



University Corporation at Monterey Bay Board of Directors Meeting

Thursday, March 21, 2024
8:38 a.m. – 10:28 a.m.

Alumni and Visitors Center

Amended Minutes

<p style="text-align: center;"><u>Board Members Present:</u></p> <p>Vanya Quiñones, Ph.D., President Adrian Villalpando, Director Jill Hosmer-Jolley, Ph.D., Director</p>	<p style="text-align: center;"><u>Board Members Absent:</u></p> <p>Andrew Lawson, Ph.D., Secretary Ben Corpus, Ph.D., Director</p>
<p style="text-align: center;"><u>Presenters:</u></p> <p>Glen Nelson, Ph.D., Executive Director Alan L. Fisher, Associate Executive Director Sherry Baggett, Controller Cynthia Lopez, Director of Sponsored Programs Office Briana Sanford, Associate Director of Corporate & Foundation Relations</p>	<p style="text-align: center;"><u>Staff Present:</u></p> <p>Nancy Ayala, Gov & Cmpl. Mgr.</p>

Regular Meeting

- I. **Call to Order:** A quorum being established; President Vanya Quiñones called the meeting to order at 8:38 a.m.
- II. **Approval of Minutes:** Moved by Director Mary Jo Zenk and seconded to approve the December 12, 2023 meeting minutes as presented.
- III. **Public Comment:** There were no requests for public comment.
- IV. **President's Remarks:** President Quiñones thanks the Board for its continued support and student advocacy. The University continues to restructure due to the budget deficit. This will ensure that revenue and expenses are aligned. Budget-reducing initiatives have commenced across campus, including the voluntary separation initiative where eligible employees may elect to separate their employment. The program includes incentives for exiting employees while easing the budget deficit. Approximately 60 employees enrolled in the program. First-time student applications have increased by 12%, while transfer and Grad student enrollment increased by approximately 23% and 26%, respectively. President Quiñones thanked VP for Enrollment Management and Student Affairs Ben Corpus and team for investments in enrollment management and efforts. Due to the high RSVP volume, the University will host two Otter Days this year. The University is revising its Strategic Plan to focus on the next three years of CSUMB. This plan will have three to five pillars to focus on for the next three years and measurement metrics. Restructuring the budget is one of many ways to stabilize the University, so staff is finding other ways to bring stability to the University. We are resizing to the size we should have been when enrollment decreased while thinking of ways to grow. President Quiñones is working with Executive Director Glen Nelson on increasing housing for staff and faculty. The Corporation explored the possibility of annexing East Campus Housing from the University and the City of Marina. The implications of annexation are tax increases for homeowners and the fact that Marina laws and jurisdiction would prevail. It is not in the campus' best interest to annex East Campus. A summary of these findings will be provided to the campus community.
- V. **Executive Director's Report:** Executive Director Dr. Glen Nelson reported on Corporation activities. Dr. Nelson noted that a housing study is underway as required by the Chancellor's Office. Any new developments must first have a housing study. The Corporation's property at North Salinas is currently only utilized by one department. This is a result of the termination of

the MPSA program. The department will be moved to a different location and sublease the entire building, resulting in a savings of approximately \$700K annually. The Corporation is still on the lease and is negotiating to exit the lease. The Corporation is also marketing the Salinas City Center for sale.

Recruitment for a permanent Associate Executive Director is in the works. Interim Alan L. Fisher agreed to extend this assignment for several months. Dr. Nelson noted that during the Business items, the Board will be asked to approve funding requests. Information on these requests was provided at the December meeting.

VI. Business

- A. University Fitness Center Funding Request: Interim Associate Executive Director Alan L. Fisher presented the University Fitness Center Funding Request. This project entails renovating the old bookstore at the University Center and converting it into a fitness center available to students, faculty, and staff. The improvements include replacing the drop ceiling, HVAC ducting, new lighting, new flooring, and interior painting. The project includes new restrooms, showers, changing areas, and cardio and weightlifting equipment. The total construction cost is \$1.9M, and the total project cost is \$2.5M. Additional costs are the fitness equipment and upgrades. Facilities will be available to students, staff, and faculty. Dining vendor Chartwells will provide and run a smoothie bar. Director Robert Taylor stated that renovation of the space has already started and requested clarification on how this project is currently being funded. Dr. Nelson noted that the University is presently financing the renovation. Mr. Taylor requested further clarification on whether the motion is to pay \$2.5M in addition to whatever the University is paying or if the Corporation is being asked to reimburse the University for this expense because the memo states that the Corporation will engage with a variety of vendors for the timely completion of this project. Dr. Nelson noted that the construction agreement lies with the University. The request should be to transfer the \$2.5M to the University. The Corporation will not engage in any agreements nor manage the project. President Quiñones amended the motion to the Board authorizing the Corporation to transfer an amount of not to exceed \$2.5M to the University for the fitness center. Mr. Taylor noted that he is not opposed to approving funding requests but is concerned with the lack of background on these requests. As a community member of the Board, I believe that a connection with leadership is vital so that background information can be provided promptly and not only in Board meetings. Mr. Taylor also noted that he will be abstaining from all three funding requests and does not want his action interpreted as a lack of support but rather a lack of background information. President Quiñones requested that Dr. Nelson return with a presentation on Reserves at the next Board meeting so the entire Board is on the same page. Mr. Taylor requested that the reserves study include a schedule of indebtedness. The Board voted to amend the motion to the Board to authorize the Corporation to transfer an amount not to exceed \$2.5M to the University to reimburse the University for the current construction and related expenditures of the fitness center. Moved by Director Zenk and seconded to amend the motion as presented. With Director Taylor abstaining, the motion carried. Moved by Director Zenk and seconded to approve the motion as amended and transfer an amount not to exceed \$2.5M to the University to reimburse the University for the current construction and related expenditures of the fitness center. With Director Taylor abstaining, the motion carried.
- B. Academic IV Building Funding Request: Mr. Fisher presented the Academic IV Building Funding Request. University Corporation has been asked to participate financially in designing and constructing the Academic 4 building, also known as the Ted Taylor Science and Engineering Building. The request is to gift \$2M to the University for the design and construction of the Academic 4 building plus loan the University an additional \$2M for a term of 7 years at 5% annually. Final terms are to be determined by the Executive Director of the University Corporation. Director Taylor asked if the entire \$4M will be transferred to

