FINANCE & INVESTMENT COMMITTEE MEETING
Date: Wednesday, December 3rd, 2025
Time: 11:00am – 12:00pm
Location: https://csudh.zoom.us/j/81855775655?pwd=seK55uNoVGzyRWBjnqXfWy8EybjcDv.1
PW: 599298 **Dial-In**: +1 669 444 9171 **Meeting ID**: 818 5577 5655

MEETING MINUTES

Voting Members Present:	Chair Jeremy Brown, Brad Beverage, Jeanine Cornell, Rama Malladi Ph.D., Tayyeb Shabbir Ph.D.
Non-Voting Members Present:	Deborah Wallace
Staff Present:	Markis Lazarre, Amanda Dodd, Cherisse Ross, Eric Oum, Miya Carter
Guests Present:	Brian Bonvechio

I. Call to Order

- Chairperson Brown called the Finance & Investment Committee meeting to order at 11:00 AM, welcomed members and staff, and briefly acknowledged the recent Thanksgiving holiday.

II. Roll Call

- Mr. Lazarre conducted the roll call. With a quorum confirmed, Chairperson Brown proceeded to the consent agenda.

III. Approval of Consent Agenda

A. Approval of Agenda
   i. December 3rd, 2025

B. Approval of Previous Meeting Minutes
   i. August 28th, 2025

- Chairperson Brown requested a motion to approve the Consent Agenda, consisting of the December 3rd, 2025 Finance & Investment Committee Agenda and the August 28th, 2025 Finance & Investment Committee Meeting Minutes. Member Beverage moved to approve the consent agenda. Chairperson Brown acknowledged the second by Member Malladi and called for a vote. The motion to approve the Consent Agenda carried unanimously with no opposition or abstentions noted.

IV. Public Comments

- Chairperson Brown invited comments from the public. After pausing to allow any members of the public to come forward, he noted that no members of the public were present on the call and no public comments were offered. The committee then proceeded to the investment portfolio review.

V. Investment Portfolio Review as of December 1st, 2025
Brian Bonvechio | *Managing Director, Merrill Lynch*

   i. *Review of the most recent Merrill Lynch investment statement and confirm key performance trends, allocation positioning, and advisor. Discussion will determine the preferred cadence for future advisor presentations and any follow-up needed for December's Board meeting.*

