



The University Corporation
San Francisco State

Room ADM 361
1600 Holloway Ave
San Francisco, CA 94132

ucorp.sfsu.edu

Board of Directors Meeting

Monday, October 30, 2023

via Zoom

Rob Strong
Jason Bell
Anoshua Chaudhuri
Ly Chau
Janey Wang
Michael Goldman
Meet Hapaliya
Aryan Bhalodia

Yessica Gonzalez
Jamillah Moore (3:10pm)
Jason Porth
Kal Salama
Christy Stevens
Trevor Getz
Rajdeep Walia
Ersa

UCorp Staff:
Rosa Barragan
Chris Farmer
Maggie Woo
Shae Hancock

Meeting called to order by Trevor Getz @ 3:02pm

- o agenda reviewed; approved unanimously

ACTION: Board of Directors Meeting Minutes for September 18, 2023; Anoshua/Yessica motioned and second; approved unanimously

No Public Comment

Constituent Reports –

Michael: stated that all focus was on the budget and hoping that UCorp continues to be of help

Trevor: Welcomed the new student members to the Board of Directors and asked everyone to introduce themselves.

Trevor: asked new students if they had anything they want to share?

Ersa: responded that there was nothing to report, however, they wanted to thank Jason for attending their last meeting and informing the student body of a new Bay-pass

Jason: provided a brief update as the university has been working with John Gates to extend the Gator Pass Program to include what is called the Bay-Pass. 2022 the university was approached by the Metropolitan Transportation Commission and stated that they could make a pass available to our students which allowed transit on all the transportation lines in the 9-Bay Area Counties rather than what is just limited right now on the Gator Pass and do this for less money. This was proposed to the associated students to support an approach to go from current Gator Pass model. Essentially it is a value of pay less and get more and it should be a great benefit for the students. Involving the associated students was critical as they were the ones who initially pushed for the Gator-Pass originally in 2017.

Trevor: Thanked Jason and introduced our next report by our Finance Committee Chair, Kal Salama



- Report from Finance Committee Chair, Kal Salama
Investment Portfolio (Summary – Third Quarter report)
 - o This is an update it says October but it really covers the portfolio through September
 - o Since most of the activity has been in October, update will be for that month
 - Markets have been unsettled, particularly in the bond market, which affects the portfolio
 - Portfolio brings the fiscal year to date to a negative. So we are down in the first three months

Kal: stated (for the benefit of the new members) that Beacon Pointe, our consultant, oversees the investment program and is producing the report regularly for UCorp Board.

- Quick overview-- policy allocation for the portfolio equities, bonds, alternatives, cash
 - o Describes the actual, target and the range
 - o Report is always included by Beacon Pointe
 - o Fiscal year down \$841,000
 - o Return history of the portfolio is negative for the three months of the fiscal year to date
 - o Last 3 years up 3.7% annualized
 - o Finished the last fiscal year up strongly and a little more than expected
- We don't know how the fiscal year report, is going to come out. For budgeting purposes using the smoothing method is less disruptive to budget.
- The quick summary over 10 years has been essentially an annual 5% return on the portfolio and is solid for a middle to low risk portfolio investment
- Beacon Pointe did a peer number comparison(NACUBO report)
 - o Summary of national association of colleges and university funds. A group of mostly endowment funds
 - o \$25 million to \$50 million in size with a 3 year, 5 year and 10 year return comparison
 - o In the report it shows that the near term has been very volatile, with a lot of negative numbers
 - o UCorp's portfolio does better in comparison due to low risk portfolio investment
 - o Over the long term UCorp is trailing in the 10 year return, due to a more conservative asset mix.
 - o Nacubo's average is 40% US equities UCorp's is 28% US equities
 - o On the bonds side: Nacubo runs 26% and UCorp runs 40%
 - o UCorp has a larger bond portfolio and more conservative
 - o Over the last 10 years there has been a big difference in performance between equities and bonds.
- October's report will be more eventful as the market is very unsettled right now due to rising interest rates

Trevor: asked why the job numbers don't seem to help the market

Kal: responded that it is a good question and why it's a good thing. There seems to be no recession in sight. There are forecasts and it is not happening as the economy continues to be



resilient. A 4.9 GDP number was reported last week and the average is 2.0 GDP. Showing a very strong economy that keeps growing. Interest rates have gone up due to response to high inflation, high growth.

