Minutes of the Board of Directors Meeting - Monday, June 21, 2021

Attendees:
Teddy Albinia
Brian Beatty
Anousha Chaudhuri
Gene Chelberg
Neil Cohen
Christy Stevens
Jason Bell
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 3:05pm by the Chair, Trevor Getz
   - Jason introduced and welcomed Christy Stevens (recommended President's Designee) and Jason Bell (recommended Community Representative).
   - agenda reviewed and approved unanimously
   - approval of the BOD Minutes for May 3, 2021 – unanimously approved

II. No Public Comment
   - no public comment

III. Resolution: Approval of Officers and Board Members for the University Corporation, San Francisco State, Fiscal Year 2021/22...Action

   Jason Porth explained the slate of BOD members:
   • Vacated student seats to be filled in September, 2021 meeting.
   • Noriko T Lim-Tepper, has vacated Vice Chair seat, and Anousha Chaudhuri was appointed Vice Chair
   • Christy Stevens, will serve as President’s Designee
   • Jason Bell, will serve as Community Representative
   • President Mahoney has approved the changes.

   Motion to approve resolution was made by Rob Strong, Neil Cohen seconded, and subsequently approved unanimously.

IV. Resolution: Approval to Appoint Chair(s) and Committee Members to The University Corporation, San Francisco State Board of Directors as Established by the Corporation's By Laws for Fiscal Year 2021/22...Action
Motion to approve resolution Board of Directors to appoint Chair(s) and Committee Members was made by Rob Strong and Neil Cohen seconded, and subsequently approved unanimously.

V. Resolution: Approval of the University Corporation, San Francisco State Board and Committee Calendar for Fiscal Year 2021/22. Motion to approve resolution Board of Directors and Committee Calendar meetings for Fiscal Year 2021/22 was made by Neil Cohen and Rob Strong seconded, and subsequently approved unanimously.

VI. No constituent reports

VII. Report from the Finance Committee Chair, Kal Salama
- Portfolio rebalanced as of May, 2021
- On target to allocation
- Well above average budget
- Excellent year, up 21.6% for fiscal year
  - unusually good year, even with absence of UCorp’s normal revenue streams (vendor’s rents)

Trevor, opened for questions

Rob (asked) - Difference between TL Composite and TL Portfolio
Kal (continues) – TL Composite is the allocation index and the TL Portfolio takes allocation per policy index in reference to performance.
Jay (asked) – Did rebalancing occurred?
Kal (continues) – Yes, but slightly heavier with equities

VIII. Report from the Audit Committee, Rob Strong
- Reminded BOD of appointment of Wyndes, a medium to large audit firm & one of the top 100 auditors in the nation
  - audit committee will meet with Wyndes on July 7, 2021

Tammie (added) – Interim audit took place already and the auditors to return on August 9, 2021.

IX. FY2021-22 Budget, Tammie Ridgell
- Budget summary given on Operating Revenues and Expenses for next fiscal year
  - discussed revenue sources
    - IDC/Overhead – administration fees: commencement administration fee
    - Vending/Retail – Food Vendors' rent, Follett flat fee commission at $400,000, cover space, Campus stores looking at more revenues.
  - investment performance
  - discussed expenditures
    - increasing 1-2 staff
    - utilities to increase
    - lower auditor costs
- Provided comparison of proposed budget to budgets of prior years
  - reminded that past FY 2021 budget originally planned for deficit; however, investment income turned that deficit around.

Neil (asked) – How do we receive Follett’s $400,000?
Tammie (added): It’s always over both Fall and Spring semesters
Neil (asked): What if they go bankrupt or leave campus?
Jason (added): $400,000 is the baseline/commitment, if they go bankrupt, we may not collect.
Chris (added): 13% to 15% commission on sales above $3.5 million and still to determine payment method.

Rob (asked): Any forecast on total sales on June 30, 2021?

Chris (responded): On track regarding $1.3 million with commission to UCorp

Rob (asked): Rents to campus?

Tammie (replied): Rent paid to Associated Students - $42,000 administrative office spaces, Business Services line item includes rent, 1st year under collecting from Follett by $53,000, $400,000 collected $405,000 in rent

Jay (asked): What is the 40% and 60% that you/Tammie are referring to vendor’s rents and repopulation?

Tammie (replied): Vendors in the Fall projected 40% rent and 60% projected in the Spring according to repopulation of campus.

Tammie (continued):
- Non Operational items discussed:
  - $75,000 support to campus
  - $1.1 million investment income using smoothing method
- Discussed graphic representation:
  - Sources: 28% self ops; 13% vendors; 22% Follett; 22% administrative fees
  - Uses: Salaries, Benefits – 70%; Business Services Costs – 25%

Neil (asked): Confirming Vendor proceeds based on expected campus repopulation?