- Chairperson Brown welcomed guest presenter Mr. Bonvechio and confirmed that committee members could view the investment report on their screens. Mr. Bonvechio provided an overview of the broader economic and market environment leading into December 2025. He reviewed recent Federal Reserve actions and the ongoing transition from a period of rapidly rising interest rates to a more stable rate environment, noting expectations around possible rate cuts and the potential implications for both equity and fixed-income markets. He highlighted continued attention to inflation trends, employment data, and election-year dynamics, explaining how these factors shape the firm's forward-looking view and its allocation decisions for institutional clients such as TAP.
- Mr. Bonvechio then discussed equity market performance, emphasizing the concentration of returns in large-cap technology and AI-related companies. He compared current valuations and price-to-earnings levels to those seen during the early 2000s technology bubble and stated that, based on present data, the firm does not view current conditions as being at bubble extremes. However, he underscored risks related to whether the high levels of expected AI-driven demand will fully materialize, and he noted that the firm is closely monitoring earnings, data center build-out assumptions, and capital expenditure trends across the sector.
- Turning to TAP's portfolio, Mr. Bonvechio walked the committee through the portfolio's asset allocation and performance versus its benchmarks. He reviewed the balance between equities and fixed income, the inclusion of high-quality bonds, money market funds, and cash, and the diversification across sectors and geographies, noting that the portfolio remains aligned with TAP's investment policy parameters. He highlighted the roll-forward of the account balances over the last several years, explaining that TAP began 2024 with approximately $6 million, made withdrawals totaling roughly $1.2 million during the year, and still realized approximately $700,000 in investment gains. In the current year, he noted that TAP began with around $5.5 million, took withdrawals of approximately $1.1 million, and is tracking roughly half a million dollars in investment gains to date, placing the combined portfolio value near $11.2 million by late November 2025.
- Mr. Bonvechio also commented on the impact of interest rate changes on fixed-income holdings, explaining that as short-term rates have come down, yields on money market funds and other short-duration instruments have declined, though they continue to offer what he described as relatively attractive yields with low risk in the current environment. He underscored the firm's approach of adjusting duration and positioning gradually as rates move, with an eye toward preserving capital and maintaining liquidity for TAP's anticipated cash needs.
- In response to questions from Member Malladi, Mr. Bonvechio acknowledged the value of comparing TAP's long-term results to those of other CSU auxiliaries, including the Chancellor's Office pooled investments. Member Malladi noted that the Chancellor's Office portfolio appeared to be returning around 8% while TAP's portfolio was performing closer to 11%, and he suggested that such internal CSU benchmarks could serve as a useful reference point for the committee. Mr. Bonvechio agreed that relative performance comparisons are helpful, while reiterating that differences in policy constraints, cash flow needs, and risk tolerance across entities mean results are not strictly comparable.
- Member Malladi also observed that TAP's fiscal year metrics in the report did not fully align with the CSU fiscal year ending June 30th, which can affect comparisons. Mr. Bonvechio acknowledged the timing differences and clarified how the firm's reporting periods align with calendar-year data. He indicated that the firm can work with TAP staff to provide additional analysis that more closely tracks CSU fiscal year timing if that would assist the committee.
- Member Shabbir asked several questions regarding the likely trajectory of short-term interest rates, the effect of rate cuts on returns from money market funds, and how the firm evaluates cash holdings versus reinvestment opportunities. Mr. Bonvechio responded that the firm has already observed an approximate 75-basis-point decline on the short end of the yield curve over the year and expects that yields on short-term instruments and money market funds will continue to adjust downward in step with broader market rates. He noted that, even with those declines, current yields remain relatively strong and carry very low risk, and that the firm is continuously reviewing TAP's liquidity and reinvestment options to determine when it may be prudent to shift assets from cash and money market funds into longer-duration fixed income or other opportunities.
- In response to a final, more lighthearted question from Member Shabbir about the predictability of timing interest rate moves, Mr. Bonvechio emphasized the uncertainty inherent in short-term forecasts and reiterated the firm's focus on maintaining a disciplined, long-term perspective and a diversified structure

consistent with TAP's policy. After confirming that there were no further questions from committee members, Chairperson Brown thanked Mr. Bonvechio for his presentation and wished him happy holidays. Mr. Bonvechio thanked the committee and exited the meeting.

VI. Comprehensive Financial Review
Cherisse Ross | *Controller*

A. Budget-to-Actuals

i. *Review year-to-date results across TAP funds against the approved fiscal year budget, highlighting significant variances, timing differences, and any emerging risks or opportunities that may warrant Finance and Investment Committee attention.*

