Board of Directors Meeting
Monday, April 29, 2024
3:00pm to 4:30pm
via Zoom

Brian Beatty    Yessica Gonzalez Gudino    UCorp Staff:
Neil Cohen    Tammie Ridgell    Rosa Barragan
Anoshua Chaudhuri    Kal Salama    Chris Farmer
Ly Chau    Trevor Getz    Andrew Lok
Janey Wang    Maggie Woo
Michael Goldman
Jamillah Moore

Meeting called to order by Trevor Getz @ 3:02pm
o agenda reviewed; approved unanimously.

ACTION: Board of Directors Meeting Minutes for March 25, 2024; approved unanimously

No Public Comment

Constituent Reports –
Academic Senate is concerned about budget issues and changes to general education and what is on the way.
Trevor: asked if these are two different issues or are they the same?
Mike: stated that they are two different issues.

Nothing from Associated Students - no representatives present

- Report from Finance Committee Chair, Kal Salama
March, 2024 report
  o Quick overview—in continuation from last meeting any questions regarding cash reserves, Amalgamated Bank, will be postponed until Tammie goes over her report on this subject. Secondly any questions on investments related to weapons manufactures or Israel, will also be addressed in Tammie’s report.
Fiscal Year to date Portfolio:
  o Looking good, we have three quarters of the fiscal year behind us and it looks like we are gaining about $2 million and about 7% for the fiscal year so far.
  o April, 2024 was a choppy month and we have two more months left in the fiscal year, however, on a good track.
Real Estate is in the alternatives line primarily, including a credit piece that is mostly real estate, and has not reported yet. Looking at the indexes they have been down (real estate indexes) year to date and the portfolio about 8% fiscal year to date as well. Expecting more declines in those portions, but do not know how much more. It is impossible to tell right now.

Overall the portfolio is doing well, 7% is above budget, but still there are a few more months to the end of the fiscal year:
- Equities are performing well (14%) fiscal year to date and almost 8% since the end of the year.
- Economy is performing better than expected, and it is not slowing down. Companies are working their way around higher interest rates. Consumers are still spending and companies are still delivering earnings.
- Fortunately from Beacon Pointe’s positioning, our bonds have not decreased in value. They have been flat, which is good, as they are short term bonds and so they don’t lose as much value when rates increase.

Report from the Interim Director of Finance, Maggie Woo
Referring to the month of March, 2024

FSR (Financial Statement Report) begin with a few variances not discussed before and will move onto investments
- Noting: net assets that UCorp holds for programs and managed as well are about $42 million
- Noting: revenue – IDC/ASF and Food services/other are either ahead or on target of budget.
- Expenses
  - Consultant expenses are 64% above budget due to vacancies in accounting, for this fiscal year

Investments through March, 2024
- First eight months of the year, as Kal talked about, UCorp is running ahead of budget. UCorp is projecting that the remainder of the year, using actuals, plus the remaining percentage of the remaining budget, there would be 59% higher than what was budgeted for UCorp’s investment income, which includes interest from LAIF as well as dividends from the portfolio.

Gross Profit
- CTRL-P – revenue is up 2% from budget, but 7% ahead of last year
- Healthy-U – revenue slightly down, 4% from budget, but 49% ahead of last year
- Lobby Shops – revenue is 9% over budget and 19% ahead of last year
- Open24 – revenue is down approx. 45% and trending downward

Janey asked: Can you elaborate or explain on net assets?
Maggie responded: the net asset portion of my presentation is about $42 million for the programs under UCorp management, this was worth noting.

Trevor asked: when filling an employee spot with a temporary individual that person is categorized as consultants?

Tammie responded the temporary employees are hired through Robert Half

Trevor asked: this question if for Chris and maybe for his presentation: How long is Open 24 continuing? How long does it make sense and is it worthwhile?

Chris responded: it is still a good service and will touch on this in my presentation.

