



## Minutes of the Board of Directors Meeting - Monday, May 3, 2021

### Attendees:

Teddy Albinak  
Brian Beatty  
Anoshua Chaudhuri  
Gene Chelberg  
Neil Cohen  
Alondra Esquivel  
Trevor Getz  
Bonnie Li Victorino  
Jay Orendorff  
Jason Porth  
Kal Salama  
Rob Strong  
UCorp staff:  
    Tammie Ridgell  
    Chris Farmer  
    Rosa Barragan  
    Andrew Lok  
    Anthony Victoria

- I. Called to Order via Zoom at 3:02p by the Chair, Trevor Getz
  - agenda reviewed and approved unanimously
  - approval of the BOD Minutes for April 5, 2021 – unanimously approved with changes made
  - Jason introduced and welcomed Rosa to the board members
- II. No Public Comment
- III. No Constituent Reports provided
- IV. Report from the Finance Committee Chair, Kal Salama

presented investment portfolio report at March 31, 2021

  - equities posted positive numbers/results
    - another 4-5% expected during April
    - compared to prior year-to-date numbers, current period is very good
    - current allocation of 54% is a little higher than targeted 48%
    - fiscal year performance is benefitting current fiscal situation and assisting UCorp through the pandemic
  - although equities continue to go up, bonds remain flat
  - Rob asked as to when the portfolio will be rebalanced
    - Kal replied that action is based upon when the allocation strays too far from what has been targeted, as opposed to a regular/periodical rebalancing
  - Rob asked if capital gains tax is assessed
    - Kal responded that UCorp being tax exempt, there is no assessment
  - 16% return fiscal year to date, with upcoming projection of 18% to include April
  - overall, performance is going fine, and looks like it will be a good fiscal year end
    - economic growth bouncing back; earnings appear to be above normal
      - but, more than likely, this pace will not continue



V. Report from the Associate Vice President, Tammie Ridgell

adding to response to Rob's question concerning taxes, stated that with UCorp being tax exempt, we generally would not pay taxes

- but taxes may be owed due to UBIT and possibly on activity resulting from Kairos' alternative investments

presented FSR at March 31, 2021

- Follett's expected revenues have been adjusted due to expected decrease in commission
  - estimating receiving only 57% of what was originally budgeted for fiscal year
- revenues for CStores shows small increase for Lobby Shop, and decreases in both Ctrl-P and Open24
  - with more campus signage being needed, expecting upswing in revenues for Ctrl-P in April
  - approximately \$500K loss projected for CStores
- as reported by Kal, investments continue to do well
  - over 80% of annual revenues are attributable to investments
    - atypical situation with disjointed results of investments contributing more revenues than other sources
    - year to date results of \$4.3M exceeding original budgeted amount of \$1.2M
    - will continue to keep UCorp in the 'black' as the original projected fiscal year deficit is no longer applicable
    - also noted that returns remain invested and not needed for current cashflow needs
      - if things continue in this manner we should not have to consider using the line of credit or even the possibility of having to liquidate any investments
        - if cash is ever needed, much more prudent to use line of credit
- summarily, UCorp has known the budget shortfalls for the fiscal year as well as the continued challenges regarding our vendors and issues with Follett, and overall bookstore industry trend - with the campus closure in Spring 2021 thoroughly cementing what we had been anticipating
  - although the projected loss is real, our return on investments offsets these expected results
- Rob asked how do we use this windfall to assist the University in accordance with UCorp's mission
  - Jason responded that given the current state of affairs, there is still too much unknown to consider moving forward in this mode
    - retail environment is not yet assured, and it appears that there is no secure future for the bookstore in the next year or so
    - Gene echoed sentiment saying financially we may remain in an unknown world for the next 18 months
    - Jay believed it still may be a good idea to formulate a plan on what to do with these additional funds, so when/if things settle we have an idea on how to proceed
    - Kal added that, generally, thought should be given to those 'above years' making-up for those 'shortfall years'
      - likening the situation to the endowment world, maybe consideration should be given to a 'spending policy'
    - Tammie interjected that there needs to be consideration given to all that is currently being done on behalf of the University
    - Rob recalled in his bookstore experience continually being asked what was being done with excess funds whenever there were favorable operational results
    - Jason agreed a strategic plan is needed
      - but did indicate that UCorp continues to pay to serve the campus through the cost allocation plan
      - and, is open to consideration being given to other plans to support the University, on a large scale versus a small scale