- Chairperson Brown introduced the next agenda item, noting that the committee would receive a comprehensive financial review for TAP's central administrative operations and related activities. He invited Ms. Ross to present.
- Ms. Ross shared her screen and began with the consolidated income statement summary for TAP's central administration, which aggregates the core administrative division and major operating areas. She explained that, for this year, TAP has adjusted its presentation of revenues to exclude investment gains associated with the Merrill investment accounts from the administrative revenue line. In prior years, a portion of those earnings had been reflected within administrative revenues, which made it more difficult to see the underlying operating performance. Beginning in the current fiscal year, those investment gains are reported separately, and the administrative revenue now captures only TAP's ongoing fee and cost-recovery income, including revenues under the Business Services Agreements.
- Ms. Ross noted that the updated presentation also reflects a transfer-in from OSRP, which is shown in the administrative division and will be discussed again later in connection with the accounts receivable balance. She emphasized that this reclassification produces a more accurate picture of TAP's underlying administrative operations by stripping out one-time and investment-related items and highlighting the structural relationship between administrative revenue and expenses.
- Ms. Ross summarized TAP's year-to-date performance versus budget for the central division. She indicated that, when isolating administrative revenues, TAP is tracking close to budget in several fee-based categories but is facing significant pressure in dining services. She explained that current projections for the dining program show a material negative variance, primarily driven by the updated pro forma from Aramark. Ms. Ross reported that Aramark's earlier projection had indicated a loss of approximately $370,000 for the current year, but that a revised pro forma received the prior week now reflects a projected loss of approximately $854,000. She emphasized that this revision represents a substantial additional shortfall and is the single largest area of concern in the current-year financial projections.
- Ms. Ross also noted that, in contrast to dining, other areas of TAP's operations are performing closer to expectations, including certain administrative cost-recovery lines. She highlighted a positive variance of roughly $200,000 in one area that helps partially offset the increased dining loss, but she reiterated that the magnitude of the Aramark deficit significantly affects TAP's overall position. In response to a question from Member Beverage about whether more detail on the change in Aramark's projection would be forthcoming, Ms. Ross explained that she has requested a breakdown from Aramark and is awaiting additional explanation, noting that the timing coincided with the holiday period. She added that TAP is in the process of receiving approximately $2 million to support the new dining hall project and that these funds, along with other capital support, will be addressed as part of the broader dining and housing strategy.
- Ms. Ross and Member Beverage engaged in a detailed discussion about the presentation of OSRP-related activity in TAP's financials. Member Beverage observed that the OSRP-related line items in the financial report are difficult to interpret because they do not have a formal budget associated with them, making it challenging for the committee to evaluate performance or understand the size and scope of OSRP's operations in relation to TAP. He noted that he raised similar concerns when he first joined the committee and expressed a desire for clearer, budget-based information.
- Ms. Ross acknowledged the concern and explained that this issue has also been identified in the ongoing Chancellor's Office audit. She reported that the audit includes a finding related to the lack of structured budget and reporting practices for OSRP's activities, which nonetheless flow through TAP's

books under the Business Services Agreement. She noted that TAP leadership and OSRP are working together on a corrective action plan that will include better documentation, budgeting, and reporting for OSRP, so that both TAP management and the Board can more clearly see the relationship between OSRP revenues, expenses, and the administrative fees TAP earns. Ms. Ross stated that this work is underway and is expected to result in improved visibility and alignment in future financial reports.

- In response to follow-up questions from Member Malladi about the Chancellor's Office's expectations for OSRP, Member Wallace added that the campus and TAP are engaged in broader discussions regarding OSRP's long-term structure and the most appropriate administrative home for its fiscal operations. She emphasized that, for now, TAP remains responsible for significant aspects of OSRP's financial management under the existing Business Services Agreement, and that the corrective action plan is being designed to address both audit requirements and the Board's need for transparent oversight.

B. Updated FY2025-26 Financial Projections

i. *Presentation of updated financial projections for the remainder of the fiscal year based on current performance and known commitments, with focus on the anticipated year-end position and any adjustments that should be communicated to the Board.*

- Ms. Ross then turned to the forward-looking projections for fiscal years 2024–25 and 2025–26. She described how current-year results and updated assumptions feed into the out-year estimates, noting that TAP anticipates continuing structural deficits absent further cost containment or revenue enhancements. Member Beverage asked clarifying questions about the projection years displayed on the slide, and Ms. Ross corrected a labeling error, confirming that the projection under discussion was for fiscal year 2025–26.
- Member Wallace expanded on the projections, estimating that TAP's structural deficit is likely to remain on the order of approximately $1 million in 2025–26, driven by expenditures that exceed recurring revenues. She explained that TAP leadership is in regular conversation with the Chancellor's Office about finding the appropriate balance between the services TAP provides to the campus and the organization's long-term fiscal viability. Member Wallace described ongoing efforts to determine which activities must remain within TAP and which functions might be assumed by stateside units to reduce the auxiliary's overhead burden. She noted that some TAP roles have already been reduced or restructured under Phase Two of the campus cost containment plan, and she acknowledged the contributions of campus partners, particularly Ryan and his team, who have stepped in to support financial operations and work closely with Ms. Ross and TAP staff.