Trevor: that seems to be the driver

Kal: responded it's not a poor economy it's still strong with lots of jobs and not much unemployment

Trevor: thanked Kal for the report

- Report from the Audit Committee Chair, Rob Strong

Rob: stated that it is great to see student representation and that there a good news with the audit report

- Third year with our audit firm company called Windes
 - o Windes has been responsive and great to work with
 - o UCorp had a clean unmodified opinion
 - No criticism on about our financial statements
 - Everything was provided on time
 - Everything was provided with a positive attitude
 - No recommendations
 - Nothing regarding material weaknesses
 - No significant deficiencies
 - This is something you don't see in a financial audit
 - Credit to Tammie and Maggie for the great work done for UCorp

Trevor: incredible job done by Tammie and Maggie

- Report from the Associate Vice President, Tammie Ridgell

Referring to the month of September, 2023

- o Looking at the overall status for new Corp reflected in the balancing and income statement and spending the bulk of our time on page 3 of the financial report(budgeted and unrestricted funds) as the board has decision making power over the unrestricted funds as restrictive funds come in with a line item purpose to use those funds
- o Nothing in terms of our revenue stands-out
- o Our business services income from our vendors are in alignment with what has been budgeted and what has been expected as they are driven by contract (Chris will elaborate more on this subject with his report
 - 1st quarter the shops have had solid numbers with Healthy-U and lobby shops performing ahead of budget with the exception of Open-24 (decreased in revenue)
- o Overall positive performance in revenue
 - Lobby shops – 50%
 - Healthy-U – 29%
 - CTRL-P – 17%
 - Open 24 – 4%



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- Expenditures (not much out of alignment)
 - Legal is a bit high of budgeted
 - Due to consulting our attorney regarding agreements and some personnel consultation
 - Insurance is a bit higher than budgeted
- Investment income and fees
 - University support is more than 75K and projecting that this going to be about 37% higher as we are funding items like the Hall of Fame, hospitality items that have been paid on behalf of the university
- Kal noted that in the first quarter we did have a loss of roughly \$841k

Rob: UCorp is a fiduciary and the example is what Tammie just reported, we provide support to the university. Sometimes there is no where else to go for funding things and our responsibility is to help assess whether or not those requests and those gifts will support transfers that are appropriate for the context of what our mission is to support the University's Academic mission

Michael: Academic Senate is trying to invite Jason to talk to the Senate about UCorp operations and what support it is able to provide more so with Scholarships and such. We are all looking to all possible solutions for a budget that is dropping precipitously right now

Tammie: responded that UCorp has given money in the past for certain and specific initiatives that might have been around scholarships. But in general that is not its function UCorp as an entity has not given out scholarships. We have supported ones when there were students in hardship and so they were given funds that did not have to be repaid, those funds were a bit different than regular scholarship funds and so UCorp has supported those kinds of based need funds

Janey: asked for clarification what the insurance line item is and is there a specific plan to raise revenue

Tammie: the insurance number is 25% is up from budgeted due to insurance rates have increased all around. Regarding increasing revenue, we are always looking for ways to increase revenue and additional partnerships as well. We have revenue generating programs as it relates to what we already do and so we have vending on campus or bring in another vendor to campus. If it is something that the campus would need and or if it's other partnerships with the campus where we might carry out the activity. An example of such activity is the management of renting/leasing type of spaces on campus. Lot 25 is one that we have a relationship with campus where leasing the space and managing the vendor and this is where UCorp takes an IDC fee which is increasing for us and also generating revenue for parking and we are increasing leasing opportunities with construction companies and thereby increasing revenue to the bottom line.

