



The University Corporation
San Francisco State

Room ADM 361
1600 Holloway Ave
San Francisco, CA 94132

ucorp.sfsu.edu

Board of Directors Meeting

Monday, November 27, 2023

via Zoom

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

Yessica Gonzalez
Ersa
Jason Porth
Kal Salama
Brian Beatty
Trevor Getz
Rajdeep Walia

UCorp Staff:
Rosa Barragan
Chris Farmer
Tammie Ridgell

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

- o agenda reviewed; approved unanimously

ACTION: Board of Directors Meeting Minutes for October 30, 2023; Rob/Mike motioned and second; approved unanimously with correction of “Wines” to “Windes” and “Gonzales” to Gonzalez

ACTION: Approval of Student Board Members to the UCorp Board of Directors; Yessica/Mike motioned and second; approved unanimously – 12 yes, 0 no, 0 abstain, 0 absent

Students were welcomed and students introduced themselves to the board.

No Public Comment

Constituent Reports –

Michael: invited everyone to a conversation with the president and provost. It is being organized and details will be coming. This is a chance for staff and faculty to ask questions about the budget and how it affects the curriculum. The second thing is that the last Senate meeting will not take place due to not crossing the picket line.

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

- Report from Finance Committee Chair, Kal Salama
 - o For the benefit of the new members Beacon Pointe, our consultant, oversees the investment program and produces the report monthly for UCorp Board. It is presented to the Finance Committee Meeting and for the board this is an overview of the report



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- Quick overview—this report is old, and comparing to the last time we were looking at the fiscal-year-to-date of about \$800,000 and this report shows down \$1.4 million fiscal-year-to-date and this is as of the end of October. Coming this Friday, the end of November, we could be about even and have recovered the whole \$1.4 million

October was a difficult month:

- Interest rate hikes went up and equities went down
 - Bonds went down
 - Portfolio went down
- November inflation reports were positive
- Inflation in the past 12 months came down into the three percent range.
 - Good news also as upward pressure from a tight employment market, has eased a bit
 - This means that the upside potential of inflation and growth that was hurting the markets, has eased significantly
 - Now, the expectation is of interest rate cuts in the markets which have not been seen for a long time since Covid's shock to the economy
- These recent changes have had a positive impact on the markets and that has helped the portfolio investments recover

Rob: the target allocation indicates the global equities is 48% of our portfolio and this is the combination of domestic and international and as I remember from the last meeting and your report that the domestic equities were about 28%. Is there a reason why not split out, to show those two pieces? Bit confusing because what we are doing in that report is comparing to the NACUBO averages? Basically, what we are looking at is US equities.

Kal: responded that you can see that it is 48% total equity. The domestic portion is at this time basically 23 ½% plus the 4% mid-cap plus the 2% small cap and the rest is non-US. So essentially this is where we get the 28% from.

Trevor: asked if UCorp is still involved in the alternative investment in the real estate market

Kal: Yes, we are. Approximately 12% of the portfolio is in the low income housing apartment type of structures and we also have a credit strategy which is a private credit structure where we make loans to properties. These make up the real estate portion of the portfolio and both are relatively illiquid. They report performance late and often you will see all zeros, then you will see the numbers the next report date. Typically, they are about a quarter behind.

- Report from the Associate Vice President, Tammie Ridgell
Referring to the month of October, 2023
 - Looking at the overall status for UCorp reflected in the balancing and income statement and spending the bulk of our time on 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
 - Highlights on the Financial Report for the first four months



