



Board of Directors Meeting

Monday, May 9, 2022
via Zoom

Teddy Albiniak
Brian Beatty
Jason Bell
Yvonne Bui
Ly Chau
Anoshua Chaudhuri
Gene Chelberg
Trevor Getz
Thao Ma
Joshua Ochoa
Tatiana Orellana (@ 3:20p)
Jay Orendorf
Jason Porth
Kal Salama
Christy Stevens
Rob Strong

UCorp Staff:
Tammie Ridgell
Maggie Wu
Chris Farmer
Anthony Victoria

Meeting called to order by Trevor at 3:02p

- agenda reviewed
- minutes of April 11, 2022 board meeting approved unanimously

No public comment

Constituent reports

- ASI / Joshua thanked the board & announced his departure as his term is ending
- Academic Senate / Teddy mentioned new slate of officers & chair to be announced shortly

Finance Committee report by Kal

- thanked the student board members and acknowledged their participation
- presented April 30 investment portfolio report from Beacon Pointe
 - explained the graphic illustrations representing the total composite portfolio
 - indicated red-ink calendar year-to-date results
 - down \$1.7M fiscal year-to-date
 - though down, after 3 good years of performance this is not unexpected
- Kal included pages from a fed report listing recent concerns in the markets compared with 6 months earlier.



- resulted from a survey of market participants within global financial system
- in fall 2021 the risks identified for the next 12-18 months were: persistent inflation; COVID-19; & China
- presenting same questions during Spring 2022, the risks are now: Russian invasion of Ukraine; persistent inflation & monetary tightening; & risk asset calculation/correction

Rob asked if the survey participants were experienced financial professionals

Kal responded that they were, and from within different representative groups

Rob followed up requesting Jason to circulate said survey to board

Kal continued with performance review, stating that all equities & bonds are down

- although overview displays red ink, still an open-ended situation
- believes portfolio will bounce back and all will be fine
- there is major concern over Russia, as their efforts are aimed at trying to create instability within the global economy and markets as opposed to just trying to take over more land.

Anoshua asked if the fed did not respond in a timely manner to curb inflation

Kal responded that it is not valid to blame the fed, as they can react at any time, and their hope is for the markets to resolve the situation on their own; additionally, he has also personally seen anecdotal evidence of an economic slow-down.

Jason also commented that although a great need exists, there definitely is a slow-down in construction here in the bay area; and, the chancellor's office has stated an additional 15% in cost allocation for goods required in upcoming projects to be considered in any future planning

Rob recalled when the Franciscan Shops board seriously considered liquidating their portfolio, and he was able to convince them that this was not a good idea

Kal reiterated that when that occurs permanent losses are incurred, and you are no longer able to make-up or catch-up when the market rebounds

UCorp's financial report & 2023 budget by Tammie

- presentation would be about next fiscal year's budget with March' 2022 results referenced
 - reiterated that budget reflects expected activity concerning unrestricted funds, and a deficit is projected
 - proposed budget based upon past 2-3 years performance, while being mindful of pandemic effect
 - relative to UCorp's programs, estimates are speculative as we really do not know what may occur
- estimated revenue sources include approx. \$100K from G&C, \$520K from Campus Prog and commencement support
 - vendor rents/business services, 50% campus occupancy for Fall and 60% for Spring is applied
 - this will also have an effect on admin fees from the Student Center
- budgeting approx. \$400K flat commission from Follett
 - hoping this provides a break-even scenario with no loss



