

University Enterprises, Inc.
Budget & Finance Committee Meeting Minutes
Friday, February 23, 2024
Zoom
1:00 p.m. – 2:00 p.m.

Members Present: Jerry Azevedo
Jonathan Bowman
Carlos Nevarez
Marco Rodriguez

Members Absent: Michael Lynch

Staff Present: Kasey Dillard
John Melikian
Sandy Siu
Terri Stevens

Jonathan Bowman called the meeting to order at 1:05 p.m.

Review of Financial Statements for the Fiscal Year Ended December 31, 2023

Statement of Net Position

Terri Stevens reviewed the December 31, 2023, Statement of Net Position noting that UEI assets grew from \$273 million in December 2022 to \$289 million in December 2023. The major drivers of the growth were related to a decrease in cash and short-term investments by \$4.2 million, which includes \$20.3 million in capital expenditures of which \$8.8 million was financed by debt and the net cash impact was \$11.5 million. Capital expenditure projects include

- x The purchase of 7700 College Town Drive for \$7.5 million of which \$3.9 million was self-financed.
- x The buildout of Nine Ten Place faculty and staff housing for \$7.2 million of which \$4.9 million was financed by systemwide revenue bonds.
- x Fund improvement in working capital of \$6.25 million. The change in net position was also due to b) increase in

positive market conditions, e) net capital assets
of \$20.3 million in the last 12 months mainly
recognition of depreciation expenses, f) deferred
and, g) deferred outflows from OPEB increased

from \$273 million to \$289 million year over year

in capital expenditure activity) accrued liabilities increased \$522 thousand mainly due to Sponsored Programs experiencing increased grant activity) c) unearned revenue decreased by \$12 million mainly due to Aramark advance amortization of \$1 million, d) advances from grantors increased by \$1.2 million due to SPA having increased grant activity, e) long-term and short-term lease liabilities increased by \$2.1 million

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Request for Approval of Oil and Gas Lease Proposal from Maverick Petroleum, inc.

Over 30 years ago, UEI was the recipient of a distribution from the Charles G. Fairley and received a dedication in oil and gas rights for exploration property in Kern County. Maverick Petroleum, Inc. has proposed a lease agreement that would allow them, for a five-year period, to do exploration and drilling on the Kern County property in exchange for rent at \$3,568 per year plus a share royalty in revenue generated in successful exploration efforts. The total minimum revenue over the five-year term would be \$17,843.

Following discussion, the Budget and Finance Committee moved and seconded the motion to approve the oil and gas lease from Maverick Exploration (Azevedo/Bowman).

Meeting adjourned at 2:03 p.m.

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