Finance Committee Meeting
Tuesday, October 12, 2021
via Zoom

In attendance:
Gene Chelberg (joined @ 11:31a)
Bonnie LiVictorino
Jay Orendorff
Jason Porth
Kal Salama

UCorp:
Tammie Ridgell
Anthony Victoria

Guests:
Felix Lin, Beacon Pointe
Tim Dubost, Nuveen/TIAA
Ivy Flores, Nuveen/TIAA
Carl Chang, Kairos
Anna Reese, Kairos

Meeting called to order by Kal @ 11:02a
• agenda reviewed & approved
• approval of minutes of September 14 – motioned/seconded by Jason/Bonnie, unanimously approved

Kal introduced Felix for presentation by Nuveen/TIAA and Kairos
• Felix introduced Tim and Ivy, from Nuveen/TIAA
  ▪ prior to presentation concerning Core Impact Fund, Ivy asked for preliminary questions
    o Jason mentioned the announcement from the CSU and their planned move away from fossil fuel investments
    o Ivy acknowledged what Jason had shared and turned the discussion over to Tim
  ▪ Tim provided portfolio basics including the strategy description, benchmarks, etc.,
    o stated that the two categories of securities eligible for the portfolio include ESG leaders and impact investments
      • both have remarkable growth
    o further discussed engagement on impact issues
      • continually working with energy providers
    o discussed core impact fund characteristics
      • credit quality of portfolio is very high
      • modest positioning in non-US $ securities
      • overweight in corporates due to increased opportunities
      • actual positioning => 42% in impact investments; 58% in ESG leaders
      • annual impact report measuring social & environmental outcomes to be presented shortly
  ▪ Jay asked about overlapping relative to ESG and impact investments, which Tim acknowledged and stated it is to be expected
- Kal asked about possibly engaging with fuel organizations
  - Tim responded that evaluation may occur if it was possible to support ESG/impact improvements and/or leanings of such organizations
- Kal noted the recent significant increase in issuance of “impact and ESG” securities on report
- Tim concluded his discussion commenting on the sustainability regarding bond markets

- Felix introduced Anna and Carl, from Kairos
  - Anna provided update to portfolio
    - Credit Strategies REIT
      - provided to-date information since inception including original commitment amount, distributions and net IRR
      - mentioned structuring partnerships with local regional banks
      - present focus on collateral and last dollar exposure
    - Kimpact
      - stated that invested over 4.5 years and provided updated performance since inception
        - continuing conservative evaluation during COVID
        - affordable housing environment is quite impactful
          - as bond equivalent/replacement
      - focused on cash-flows, return on dividend
  - Kal explained 3% cap rate relative to real estate means that offers Carl is getting imply a near doubling in market value.
    - Anna continued with Value Fund VI
      - provided similar updated performance since inception
      - there is normally a 2-3 year deployment with full harvesting in year 5-6
        - but current environment lends itself to fast-tracking process leading to early harvest
        - being more aggressive at this time is a good thing
  - Kal mentioned that in early 2022 approximately 70% of UCorp’s original investment will be returned and UCorp will need to look at other real estate investments
- Felix asked what’s next
- Carl responded that the plan is to continue to move aggressively
- Felix segued to ask Kairos about Value Fund VIII
  - Carl responded that there is similarity to Value Fund VI
    - looking for 8% ROR
    - opportunities in off-market acquisitions
    - window of opportunity regarding retail real estate
    - also opportunities regarding multi-family real estate & construction
  - upon Felix’ observation/comment, Anna reiterated preferred return of 9% vs 8% due to Beacon Pointe’s relationship with Kairos
- Carl mentioned that it is not a good situation looking forward regarding inflation; question remains as to what the Fed will do
- Jay appreciated observation, and asked if the Fed actually has tools to address the situation
- Carl replied that it is likely the Fed does not have all that may be needed, and resolution will be based on policy
COVID and its effects remain impactful
policy coming out of Beijing affecting supply chain is very impactful
cultural issues also are impactful, as it is being found that not everyone wants to return to work

- Felix presented September 30 investment portfolio
  - explained total composite graphs
    - indicated small lag behind benchmarks due to real estate reporting delays
  - equity
    - year-to-date performance is good
    - Boston Common continues to outperform
  - fixed income
    - has done well over calendar year-to-date
    - TIPS doing well
  - alternatives
    - gold has not done well, but occupies small position
    - not playing-out relative to hedge for inflation
    - consideration may be given to replace with further investing in real estate
  - overall, there is a lot of volatility in markets

- Beacon Pointe recommends $1M capital commitment to Kairos’ Value Fund VIII
- Gene asked about the timing of this, & suggested to do this now
- Kai supported recommendation and timing
- Jason stated that a formal resolution is not required and no problem to proceed if committee supports this action
- committee unanimously agreed to proceed
- Felix concluded, stating that he will forward paperwork required for UCorp to allocate funds, accordingly

Tammie presented the FSR at 8/31/2021
- began by stating that UCorp’s financial reporting is back on-track through end of August re: the balance sheet and income statement
  - month of September is still in process of being closed and results not yet available
- explained for presentation, the FSR is provided detailing data on UCorp’s unrestricted funds
  - with campus reopening, focus will be on business services
  - but noted that the approved budget projections will be modified as rent continues to be adjusted during this Fall semester; plan is to have September reports updated with revised information
- continuing discussion relative to UCorp’s C-Stores
  - though doing a little better as campus continues to repopulate, when compared to budget, revenues are down
    - this includes Ctrl-P, as that has been the most successful during this time of COVID
  - relative to expenses, UCorp is staying in-line with what was budgeted
• it should be noted that the gains recorded in August will be wiped-out during September, due to market volatility
• Kal further clarified this matter

• audit has been successfully completed and submitted
  ▪ no findings reported
  ▪ full audit report to be presented to Audit committee with Windes
    o subsequent distribution of audit to full board will then follow

• update relative to UCorp rehiring of Diana Bonilla, into different position

Kal & Jason thanked Felix for Beacon Pointe’s continued work and the guests he brought to the meeting

Meeting adjourned by Kal @ 12:33p