Jason: Appreciate all the good questions and the discussion. I want to point-out a couple of things, one is that you see the big numbers with our investments and there is over \$30mil now and maybe one of the questions is: What is happening with that money? As Rob had stated



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UCorp job is to be a fiduciary and frankly the \$30 mil is not ours to spend. UCorp is charged with making sure it's there when our projects need it as the money has been given to us by donors and in some instances by projects that are putting it with us for safekeeping and it needs to be there when they come back to us much like a bank. You expect for the money to be there and that is our job to make sure the money is there. The FSR that is what Tammie refers to as the "financial statement report" This is the money that this board has a responsibility for spending is less than 1% of the University's general Fund budget and Non-General Fund is about \$450 mil. Putting things into perspective UCorp's discretionary budget is less than 1% of the overall general fund budget. So the Board needs to focus on is making sure that we can provide the best possible services that we can to the campus without having to take fees. Genentech is an example. UCorp is not taking and IDC the Genentech foundation requires that no indirect cost be taken out. This is because it's all going to benefit students. UCorp manages the \$10mil and UCorp gets no money. Other projects that bring in the revenue support this type of grant

Kal: the line item for the credit line of \$8,250 that's an annual cost to maintain the credit line? Also what is the credit line rate?

Tammie: Responded that the charge of \$8,250 is the annual cost to maintain that credit line open. We do look at the rate all the time as it is a varied rate and not sure right now of what it is as interest rates have moved so often

- Report from the Director of Operations, Chris Farmer
 - o Progress in Business Activity
 - Self-Ops
 - 70% increase in comparison to a year-a-go which was at 60%
 - Healthy-U highest growth at 50% pre-pandemic
 - EBT activity has increased and we have seen 15% to 20% of daily revenue is coming by way of EBT
 - CTRL-P is coming along-just hired our third employee due to increase in traffic
 - OPEN 24 – this service held-up a few years back when everything was closed and now that the activity has picked-up at Lobby Shops, Healthy-U and other partners, business has been pulling-away from OPEN 24. However, overall, it is much better and seeing progress even though it is not for OPEN 24
 - Note: our self-operated shops are now completely phased-out of single use plastic water bottles. This is our part under the CSU single plastic use policy
 - Andrew, our retail services manager is working with our vendors to ensure that they have sold out if, any remaining stock by the end of this fall semester, so that this will ensure no more single use plastic bottle use.
 - Food vendor – there has been more activity on campus and we have sat down with our vendors this summer to talk about recalibrating their leases and really locking in kind. New norm moving forward where their leases will be predictable in terms of growing at three(3) every year for rent, just like we used to see pre-pandemic and really no more of the watch-and-see approaches. We now have a



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good sense of what activity looks like on campus and hoping to continue growth with increased enrollment and increased residential population

- Bookstore – Jason and I met with our bookstore partners. Bookstore team were from various specialists areas around course materials and immediate access, specifically programs. Touch on concerns that we have been hearing and sensing ourselves round communication in general pricing, course materials and challenges round programs. In general we are all aware that we want to grow the program. Working towards the same understanding that the program needs to be stable before it grows
 - Staffing concerns at all levels was discussed
 - Inflated price issues – was determined that the way campus collects the information is actually inflating the price by taking the same material, for example a traditional textbook, it's cost and looking at the rental of the same book, the Ebook version of that and taking all the prices and adding them together and saying that's what is required. Follett has a solution that we are not using and we will be meeting with them and connecting our folks with Follett and it's folks to ensure the issue is addressed and corrected as soon as possible
 - Possible solution: Jason and I mentioned an idea to Follett. That is to call on a Course Materials Ambassador. It could be we find a faculty member that has a part-time load and would be interested in something like this, someone that could help bridge our bookstore with our faculty, bring together the great work that our Library is doing with Christy's team and really to help faculty find low cost options. Help in finding our immediate access program and get them connected. We think this is something the university would benefit as well as our students, and of course our partners

Rob: stated that in marketing there is a business model called Retail Market Saturation. It says basically that if you start to build retail square footage, in a new community you can continue to add new square footage the pie revenue profits decrease for everyone. The total sales will keep expanding until you hit an inflection point and that is the definition of market saturation. So, if you add more retail square footage, it is taking away a bit more from everyone.