- Sources of revenue are the IDC coming from grant contracts or ASF which is UCorp's administration fee that comes from our programs and revenue received. This is the actual revenue UCorp earns.
- Close to target range of budget or 4% to 6%
- Our business services income from our vendors are at about 13% below budget due to changing of the rental structure. Once the negotiations are completed with food vendors space rental some of those vending spaces will be less than the 13% below budget and it is not reflective yet in the budget versus actual. Another factor is that we are missing months. August and September we missing since the contracts weren't completed yet.
 - October number on shops performing relatively well. Healthy-U and lobby shops performing ahead of budget with the exception of Open-24 (decreased in revenue)
- Overall positive performance in revenue
 - Lobby shops – 9%
 - Healthy-U – 4%
 - CTRL-P – 18%
 - Open 24 – 50% down from budget
- Expenditures (not much out of alignment)
 - Legal is a bit high of budgeted
 - Due to consulting our attorney regarding agreements and some personnel consultation and payment for faculty patent and did not include the cost of \$4,500
 - Insurance is a bit higher than budgeted as we did not include an additional \$11,000 and as a result it is under budget by \$11,000 because the actual bill for insurance was \$51,000 and it's the difference in terms of what was expected
- Operating Expenses
 - Trending a little higher both for our business services and our central office through the first four months
 - Business Expense activity may be higher, due to the projection is really just remaining portion of the budget and will need to look at this closer
 - Central Office expense is also trending higher and this needs a closer look as well
- On target nothing alarming with being slightly under budget
- University support is also coming in slightly higher than budgeted of \$75,000 and this is primarily related to additional support that we have provided in the form of President's Gala, Hall of Fame (purchase of table), hospitality items that have been paid on behalf of the university.
- Investments through October
 - There is a deficit recorded at \$1.3 million through the first four months
 - Investment numbers fluctuate dramatically from quarter to quarter or month to month depending on what is going on with the market and really since Covid. It is not unheard of that probably we have recovered all of the \$1.3 million that is currently shown through the first three months of first four months of the fiscal year.



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- Gross Profit(revenue minus cost of goods sold) is slightly down and under budgeted due to cost of goods sold:
 - CTRL-P – no new purchases
 - Healthy-U – purchase of goods to generate sales
 - Lobby Shops – purchase of goods to generate sales
 - Open24 – purchase of goods to generate sales
- Report from the Director of Operations, Chris Farmer
 - Progress in Business Activity
 - Self-Ops
 - 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. Within the next couple of days, you will see a selection of basic needs products with the partnership with Health Promotion and Wellness and collaborating on an effort to make some basic needs more available that they are already on campus by adding them to OPEN-24. The charge will be \$0.25 cents each and these are hygiene products and related items. Health Promotion and Wellness will be promoting them as this will encourage traffic to 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
 - **Food vendors** – 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 good sense of what activity looks like on campus and hoping to continue growth with increased enrollment and increased residential population. Good news, most of our vendors have amendments signed, waiting on a few. One large vendor has been on campus for quite some time and have been negotiating rent level with no success of an agreement. UCorp has brought our rent level to the lowest possible and still no agreement. Just wanted to inform the board of this issue and to find the next steps with this group in future meetings regarding this space and it's use.
 - **Science Café** – UCorp received one proposal and have shared with our three new student members and some other colleagues. Needing some feedback, before



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starting to work with our vendor partner. In the coming weeks and hopefully bringing that to campus this Spring.

- **Chase ATM** – Banking partnerships – Chase downsized from two ATMs to one ATM and we were just notified that they will be exiting their last one as well. December 15th will be the removal date and there will not be Chase ATMs on campus.
- **New Vending Machine** – working to replace the Chase ATMs space with a pilot of new vending machine(Google Vending Machine). Will carry Google pixel products like phones, glasses etc...SF State is one of the few pilot places to locate these Google Vending Machines. This is a replacement of the rent collected for the Chase ATM machines
- **Wells Fargo ATM** – Wells Fargo Bank has decided to also downsize it's ATMs, from two ATMs to one ATM. Still more to come.
- **Decreased Activity on Campus** – definitely campus activity has decreased and this is a sign with our banking partners, in terms of cash. So we are working with our partners as best as we can to retain these partnerships
- **Bookstore** – last time we mentioned an idea to hire a new Course Materials Ambassador as a possible solution to help bridge the problem with Faculty/Student and Bookstore communication. Husam Erciyas, Downtown Campus Director of Operations will be working with Follett. Husam has spent many years with our former bookstore partner and some years with our current bookstore partner(Follett). He knows many across campus and has a great network on contacts. UCorp is excited to welcome Husam in the Course Materials Ambassador role.
- **Bookstore and ITS** – working on linking IT with Follett as this issue was brought to UCorp's attention. with ITS to support Follett
- **Pricing in the Class Schedule** – perceived as higher costs than they really were. Working with two groups to find a solution that will allow to provide information in the class schedule, but not have it overstate the cost the way it has been.
- **Meeting with Strategic Marketing Team** – the meeting is to look for a way to add a link directly to our campus bookstore from our main SF State page. This will help to get a better connection between the main page and our campus bookstore.

