Minutes of the Finance Committee Meeting – Tuesday, January 26, 2021

Attendees:
Yvonne Bui
Gene Chelburg (joined @ 11:36a)
Neil Cohen
Bonnie Li Victorino
Jay Orendorff
Jason Porth
Kal Salama

Guests:
Felix Lin, Beacon Pointe

UCorp Staff:
Tammie Ridgell
Maggie Woo
Anthony Victoria

I. Called to order, via Zoom, at 11:06a by the Chair, Kal Salama and the agenda was reviewed with those in attendance

II. Report from Beacon Pointe, Felix Lin, President

Market is reacting positively given recent news:
- vaccination roll-out
- another stimulus plan
- smooth transition with administration in Washington, DC (more certainty than ambiguity)

Beacon Pointe still expecting an increase in taxes in the future that will impact market

At 12/31/2020, year-to-date performance is very good
- growth historically dependent upon environment (although tech/dotcom doing well, pandemic still presents challenges)
- bonds interest will stay lower for longer
  o eventual increase expected in 2-4 years
  o net of fees performance is good

Jay interjected that in comparison with latest investment report from CSU, UCorp is doing much better

Neil commented that the pandemic accelerated trends that were expected to take 5-7 years, such as e-commerce
- Felix agreed saying that attitudes have changed relative to investing in the dotcom industry

Felix provided his observations on the following classes:
- regarding equity
  o Aperio large & small cap performing well
  o Aperio mid cap, still new with no results
  o summarily, all are performing above expectations & are tracking well
- regarding fixed
  o performance depends upon risk free rate or inflation
    • spike may be due to unexpected inflation
  o Steve O’Brien sold & is being watched closely
- regarding alternatives
  o benefitting from additional stimulus package
looking towards stabilization
satisfied that portfolio is doing well
continues to align with past recommendations/BOD approvals
Kal recognized large & small cap performance; commented that no biases in portfolio; hoping for continuation of earnings at the same level - "knock-on-wood"; and acknowledged the good work of Felix/Beacon Pointe

III. Report from the AVP of Finance and Administration, Tammie Ridgell

presented financial statements at 12/31/2020 for entire organization – commented that UCORP's assets are in good shape

moved to FSR for discussion
- campus prog overhead appears to be over budget, but this is due to past years' admin fees for commencement exercises
- business services income is down, due to refunds being given that are related to prior fiscal year
  o although Follett looks like it is over budget, this is due to FY2020 activity being recorded in this current year
- salaries appear to be distorted due to reimbursement to University not occurring until calendar year end
- overall, expenditures continue to be aligned with UCORP's expectations
- investment income, approximately $3.9M received through the end of December, is a good thing
  o very welcome in current situation concerning revenue depletion due to campus closure
  o noted that investment income makes-up about 80% of total revenues
- looking closer at business service revenues, although there is no rental income from vendors, Ctrl-P continues to perform well, making up 86% of revenues
  o Open 24 & Lobby Shop (which typically outperforms other segments) remain very low due to campus closure
  o through the present time, C-stores are experiencing a $262K loss

Jason shared that after much thought, and although painful in reaching the decision, UCORP has laid-off 2 variable employees that have worked in the Lobby Shop for some time
- with their hours continually decreasing, it would be more advantageous for them to receive unemployment
- it is UCORP's intention to re-hire them once the pandemic is over & conditions have improved
- this is the first instance of UCORP lay-offs due to the pandemic

Gene asked about the status of the forgivable loan received during the summer and if consideration was given to applying for the second PPE loan to be offered
- Tammie responded that the loan received in FY2020 was received & fully expended
  o currently waiting on WFB to forward the forms needed to apply for loan forgiveness
  o also, at this time it is not feasible to apply for a second PPE loan
- Jason reiterated that UCORP's current situation, relative to payroll (wherein such a loan would be used) does not necessitate UCORP applying for it

IV. Update on Line of Credit, Jason Porth, Executive Director

- UCORP’s updated financial statements had been provided to Bank of SF
- UCORP is expecting the final forms from the bank for our review & completion
- UCORP has signed letter of intent for LOC
- CSU approval has been received
- have yet to be informed of availability of funds once bank has approved, but this is not an issue at this time, as UCORP does not have a need for them

V. Schedule of meetings indicated upon earlier review of agenda

Meeting adjourned by Kal at 12:03p