- Report from the Director of Operations, Chris Farmer
  - Progress in Business Activity
    - Starting with the question of Open 24: unfortunately it was vandalized. Touchscreen was damaged to the extent that it was not usable and have been down for the past two-weeks. A new screen has been purchased and installed. This has been the first time this has occurred in a period of five-years and there is no real concern that this will be ongoing. Open 24 is back-up and running. To answer your next question Trevor, Open 24 is really at a point where it is a service. It has not been as profitable this year. In the work to replace the screen we identified something very significant: the internet was connected in a way that was not ideal as people were having problems using their card and have corrected this issue and have seen our sales over the weekend double. This seems to have impacted sales over these last months. I think that there will be progress going forward. So, with the internet working and increase in sales Open 24 will get back to where it was. Let’s wait and see how this change will impact Open 24.
    - CTRL-P is doing really well as we are seeing increased revenue coming in right now and as a result a third employee has been hired as half-time. Essentially we now have two and a half-time employees, to handle the increased work. A large format printer(used for big posters and such) has been purchased for the core work being done. This replacement has been paid in one-week of profit and think that this is a great investment. In addition to this purchase, a folding machine has been added as well. Previously, the folding has been done manually. Due to increase in work this addition will help get the orders out more quickly and no more manual folding. To get an idea of the scope, CTRL-P had the highest revenue in April. Historically May is the busiest month and will continue to be. Housing alone ordered $17,000 in printing, from banners, brochures and posters. It looks like it is going to be a great year for CTRL-P.
    - Bookstore update: our main contact(Chris Rose) who is the Market Leader was let go, due to reorganization. UCorp was not included in the decision making process, otherwise we would have highly recommended him to stay. His replacement is now Sarah Meeks. She had worked with Rob and I years ago in the Franciscan Shop. She will continue to oversee several bookstores and her main focus will be SF State. Have met with Sarah and she is up-to-date on the issues, and the progress made with Follett.
      - The store is down 20% from previous years
Mike Goldman has communicated to me that Follett is past due about $9 million with the publisher. This has not been confirmed and we will take this lightly as Follett is a huge company. They have over a thousand stores and with $9 million past due, what does this mean to them. We will keep you updated.

Considering having our market leader(Sara Meeks) attending student orientations this Summer. This is a good way of connecting with the students and informing them of the bookstore. Hoping to have her in the orientation webinar as well. Working on some informative slides. We have met with Sara and new meetings every two weeks. The meetings include Sara, myself and Husam(Materials Ambassador) and a few faculty members.

Working with Mike Goldman and Academic Excom to also do a presentation and inform the faculty about immediate access. Knowing what the students need to know is important and faculty can help, support with knowledge of the bookstore.

Working on informative slides to go to the Dean’s Council and the Chairs Council

Clarifying that there may not be someone there to answer questions and the slides will be clear and informative, that will have QR codes and want people to come back to the website. The website needs work, and we are working on this as well.

Hussam is a great addition to our team as he is on the faculty side, which he was not when he initially took the role of Materials Ambassador. We are working on resolving the issues at hand and making immediate access accessible to all.

Hussam is meeting with a professor who expressed concern that his students’ access was removed after four reminders to pay their fees. Working to resolve with Follett. We are bringing this issue to the committee to be aware that we are working on pinpointing faculty that are not happy and addressing their concerns.

Mike: stated that there is a group concerned about low-cost to no-cost of books of course materials. Do you have any way of tracking items like these? Can the bookstore track the no-cost use to get an idea of what individuals are paying for their books and what the average is for the cost as well as the progress from year-to-year?

Chris: responded that yes, Follett has that data and can provide. There might not be much data on low-cost to no-cost. Wanted to note that immediate access is the lowest cost option available for course materials. This is made available to students on the first day with an opt-out section. We can help to request that information.

Anoshua: stated that publishers are very interested in helping students to lower the cost as well. When you ask as faculty, they often give three to five free codes for students who are struggling. This is something faculty can do to help students by just asking the publishers.

Chris: yes, this is good to know and will mention it and report back.

Report from the Executive Director – Tammie Ridgell

Cash Investment Policy:
Discussion took place during the last Finance Committee around our idle cash and it was determined that we should implement a Cash Investment Policy which will provide policy structure around idle cash. This was initially brought-up by Jason to the committee. The discussion was on how to best handle idle cash that currently resides in LAIF and obtain a higher yield. A comparison was done by the committee on various options that UCorp could use to obtain higher yield on it’s cash. UCorp did not have a formal structure for bringing that forward to the committee to consider. Kal did research and brought forth to the committee on how to properly handle the idle cash. This would be with a Cash Investment Policy which would be built-out in our current overall Investment Policy, where we would state, how we segment and invest the cash. We are looking currently to implement the statement, with Beacon Point’s support.