Rob: stated that Husam was a great addition and a perfect fit. Will this position be employed by Follett or UCorp or is it a shared position?

Chris: responded that the Downtown operations have decreased and the position is a mix of state side and does some work in different areas. Since our move to the new downtown location, this position has more time as the operations have been smoother. This will help our need and feel that the work is covered in terms of cost. So there will be no additional cost to UCorp and will benefit the campus and our partnership this Fall and really keep them able to continue to provide service to the campus community.

Rob: stated that it's a good position to have as true advocate for faculty and students.



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Chris: added that it is helpful to follow-up and it really is a big help to our faculty in terms of finding materials they feel are right for our students.

Rob: asked about non-store retailing and attending the National Automated Merchandising Association Convention being held in Dallas on May, 2024. There has been changes in the industry and the changes have gone at the speed of light. There could be opportunities for research in terms of space use for the Science Building Café and potentially all over campus. Opportunity to find the latest cutting edge and self-service technology automated such as staff less retailing kiosks, vending machines etc.. Well worth the time to attend.

Chris: stated that the conference is a great place to research as OPEN-24 was a solution to an empty space. CSU campuses, vending companies are definitely a big part of the trade show aspect and it is growing.

Trevor: asked if the board should be paying more attention/concentrating on to the bookstore issue?

Chris: responded that generally, yes. We should all be thinking about this issue as we are in the short term trying to do everything to make sure our partners know they have our support and that faculty and students are getting what they need from our partner as we try to bridge those gaps that have surfaced in the recent years. We have time as Follett has resigned with us for the next two-year commitment, so there are opportunities to discuss as a group, to better serve our campus community. Hussam will play a big role as we start to link up some of the efforts that are already in place today.

Anoshua: added she is excited about Hussam's role and her concern with the access program as the pricing needs improvement.

Chris: responded that he understood and will work deeper on that. The idea is that when a student sees a course in the class schedule, that is identified as an immediate access course. It is suppose to tell them that the cost od that material will be.

Anoshua: added that is should be the least cost option and that is not what is happening so it needs to be corrected.

Chris: will definitely follow-up with more information and your feedback is appreciated.

Anoshua: responded that she will be happy to share examples and share publishers who are willing to work with lowering costs to faculty if it is a large number of students in a class.

Yessica: Chris, you mentioned a \$.25 cent charge and can you elaborate?

Chris: responded the OPEN-24 vending machine has a selection of drinks and snacks and the like as well as convenience type of items. Health Promotion and Wellness came to UCorp and asked if we could help support their basic needs initiative by having some of those items available to in OPEN-24. These are items that are often given for free at their office/Student Health. Typically those offices are not open late evenings or on weekends and therefore we have offered to put them in OPEN-24 as another kind of handy alternative to make the products available since they are really needed. We are not able to vend them for free and literally cannot do it in the vending machine since there is no way to activate a sale like that, this is why the \$0.25 cents is charged. This furthers our support around basic needs and for our community.



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We are working with the company to add a feature that can support credit card, debit card cash or coins.

Yessica: stated that it is worth exploring this as not everyone carries cash or points. It can be beneficial or easier for the students to access their ID card.

Chris: Agreed and added that one reason on why the \$0.25 cents is added is to cover the fee every time someone swipes their card and this amount covers those fees.

Trevor: Yes, we do have to be fiscally responsible

Report from the Executive Director – Jason Porth

Jason: re-emphasized that we are getting rid of all the plastic bottles on campus and shared a slide of what the new version of the aluminum bottle will look like and available to the campus community soon.

