournment

The meeting was adjourned following a motion by Nicole Harper Rollins, with thanks to all attendees. Meeting end time: 5:24pm.