C. Accounts Receivable Aging and Cost-Recovery Activity

i. *Update on cost-recovery activity associated with day-to-day operations, Business Service Agreements, and other reimbursable arrangements, including gaps between billed amounts and collections and process improvements needed to support timely recovery.*

- Ms. Ross next addressed the accounts receivable position. She reminded the committee that the earlier income statement included a transfer-in from OSRP and explained that this transfer is reflected in the receivables. She reported that TAP has received a transfer of $356,000 from OSRP, tied to their Business Services Agreement and the cost-recovery structure for grant and sponsored program administration. She noted that this receivable activity is being monitored closely and will continue to be a focus area while TAP and OSRP implement corrective actions.
- In response to a question from Member Beverage about a line item showing an additional $2 million and whether it was related to Aramark or other activity, Ms. Ross clarified that a significant portion of that amount represents funds TAP has received on behalf of the campus that are ultimately due back to the university. She stated that TAP retains a 10% administrative fee on these activities while remitting the remaining 90% to the university, and that the recent receipts, including funds from AEG, are recorded in accounts receivable and due-to/due-from balances until settlement. She noted that TAP receives funds from AEG on a quarterly basis under existing agreements and that these amounts, along with OSRP-related flows, are reflected in the receivable and payable accounts.
- Ms. Ross also briefly mentioned TAP's handling of gift cards and related obligations, explaining that TAP has distributed gift cards to students as part of programmatic support and that the organization is evaluating whether to continue receiving gift cards or seek financial donations instead. She emphasized

the administrative burden of tracking gift card distribution and redemption and noted that gift card balances remain on TAP's balance sheet until they are expensed or used.

D. Long-Term Investment Fund Balance and Allocation

i. *Overview of the Long-Term Investment Fund balance, including recent activity and current allocation relative to TAP objectives, with discussion of liquidity considerations, market conditions, and alignment with committee-approved guidelines.*

- As part of the balance sheet discussion, Ms. Ross and Member Wallace responded to questions from Member Malladi about the treatment of certain long-term balances associated with campus agreements, including those that generate administrative fees for TAP. Member Wallace clarified that revenue from specific agreements, such as those involving AEG, is first received by TAP, which then retains the agreed-upon administrative portion and passes the remainder to the university. She stated that TAP historically retained some of these funds, contributing to a larger fund balance, but that the campus has now adjusted this practice in light of prior Chancellor's Office concerns, resulting in a chargeback of approximately $4 million and a return of those funds to the university.
- Ms. Ross noted that the remaining long-term balances and related investments reflect TAP's current role, in which the auxiliary holds only the portion of revenues it is entitled to retain under existing agreements, with the rest recognized as amounts due to the university. She emphasized that staff are continuing to refine how these long-term balances are presented so that the committee, the Board, and external auditors can clearly distinguish TAP's own resources from funds held on behalf of campus partners.

E. Business Services Agreement Financial Performance Analysis

i. *Review of Business Service Agreement financial performance in the context of Budget-to-Actual results, identifying where contract terms or activity levels are materially affecting TAP operating results and may merit further committee discussion.*