VI. Report from the Director of Operations, Chris Farmer

with the possible plan of reopening the campus to 50% capacity, UCorp is proposing to charge our vendors 40% of their normal rental rate

- the status of vendors reopening in the Fall is still being discussed, with a lot of unknowns and ever-changing state & SF guidelines
  - iNoodles is still looking for a buy-out
    - consideration is being given to developing space into a shared kitchen facility to be used by students
      - Jay expressed his concern with the heavy requirements that would come with this situation, including but not limited to safety concerns
      - Gene mentioned that a feasibility study will include risk and safety concerns
  - the Pub at first was not planning to reopen, but with the campus repopulation continuing to expand they may reconsider and open

currently, ongoing maintenance of the vendor areas continues, ie., cleaning the hoods, and working on getting outdoor lighting near the ATM's

activity slowly picking-up with CStores

- although not comparable to prior years, still gearing-up for annual fiscal year-end inventory
- planning and preparing for reopening of Healthy U
  - looking to rehire the previously few laid-off employees
- preparing budget projections for fiscal year 2021-22

regarding Follett/bookstore operations:

- their current plan is to vacate the lower level by July
- still awaiting proposal regarding their desired commission structure
  - UCorp is expecting for it to cover our rent obligation for their space
- planning continuing for all-access program, with Bursar's assistance
  - preliminary meeting held to discuss the future of providing course materials
  - will continue to expand conversation to be more inclusive of UCorp board and other campus representation
  - Rob asked how the current immediate access program has been
    - Chris responded that there is increased activity in Spring as compared to past Fall
- discussions have begun with online book providers to have a strategic plan in place should Follett leave campus prior to their contract expiration
  - Rob asked if discussion has occurred directly with publishers or if Follett may have had similar discussions with publishers concerning their direct involvement in providing course materials and possibly eliminating the need for brick & mortar for that segment of operations
    - Chris acknowledged that direct conversation with publishers would be a good idea
- Gene shared that the summer course material adoption is abysmal
- Chris shared that Follett understands that the Fall course calendar has yet to be finalized
  - final notice to faculty is expected by mid-May

Gene shared that Mashouf is looking to open in Fall with 30% capacity and asked if Clean Bites is planning to reopen

- Chris responded that Clean Bites is looking to open in Fall, with reduced staff

Teddy presented an idea of QR codes on the exteriors of campus buildings that could be used to inform those needing to conduct business within

- Chris said he would bring this suggestion to the Budget & Logistics committee



VII. Report from the Executive Director, Jason Porth

relative to Manzanita Square

- AT&T easement issue that arose when the Holloway project commenced came in at a cost of \$1M, half of the anticipated original \$2M
- ACA has provided information concerning the available retail spaces
  - Mumu Hot Pot and Café Blue (from Alam El Qadah) will be moving-in
  - leaving two available storefronts still available
    - does not appear that Amazon will be moving forward to renting any retail space
- student residential occupancy is looking hopeful for upcoming Fall
  - but until class schedule is finalized and remote versus in-person classes are determined, still hesitant to predict final occupancy for start of academic year

relative to Follett and related bookstore operation issues

- appreciative of the board's concern and discussion of strategic plan for what the future may hold with Follett and/or the possibility of their vacating prior to their contract term
  - as plans continue to be discussed in terms of what it means to provide course materials to our students, it is important to reflect upon the shared governance, involving UCorp, Academic Senate, ASI and others, to work towards a successful solution
    - does the possibility ever exist that course materials could be free to all students?

relative to SNFC

- site will be closed for this summer, but there will be a few research teams using the site
- in the near future insurance may be a challenge, as the plan is to carve-out fire insurance from other liability coverage, resulting in astounding costs
  - Rob asked if this coverage would still be under AORMA
    - Jason responded that it would be part of the AORMA package, but still very costly given all the recent past losses in the state

mention made of Nominating Committee meeting held earlier in the day and possible open seats to be filled

- Anoshua commented on BOD qualifications and contributions made by members
  - Jason agreed, stating the varied talents we have with the current board members contributes to UCorp's endeavors (i.e., with investments, retail, etc.), and that we continue to maintain diversity and inclusivity with regard to the community we represent and serve

Trevor reminded the board of the importance of the upcoming June meeting

Meeting adjourned by Trevor at 4:21p