Chris (responded): Based on 50% repopulation and campus stores included

Tammie (continued): Explained ‘Smoothing Method’ regarding investment projections => UCorp does not budget at highest nor lowest market projections, resulting in what looks to be a slower realization of return

Rob (asked): Multi-year average same as smoothing?

Tammie (responded): Yes

Tammie (continued): Budget Capital allocations – Follett staircase => $150,000; Sierra Nevada Campus => to safely open, $150,000; reduces Capital Budget Allocation to $1.9 million.

Operation reserves - $35,000 proposed allocation to restores reserves Plant Fund decrease $500,000 due to UClub. Need to plan replenishment.

Rob (asked): Reserves part of overall existing bank balance?

Tammie (responded): Yes, but allocated/presented separately.

Anousha (asked): What if we do get $400,000 from Follett?

Tammie (responded): No effect on continuing operations, however, large losses not sustainable into future years. Line of credit more ongoing, so as to not sell investments; regarding cash-flow concerns.

Rob (stated): Concerns over complex budget.

X. Insurance Summary Report by Anthony Victoria, UCorp
- costs remain stable as in prior years
- minimal claims activity
- looking at possible large increases in future years relative to property coverage

Rob (asked): Clarification of AORMA and relationship with Alliant Ins Services for new BOD members

Neil (asked): If budget adjustments are ever done, should activity warrant it?

Tammie (responded): Yes, adjustments done at mid-season.

Resolution to adopt the Budget: Anousha motioned to approve, Neil seconded, and subsequently approved unanimously.

XI. Vendor Report by Chris Farmer, UCorp
- All vendors looking to reopen in Fall, with exception of I-Noodles
• Alam will open four (4) locations – Café Rosso (which has been open for sometime), Village Market, Peets, 19th Avenue.
• Maintenance work commenced as needed for vendor spaces
• Student Center maintenance work has begun
• Campus Stores working to open; Healthy U will re-open, will be hiring 2 employees
• CTRL-P getting more orders for campus signage
• Follett continuing to consolidate space on 1st/single floor, soft opening on July 6, 2021, 10:00am to 3:00pm
  o adjustment needed to reflect no bottom space, as of October 1, 2021
• Hopeful to access government funding – 2nd year experience to $300 per student

Kal[asked]: Would rent for Follett be increased if repopulation exceeds expectations?
Chris[responded]: 40% and 60% are the commitment for Fiscal Year to ensure vendors success.
Anousha[stated]: Appreciates the “good faith” approach.
Neil[states]: Good business principles and confirms as good approach.
Rob[asked]: There are major changes and need to clarify more. A tour of the bookstore for retail purposes has been requested prior to 9/23/2021.
Chris[responded]: Will reach-out to Follett to make arrangements for the tour and get back to BOD.

XII. Final Report by Jason Porth, UCorp
• Thanked BOD members for their work and welcomed new members for the work ahead.
• Thanked UCopr staff for their work in such a challenging year and acknowledged their filling-in where/when needed.
• Asked to consider what will campus look like in two years at end of Follett’s contract/tenure
  o Consider a different business model post-Follett, especially since book sales are decreasing
    a) Bookstore not for profit?
• How do we consider developing other revenue streams?
• Challenges of Sierra Nevada Campus – for about seventy years with no attention, and now consideration for a safe opening is a concern.
• Good achievements to celebrate:
  1) Manzanita Square - 500 beds available for students, retail space, academic space
  2) Line of Credit – now available to us to see UCorp through this challenging time
  3) Solid profitable relationship with Beacon Point, thanks to Kal
  4) Clean audit
  5) Receiving PPE subsidy
  6) Continuing operations with grants activity such as Genentech
  7) Committed Board of Directors, with thanks to Trevor and committee chairs

Kal[stated]: All of these achievements have occurred, under Jason’s leadership.
Rob[asked]: What will happen if Sierra Nevada Campus is burned to the ground?
Jason[responded]: UCorp is covered, with exception of sparse facilities. Loss of revenue would not affect budget.
Challenges to consider: In seven years will need to find a sustainable model, less than 100 people take advantage of the campus. Conversation for self-sustaining and not sink any more money, should take place.
Rob[asked]: U-Club reopening?
Jason[responded]: Does not look like the U-Club will be used as intended. Proposing that ASI will take the space back and look for ways to reimburse U-Corp for the renovation.
Trevor: Thanked all board members and staff for their support.

Meeting was adjourned at 4:34pm