- **Vendors:** Chris and Andrew have been working extremely hard to do everything possible to recognize that our vendors are going through a very significant challenge, financially. Partly due to things under our control, such as rent they pay but much is due to things outside of our control like increased minimum wage in San Francisco, which we support our employees and in turn expected them to support their employees. Cost of a trip to the grocery store is much higher now and our vendors experience this too. All of their costs have gone up and many of them have just found it impossible to make it work. Coupled with lower campus population, this has been very difficult for them. Majority of the vendors were extremely grateful that we did not college rent during the pandemic and that now we are dramatically reducing rent going forward, this has set a new bar in going up rather than trying to go back(pre-pandemic). This is to say that we feel we have been great partners to our vendors. Chris had noted that there is one vendor that we are continuing to negotiate and frankly we cannot go any lower without subsidizing his operation, which would not be good. As a result we might lose this vendor and feel disappointed given this vendor has been with us for about twenty years. Please know that we are doing our best and will keep you informed.
- **Sierra Nevada Field Campus:** met with Carmen Domingo, Dean College of Science and Engineering, colleagues from Advancement and Darrow Feldstein, Director Sierra Nevada Field Campus and ongoing talks with the not-for-profit corporation called Friends of the Sierra Nevada field campus. They started this organization a separate 501, and all the money they raise comes to SF State field campus. However, it is a bit awkward as we love the support but they are deciding the priorities instead of what we would like to see accomplished first. It gets more complex when we prioritize a safety issue versus what they want instead. Darrow is making great strides as he is meeting monthly with their board. We are now combining our fund-raising efforts and all of the funds they raise, would come to a UCorp account. So this is a great breakthrough and they recognize that we would decide what is a priority. All of this is mostly due to their new chair, who used to be one of our colleagues and has since retired, Michael Vacey. He has taught at the field campus and lives close to the field campus and feels warmly towards the place. He has worked very hard to



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align the work of the Friends with the work from UCorp to further the activities there. Heading into the right direction and wanted to share this with you.

- **Manzanita Square:** we don't talk about this often and wanted to give an update as it is one of our largest projects. It is not fully occupied. We have heard from the owners of the building, American Campus Communities that they had a concern and wanted you to know. The owners think that it should be 100% occupied/full. Our arrangement with them is that for our students who reside there, it should be fully occupied as it is considered a university building. So much so that our students, when they are filling-out their licenses for housing, they do this with our SF State housing team. It is handled by SF State. If they need a light-bulb changed then it goes through American Campus Community, as this is considered part of the building maintenance. This is in place. The building is taken care of very well, better than our SF State Buildings. The concern is that they have been displeased with the fact that the building is not fully occupied 100%. Instances are that a student might leave for any reason and sometimes we permit those instances as "intent to vacate". If someone decides to leave the university for academic reasons or financial reasons, they can leave their license and can walk away from the responsibility. However, if someone decides to leave early to go live somewhere else, then they should not be allowed out of their lease so quickly, just as if they were leaving-off campus as you sign a year-long lease you are going to be held to it. So there have been instances where American Campus Communities, where if they have not been able to re-fill the unit then they are left holding the bag and then paying the cost. So they want SF State to do better on filling the vacant units. Making sure that when a student commits to having a room at Manzanita Square that they recognize the responsibility that it is a full year license and not a ten-month like it has been. Following on how most places on campus have been operating, it's an actual full year agreement. Working closely with housing, dining services, conference services and residential life to make sure that as students are signing those license agreements they recognize they are signing a full year commitment/agreement. Please note that if ACC continues to be displeased with SF State they can take over the marketing and licensing, which would be that the licenses are signed by ACC and not by housing, dining nor conference services. We would still be getting the revenue for owning the land however, the potential change would be that amount that housing gets paid for managing that part of the work. So these are financial ramifications and more importantly there could be programmatic ramifications. Ultimately we want our students to feel as if they are living in a university building. There is every reason to believe we will get it right and wanted to share this information with this group. Essentially there is no real risk/liability to UCorp. Our role is to collect the funds from ACC distribute them to the university after taking our management fee.