Chris: we may have created too many vendor space for that pie. With all the vendors we have on campus, we possibly started to divide that up too much for each of them to be successful. This is part of how we now look at things these last few years as we have adjusted the rent to better balance with this opportunity we are seeing now that it is different than pre-pandemic. Inoodles and it's location is an example since we are not getting another vendor and it's location use is still in the works with all of this in mind.

Mike: stated that since there is an assumption for steady growth and what has been the reality is a drop of about 5% or 6% in enrollment every year. There should be a plan to downsize for the near future



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Chris: agreed and added that the future is still uncertain and by hoping to see continued growth there are a few variables. There has been more of our community return over the last several semesters and there has been a steady trend with people returning to their normal habits such as not bringing their lunches everyday or every other day or spending more time on campus

Anoshua: asked if the Bookstore Committee would be activated to discuss the bookstore and is there a plan?.

Chris: stated that it might not be the time as UCorp is working with the bookstore to address concerns and the issues and that Follett is made aware of them and come up with solutions. This is happening now. In moving forward overall even though we have a Bookstore Committee, this group and even a broader group will be very important in the coming months and year as we determine what we want to do. Right now, Follett is cooperating with us to address the concern and issue at hand.

Anoshua: stated that her concern is immediate access to course materials and if Chris can report back on the solutions that Follett and UCorp have discussed in future meetings.

Trevor: asked that maybe this issue can become an item for discussion on the next meeting.

Chris: will continue to report back to the board on the progress made with Follett on the said issues and concerns

Report from the Executive Director – Jason Porth

Jason: emphasized how important the board's role is in the bookstore, since board members serve in a variety of functions. Board are our eyes and ears to what is going right or wrong, in letting us know, because of the engagement to campus community, we rely on you to let us know if an experience you are having with the UCorp process or vendor experience is not going well and so the bookstore concerns/issues is a prime example for how we rely on you. You brought this up to the board, a meeting followed with Follett and now the regional vice president of Follett will follow-up with a meeting and get some key answers for us.

- Staffing changes:

- o Jenny Tu has moved to another department here on campus and we are hiring for that position
- o Hiring for Anthony Victoria's position
- o Welcoming a new Accounts Payable employee: Duyen Nguyen
- o There is a Beam Signing on 11/07 outside of Marcus Hall from 7am to 11am, you are welcome to celebrate the highest point of construction for our two(2) new buildings on West Campus Green and the Residence Hall

Two items to update

- o RET has been winding down and as you know this program has assisted people who are returning from disability leave or needing accommodations in the workplace by giving them adaptive technology at their desks whether it's SF State or not. Ray Grott is retiring and he is in the process of cleaning out the office (basement of Burke Hall). He will be donating some left-over equipment and giving to other nonprofits locally. There is a loss



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of some money over the last couple of years. We will need to address this loss/deficit once we have a better sense of the amount we will need to make a decision on covering the loss.

- Sierra Nevada Field Campus: met with Tammie and the director to go over the revenue and expenses for the last couple of summers to see what their status is and this year they hit an important milestone, where revenue exceeded expenses. There were concerns regarding SNFC over the last couple of years as we have been fronting a lot of money on capital projects to address longstanding deferred maintenance issues. The goal is for UCorp to made whole of those expenditures. Working on with the Director(Darrow Feldstein) is trying to adjust the fees so that we continue to have positive years so that we can start getting paid back. The amount is approx.. \$20K to \$25K/per year until the we are made whole. There is also an outstanding insurance bill for the snow damage that hit the center. Alliance is still working on this for us and I will keep you posted.

Trevor Adjourned at 4:28pm