the University immediately. Dr. Nelson noted that the first \$2M will be requested immediately for the design, and the remaining \$2M will be delayed as long as possible. The total cost of the project is approximately \$35M. The building is being constructed with philanthropic funds and university and corporation funds. The University will obtain loans from the Chancellor's Office for the unfunded amount. It was noted that the name of the building referenced in the memo is incorrect. The correct name is the Edward "Ted" Taylor Building. Moved by Director Nelson and seconded. With Director Taylor abstaining, the motion carried.

- C. Residence Hall Plumbing Replacement Project: Mr. Fisher presented the funding request for the Residence Hall Plumbing Replacement Project in buildings 202, 204, and 206. At the June 17, 2022, Board meeting, funding for two major construction projects was approved. One of those projects was for the \$10.5M proposal to repair/replace the 50-year-old plumbing in the residence halls. The project was halted due to poor workmanship and was reported to the Board at the March 23, 2023, meeting when expenditures had reached \$5.5M, leaving \$5M from that request. Building 202 is approximately 50% complete, with \$2.9M to be taken from the original \$10.5 million, leaving a balance of \$2.1M to complete the plumbing renovation project. The new estimate for the complete renovation and updating of plumbing in buildings 204 and 206 is now \$7.7M. After using the balance of \$2.1M from the previous request, the Corporation seeks an additional \$5.6M to complete the three-building project. Moved by Director Zenk and seconded, the motion was amended to request \$5.6M instead of the \$7.7M, which was listed in the memo in the read-ahead materials. With Director Taylor abstaining, the motion carried. At the next meeting, a proposal should be presented on future upgrades/renovations housing units need. This proposal should include financing options. Moved Director Adrian Villalpando and seconded. With Director Taylor abstaining, the motion to authorize the payment of \$5.6M to complete the Residence Hall Plumbing Project Replacement Project carried.

VII. Reports

- A. Auxiliary Investment Committee Report: A memo instead of this report was included in the board packet.
- B. Faculty-Staff Housing Update: Mr. Fisher introduced the new KAZU General Manager, Helen Barrington. Mr. Fisher reported that several CEHI homes were recently renovated and are ready for purchase. The waitlist to purchase a home has been reorganized from one extensive waitlist to four lists, where employees will specify whether they want a 2, 3, or 4-bedroom home. Eight renovated homes are all in escrow and should close by May. The Corporation is responsible for replacing the CEHI homes' roofs, which will be needed soon. Mr. Fisher implemented a new plan where one-fifth of roofs will be replaced annually, starting next year and continuing for the next five years under their current warranties. A reserve fund will be started from HOA fees to help fund roof replacements in the future. The Corporation is exploring expanding the CEHI homes by building additional homes. This review just started, and more will be shared at a later meeting. Mr. Fisher reported that the dog park at East Campus is for residents only, and members outside of the campus community visit the park with aggressive dogs. A possible solution is to add a permit system for the area and ticket vehicles that do not have the proper permits.
- C. 2nd Quarter 23/24 Financial Report: Corporation Controller Sherry Baggett presented the second quarter 23/24 financial report. Total Operating Revenues are at \$30M and Operating Expenses \$27M which are on target for second quarter. The total Operating Income totals \$3.6M. The variance is due to the decrease in the Salaries and benefits and Repair and Maintenance line items. Current Assets increased by \$4.1M, mainly seen in the Accounts

Receivable line items. Total Operating Revenues decreased by approximately \$500K from the prior year, mainly due to a decrease in the Grants and Contracts line item. Total Operating Expenses increased by almost \$1M. Total Net Position of \$74.2M is derived from Total Assets of \$226.9M, minus Total Liabilities of \$151.5M and Total deferred inflows of resources – leases of \$1.2M. The Unrestricted Net Position portion of \$37.5M represents the portion that can be used to finance day-to-day operations. The Restricted Net Position represents the portion subject to externally imposed restrictions, such as donors and sponsors. The Net investment in capital assets represents capital assets, net of accumulated depreciation and amortization, and less the outstanding principal balances of the related debt. The Corporation uses these capital assets in its day-to-day operations.

- C. External Funding Update – Sponsored Programs: Director of Sponsored Programs Office Cindy Lopez provided an update on external funding.
- D. Corporate Relations – University Advancement: Associate Director of Corporate & Foundation Relations Briana Sanford provided an update on private grants.

VIII. Open Communication/Announcements: The next board is on July 11, 2024.

IX. Closed Session: The board did not enter into closed session.

X. Adjournment: With no further business to conduct and no objection, the meeting was adjourned at 10:28 a.m.



Andrew Lawson, Secretary/Treasurer

07/11/2024

Date







3-21-24 Minutes Corp, amended fnal

Final Audit Report

2024-07-11

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