- While the topic of TAP's business services agreement analysis wasn't explicitly touched on, Member Malladi raised one additional item regarding the contracts included in the committee packet. He observed that the packet contained a large number of lengthy agreements and stated that he had used an AI tool to help review them. Based on that review, he noted that several contracts appear to be expired or approaching expiration and may need to be renewed or renegotiated. He recommended that whoever is responsible for TAP's contracts put them through a systematic review and renewal process, emphasizing that the AI-assisted scan had flagged multiple potential areas of concern and that TAP's contracts staff and counsel should examine those agreements more closely.
- Mr. Lazarre responded that this work was already underway as part of an assignment he has been leading in collaboration with Member Wallace and Mrs. Dodd. He explained that staff have assembled a portfolio of roughly ten to fourteen active agreements, including five Business Services Agreements, and are organizing them in a single briefing document. He stated that the analysis is focused on identifying each contract's tiered commission structures or flat-fee arrangements, as well as the key premises and circumstances associated with each agreement, and that the resulting briefing outlines immediate recommendations for possible amendments or renegotiation. He acknowledged that the document is lengthy but noted that committee members may also use AI tools to generate a more consolidated view of the recommendations. He added that he has already completed detailed work identifying the figures and percentages associated with each agreement to support future committee and Board review.
- Chairperson Brown thanked Member Malladi and Mr. Lazarre for their comments and remarked that the contract analysis will be important for generating revenues in fiscal years 2026 and 2027 and for building future budgets. He tied this work to the broader governance discussions about ensuring that at least two individuals are authorized to execute contracts on TAP's behalf so that key agreements can be implemented or amended in a timely manner.

VII. Dining Meal Plan
Deborah Wallace | *Vice President for Administration & Finance, CSUDH*

i. *Summary of Dining Meal Plan performance against budgeted expectations, noting trends in participation, revenues, and support costs that have a material effect on TAP's financial position.*

- Chairperson Brown thanked Ms. Ross for the comprehensive financial review and invited Member Wallace to present the dining meal plan update. Member Wallace opened by noting that, given the time constraints of the committee meeting, her remarks would focus on key points, with additional detail to be provided at the upcoming Board of Directors meeting later in the month.
- Member Wallace explained that the revised Aramark pro forma and the construction status of the new housing and dining complex are closely intertwined. She reminded the committee that when TAP first entered into the current agreement with Aramark, the pro forma was built on an assumption of a higher number of beds in the new housing facility. As the housing project progressed post-COVID, construction costs escalated significantly, and the campus ultimately reduced the project from a planned five floors to four floors, eliminating a substantial number of beds. This change in bed count has, in turn, reduced the volume of mandatory dining plan participants relative to what Aramark initially modeled, adversely affecting the projected profitability of the dining operation.
- Member Wallace reported that Aramark has proposed potential amendments to the agreement to address these shifts, including concepts such as a sliding scale for TAP's commission based on actual bed occupancy and meal plan participation. She expressed TAP's hesitancy to commit to such changes at this time because they would directly impact TAP's commission revenues and could adversely affect the profit and loss statement once the dining commons and new beds come online. She stated that TAP and campus leadership are awaiting another meeting with Aramark, expected within the next several days, to review the proposal in detail, and she emphasized that no changes have been agreed to yet.
- Member Wallace further explained that the campus intends to move the dining operation to a full profit-and-loss model once the new beds are occupied and the dining commons opens, currently projected for Fall 2026. She stressed the importance of not making concessions now that would significantly weaken the future P&L performance of the dining enterprise, particularly given TAP's responsibility to ensure that dining revenues are sufficient both to support the dining operation itself and to help sustain other TAP activities.
- Committee members asked clarifying questions about competitive pricing and student affordability. Member Shabbir commented on the importance of maintaining a meal plan that is perceived as a good value compared to what students might pay off campus, noting that, if priced and structured well, students may view participation as both a financial benefit and a way to support the university. Member Wallace agreed and stated that any future adjustments to meal plan rates or structures must balance financial sustainability with accessibility and student experience. She reiterated that staff will bring more detailed information and any proposed agreement changes to the Board once discussions with Aramark and campus stakeholders are further along.