Beacon Pointe has provided examples of how this is handled with other clients similar to UCorp by building-out their investment policies to include the cash management. Looking to define the segments and currently that would be the operating cash, which would be daily. This is based on UCorp’s business model in terms of the money that is residing in UCorp generally needs to be available at any time. There is no way of predicting when a program is going to spend all of their funds or just a part of it and therefore the funds need to be highly liquid, and they need to be secure. LAIF has been the vehicle for this almost since the inception of the organization, and the campus uses a similar vehicle to LAIF which states use. It is like a money market account, as the preservation of capital is something of paramount concern. This is used for cash flow purposes of transferring money in and out of LAIF, as needed.

Looking to add a reserve cash component for investing, which would be a little longer term and have a little more risk and would have the same parameters of preserving cash. This will have more risk, that it would expose UCorp, however, this would be for idle cash that UCorp will not be needing immediately. Could be six months to a year and can have higher yield with more risk. This will guide the conversation/discussion around the investment policy. This policy would be reviewed on a yearly basis to set and look at where to park the reserve cash for earning a higher yield. UCorp LAIF balance has grown from around $6 to $12 million during the year, being held during the year and usually ending between $4 to $ 6 million. Currently UCorp’s LAIF balance is at $20 million. This amount for the LAIF balance, has been driven by two factors:

1) Receiving a few multi-year grants, where we know the funds are not going to be spent in one year.
2) Foundation has changed it’s policy, it automatically disperses the funds to endowment spending accounts (campus programs and the scholarship funds) housed under UCorp and those funds could be dispersed all at one time or held longer. The figure dispersed annually is around $6 million dollars.

Cash spending also will help in our discussion not only internally, but it also will help the discussion for the Board when we move forward potentially a resolution to invest this cash,
whether it is with Amalgamated Bank or with another institution. It will help to provide that structure as to what we looked at:
   a) What are the requirements?
   b) What are the bank’s product/services?
   c) What about due diligence and issuer concentration?
   d) Other things as well

This item we could bring to the Board for approval in May or June, but mostly likely, June, 2024 due to budget presented in May.

Kal noted that we as a committee are taking a step back because there were so many questions from the board around the decision on how Amalgamated Bank came about. It was noted that we will be sharing with the full board is that the relationship with Amalgamated Bank did not come through Jason, but was recommended to him from our VP for Advancement when he met with Amalgamated Bank during one of the fundraising efforts for the university. Amalgamated Bank mentioned how they invest their funds and their community service. Jason wanted to also provide clarity to the full board. This will be done at the next board meeting. All of this had been discussed without framework with this committee in September. Since Jason’s departure it has been more evident that we did need to have a structure in place that makes it clear how decisions are made and UCorp is not just making decisions based on relationships.

**UCorp’s Investment Holdings:**
A question came up form the VP for Administration and Finance regarding investment holdings or investment holdings of the university. We have not been asked to divest but are asking what our holdings were in reference to Israel. UCorp has reached out to Beacon Pointe and have asked them to review our investment holdings. This is an assessment of our portfolio or indirect funds of companies that fall into doing business with the very broad category of Israel. This is not a question that we just answer in that broad context. This is why we have asked Beacon Point for an assessment in order to evaluate our holdings in companies that invest in weapons or things of that nature. We have not been asked to divest, however UCorp has a direct exposure or to assess as well to alternative investment options. The assessment will include minimal impact on UCorp’s holdings.

**Kal:** added that being proactive in case someone asks whether we are addressing this issue or where we stand is better than not having answers at this point.

**Anoshua:** asked any idea on what the risks are?

**Tammie:** replied that it is hard to tell what companies have direct or indirect exposure to funds that implicate Israel/weapon investments. This is where Beacon Pointe comes in to prudently suggest to us what companies we want to do business with and look at it from a closer lens as opposed to a kind of broad scope.
Kal: clarified that direct holdings are large cap, mid cap and small cap under Aperio. US components are direct holdings of US companies. It’s important to know the difference between direct holdings and indirect ones.
Trevor: at least we will have some answers in case we are asked.
Kal: we have been asked these questions before, so it is good to go through this exercise as we don’t have all the answers.

Trevor: called for adjournment at 4:13pm