Rob: stated that he cannot see a liability for UCorp.

Jason: ACC is a huge company at no risk of any sort of default or anything similar. Worst case scenario is, they can say we want to do the leasing directly to students and not have us do it.

Mike: Jason, you indicated that they are interested in 100% occupancy, but that doesn't always happen. Where are we now and how close do they actually insist on getting? What gets



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students prefer location besides maintenance what gets students to prefer that location so much that they would sign a twelve-month lease if they are only at SF State for ten-months?

Jason: Responded that all students are expected to live twelve-months on campus. Whether they are taking classes over the summer or working over the summer or elsewhere. They are most welcomed to be there for the full twelve-months. Regarding the prefer location is that it is a new building, an attractive building, close to public transportation, it offers different levels of privacy from studios where you have your own unit to more shared spaces. These are apartment style units and they are more affordable than off-campus apartments. Regarding the occupancy rate they want to see is 95% and we are at 93%

Yessica: stated- the vendor leasing spaces and vacant spaces, on the first floor are managed by ACC and are their responsibility, UCorp suffers no loss and no impact financially including parking.

Jason: shared bad news that there has no progress in identifying new tenants. It's just a rough time to try to fill those spaces. They have tried to fill the biggest space with some sort of grocery retailer the space located by the corner of Holloway and Varela and have not been successful. ACC has tried and no letter of intent have been signed as this would indicate that there is interest in that space.

Kal: asked if there was a "waiting-list" at one point for Manzanita apartments?

Jason answered that yes, there was a "waiting-list" in effect for the entire campus of nearly 3,000 students. So there is much happening since, with the significant decline affected by the cost of living in the Bay Area, hybrid class schedules with students and making the decision not to live on campus and there must be more significant other reasons for this decline. There are actually vacancies not just in Manzanita, but also University Park North which is our Faculty and Staff housing program. It is confounding to go so quickly from having a very long "waiting-List" to having openings.

Kal: asked a follow-up question- are there plans for housing projects in place as will to expand housing?

Jason: Yes, the campus physical plan. Ideally, had us growing to up to 40% of our students living on campus. Many students, many universities try to at least house 25%. We are just south of 15%, so we believe there is not desire. However, the question is, can you do it for an affordable price and the cost of construction makes it very difficult to deliver affordable housing. This is the West Campus Green project I mentioned. It will have 750 affordable beds to campus. Monthly cost so \$900/month, which is far less that what we are currently offering, or what students would pay to live off-campus in many circumstances. This has been possible from grant money, from the state. Meeting with the president's Chief of Staff, local Assembly member and the Budget Chair for the State regarding an interest-free-loan program for student housing which they are starting and we are applying to add a renovation for Mary Ward and May Park Hall and turn some of the beds from doubles into triples. This would have interest free loans to do the work, increase the occupancy and lower the cost dramatically, which would allow to serve more students. We have heard from our students saying that they would rather pay less even if it means giving-up some privacy.



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Rob: recalled that Stonestown's master plan includes more rec area and thousands of residential units on the west side portion of Stonestown.

Jason: confirmed that the west-side will become six to twelve stories with housing units. Sending a link to the community meeting taking place on the 13th from 6:00pm to 8:00pm

Anoshua: asked if all units are for rent, as faculty and staff can take advantage of this?

Jason: Details have not been disclosed, yet.

Ersa: asked about the decrease in funding from the state by 5%. Campus will have limited facilities and limited classes as well. Regarding the expansion of housing, will our plans hinder or get delayed because of this?

Jason: believes that our original planning around adding so many beds is unnecessary. Now, we need to add beds and housing for faculty and staff and students, not to the extent, originally thought. The last physical plan called for 30,000 full time equivalent students and we are nowhere near that number. We are going to be a smaller university and we need to plan for a better use of our existing spaces. We have classrooms that sit empty and have many facilities that are not being used to their potential. We need to do a better job with the spaces we have and not add additional footage to the campus.

Trevor Adjourned at 4:27pm