VIII. Informational Items
Amanda Dodd | *Chief Human Resources Officer*

A. Phase Two Cost Containment

i. *Update on the latest cost containment efforts under Phase Two, including recent staffing and operational changes and any implications for TAP's financial posture and ongoing monitoring by the Finance & Investment Committee.*

- Mrs. Dodd provided an informational update on Phase 2 of TAP's cost containment efforts. She noted that, consistent with the multi-phase plan previously discussed with the committee, TAP has now entered Phase 2 and eliminated two TAP staff positions as part of a broader effort to reduce ongoing operating costs. Mrs. Dodd explained that the management team is working through the Phase 2 changes gradually and methodically and that a more detailed update will be prepared for the full Board once additional pieces are in place. Member Wallace added that, based on the preliminary projections for fiscal year 2025–2026, TAP's financial outlook remains fragile if expenditures are not further adjusted to reflect the cost containment work already underway. During discussion, members observed that many of the current cost containment strategies had not been actively considered during prior periods of interim leadership and that, because the Phase 2 actions are still being implemented, it is too early to determine how much of the investment portfolio may ultimately need to be liquidated to support cash needs.

B. CAP Certification

i. *Update on CAP Certification as it relates to TAP financial and reporting practices, outlining current status, key requirements and milestones, documentation needs, and any implications for Finance and Investment Committee oversight.*

- Mrs. Dodd introduced the Corrective Action Plan *(CAP)* certification as an informational item and asked Ms. Ross to provide the update. Ms. Ross reported that the CAP is actively underway as a joint effort between TAP and OSRP because the underlying audit findings involve both entities. She stated that the plan includes process changes, documentation, and training intended to remediate the cited issues and prevent a recurrence of the repeat finding identified by the Chancellor's Office auditors. Ms. Ross further noted that staff are working toward completing the corrective actions by the end of the fiscal year so that TAP can submit an updated CAP to the Chancellor's Office and demonstrate that the organization is operating effectively. Member Wallace added that the Chancellor's Office has already begun a follow-up review, with auditors on campus for several weeks to examine documentation and interview staff, including Ms. Ross and her team, regarding progress on the CAP, underscoring the importance of fully implementing the corrective actions.

C. Reserve Policy Amendments

i. *Summary of planned changes to TAP Reserve Policy, explaining the intent of the revisions, alignment with CSU auxiliary expectations, and anticipated next steps in the committee and Board review and approval process.*

- Mrs. Dodd then summarized the reserve policy amendments that have arisen from the recent advisory audit. She explained that TAP's current reserve policy, last approved by the Board several years ago, was reviewed by the auditors, who concluded that several criteria or categories were missing. In response, staff have drafted revisions that would add three new reserve categories (renumbered as sections 8, 9, and 10 in the policy), including capital replacement reserves, reserves for planned future operations, and a clearer methodology for establishing reserve thresholds. Mrs. Dodd emphasized that the draft language included in the committee packet was for preliminary review only and that no action was being requested at this meeting, but that management wanted the record to reflect that TAP is beginning to address the auditors' observation. She noted that, given TAP's current financial position, any commitment to fund the new reserve categories would need to be contingent on meeting revenue expectations and achieving positive operating results, and that additional discussion with the Finance and Investment Committee will be required before formal amendments are finalized and brought forward to the Board for approval.

IX. Other Items

- Chairperson Brown thanked members for staying a few minutes past the scheduled end time and noted for the record that Member Beverage had departed the meeting before the final agenda items. He then asked whether there were any other items not already covered on the agenda. After confirming there were no additional items from members, he proceeded to adjournment.

X. Adjournment

- With no further business before the committee, Chairperson Brown called for a motion to adjourn the meeting. Member Malladi moved to adjourn, and Member Shabbir seconded the motion. Hearing no opposition, Chairperson Brown declared the motion carried and adjourned the Finance & Investment Committee meeting at 12:18 PM. He thanked the members and staff for their participation and noted that he looked forward to seeing them at the upcoming general Board meeting.