- 50% & 60% occupancy rates also used in estimating shops revenues, even with consideration given to pandemic situation
- summarily FY2023 revenue sources projected at \$1.8M
- FY2023 expenditures projected at \$1.7M
 - includes 3% salary increase (mirroring stateside)
 - escalation in audit costs expected per contract
 - large increase in ADP/payroll costs, but hoping not to be excessive
 - business services costs largest component
 - and, other expenses projected to be similar to prior year
- University support to remain same as prior year, \$75K
- SFSU cost allocation estimated at \$135K
- investment result projections based upon smoothing, not market value expectations
 - straight-line approach at \$25M valuation, not the full \$35M market valuation
 - further explained ‘smooth return’, and using a 5.1% return for the budget
 - being mindful of the varied results over past fiscal years, 2021 was a good year, and 2022 not so good
 - the good years help sustain us in those ‘poor’ years
- presented graphic/pie chart illustrations of budget uses vs sources
 - expecting food vendor revenue sources to be larger in FY23 vs FY22 – but, still not larger in proportion as was typical pre-COVID
- no capital projects expected in FY2023
 - prior years’ activity was due to improvements at SNFC, which are still in process
- plant fund reserves were used in prior year for UClub refurbishing, and still need to re-establish \$500K level
- operational reserves need an additional \$16K to reach designated level, but no appropriation FY2023
- noted that line of credit was renewed, as UCorp wishes to ensure cash flow needs are protected & to avoid any liquidation of portfolio

Rob asked when last UCorp had a deficit budget and if this is a rarity

Tammie responded a deficit budget was approved for FY2022, and it really depends upon the expected business cycle of the upcoming year

Rob asked if the University rejects deficit budgets from auxiliaries

Tammie replied that an explanation is provided when presenting the budget to University administration, as well as indicating that auxiliaries are unique and operate differently from the state

Yvonne asked if UCorp’s reserves are liquid and if there are policies that have been established

Tammie replied that there are policies for all reserves, and that these amounts are part of what is in our portfolio, there is no separation of reserve funds; furthermore, it is important to note that in a deficit situation, we do not wish to make it larger by funding reserve balances

Anoshua asked how long the reserves would cover operational needs

Tammie replied 2-3 years

Kal asked if amounts earned in excess of budget are ‘reserved’



Tammie responded that all funds are comingled as part of investment and any excess returns are continually re-invested

Insurance costs were presented & reviewed by Anthony

- claims experience remains relatively low
- increase in expense due to increase in costs of excess liability coverage

ACTION Resolution Approving Proposed 2022-23 Budget – motioned by Rob / seconded by Teddy, and without discussion, unanimously approved

UCorp operations report by Chris

- campus slowly repopulating, though current slowdown now, in May, is expected
 - although some good activity generated with commencement and related events
- Ctrl-P and Lobby shops to remain open during summer, with Healthy U closing
 - Ctrl-P is expecting more/new equipment at beginning of summer
 - hoping to expand offerings
- Open24 is slowly achieving pre-pandemic levels, which may be a good sign for upcoming Fall
- no food trucks in Fall, as we wish to optimize conditions for on-campus food vendors
 - possibly reintroduce to campus in Spring 2023
- USBank's contract to expire soon, but 2-year extension will be given to make-up for the lost time due to COVID
- Bookstore committee recommends a brick & mortar presence for a bookstore, but not necessarily to provide course materials
 - more focused synergy needed with campus colleges & departments to determine & define course materials needs
 - planned presentation to be made to President's cabinet
 - consideration to also give additional 2-yr extension to Follett to make up for lost time due to COVID

Rob mentioned that what is happening on our campus is prevalent throughout the US

Trevor agreed and said what he also hears from publishers reinforces this

Executive Director report by Jason

- updated board that Manzanita Square's ACC is being purchased by Blackstone
 - expecting a seamless transition
 - in consultation with legal counsel and CO, right of first offer not applicable
 - legal counsel recommends a third-party inspector to look at building upkeep, deferred maintenance, etc... to ensure existing contractual obligations are met and current
 - received bids from two possible contractors for this work and looks that cost will be approximately \$20K, to be reimbursed
 - from review of monthly report provided to UCorp, all seems to look good, thus far



**The University Corporation
San Francisco State**

Room ADM 361
1600 Holloway Ave
San Francisco, CA 94132

ucorp.sfsu.edu

- a system-wide bond is expected to build housing on west campus green, UCorp not involved
- acknowledged board's passing of FY2023 budget and will forward to VP and President for their review & subsequent approval
- informed board that UCorp held two project director training sessions that were well-attended and resulted in receiving positive responses
- announced that board members were sent notices relative to the various committees and possible assignments
- acknowledged and thanked the students and Teddie for their service to the board/UCorp this past year
- mentioned possibility of in-person June board meeting if there is interest

Meeting adjourned by Trevor at 4:30p