



Minutes of the Finance Committee Meeting – Tuesday, February 23, 2021

Attendees:

Gene Chelburg (joined @ 11:25a)

Neil Cohen

Bonnie Li Victorino

Jay Orendorff (joined @ 11:41a)

Jason Porth

Kal Salama

Guests:

Mitch Hughes, Beacon Pointe

Felix Lin, Beacon Pointe

UCorp Staff:

Tammie Ridgell

Maggie Woo

Anthony Victoria

- I. Called to order, via Zoom, at 11:03a, by the Chair, Kal Salama
- II. Reviewed and approved agenda, including schedule of future meetings
 - with modification shifting UCorp's report from AVP of Finance and Administration to occur before Beacon Pointe's report
- III. Approval of past minutes relative to November's & December's meetings, as well as joint meeting with Executive committee in November
 - Neil moved to approve, Bonnie, seconded, passed unanimously
- IV. Report from UCorp's AVP of Finance and Administration, Tammie Ridgell
 - presented FSR as of January 31, 2021, that included budget projections for remaining fiscal year, February through June
 - o Ctrl-P continues to perform over budget with Lobby Shop maintaining, and Open 24, down
 - o maintaining projection relative to fiscal year-end loss
 - o no significant changes in expenditures
 - o investment income through end of January at around \$3.6M and continues to outperform budget – a very good thing
 - Kal asked if Follett's projection through the end of the year remains reasonable
 - o Tammie replied that it is challenging to respond, as we are still waiting for the results due to Spring semester
 - o Jason added that even though UCorp is currently in the second year of a 3-year renewal term with Follett, consideration for the very near future needs attention as the outlook for bookstore operations does not really have an alternative
 - o Neil suggests that all parties be brought together to analyze and re-engineer operations, as University needs and uses may need to be re-defined to establish the purpose of a bookstore on campus
 - a plan is definitely needed to move forward and to stop the bleeding of revenues
 - o Kal suggested consideration of UCorp's board's Bookstore committee to begin to address the issue



- V. Report Beacon Pointe, Felix Lin, President
- presented results at January 31, 2021
 - o total composite at almost \$30M in assets
 - o actual allocation relatively close to targeted allocation
 - o unexpectedly up by about 14% so far for the fiscal year despite current COVID situation
 - o looking at upcoming challenges for four fixed income investments
 - equity portfolio is exceeding benchmark
 - o Aperio is doing well – even though small cap is underperforming, both large & mid cap are outperforming
 - o Boston Common has also done well, with focus on distribution
 - there is a new ownership in place and Beacon Pointe is watching closely
 - fixed income portfolio is performing in-line with expectations
 - o rebounded well and continuing to monitor selling activity
 - o TIAA rebounded quite well
 - o TIPS have done well due to increased inflation expectations
 - private credit strategies are relatively new in the alternatives portfolio
 - o a lot of money flowing to private credit
 - it's all about proper underwriting
- VI. Update on Line of Credit, Jason Porth, Executive Director
- another, and hopefully final, discussion with Bank of SF was held
 - o provided clear understanding of UCorp's balance sheet
 - o clarified UCorp's need for funds
 - o explained UCorp's GASB compliance and difference from FASB
 - Bank of SF to be submitting request and proposal for final approval
 - o wanted to know about campus reopening and UCorp's plan to restore revenues
- VII. Investment Policy Statement Review and Related Analysis, Jason Porth, Executive Director
- due diligence in our review of existing policy is needed versus just making changes
 - o is further clarification required? what is the work plan to be?
 - at this time there is no due date
 - o looking to & relying upon experts, such as Beacon Pointe and Kal for guidance
 - possibly look at other universities and/or auxiliary orgs
 - o current policy may seem somewhat vague, but that may be advantageous
 - Kal believes that due to past board discussions on this issue, UCorp would want to invest 'towards' the good/positive as opposed to moving away from the bad/negative
 - Felix asked what would be the focus of ESG investments, as seemingly within the industry there are more segments coming available
 - o Ethics Investments, out of Boston, consults and assists in directing investments towards identified causes/concerns
 - o ESG investing, though not extensive is predominant in Europe
 - o it is possible to utilize screening services, such as ISS, and, Sustainalitics
 - though widely used for negative screening to identify restrictions, this can also be used for positive-impact investing
 - preferences can be shared with managers
 - o need to decide what concerns are important or critical to overall objectives
 - Jason sees the challenge in trying to determine what is of most importance



- students, faculty, and staff will all have their own ideas, thoughts and targets
 - what does, or should, UCorp rely upon to incorporate into our ESG-screening?
- Felix believes it will take some time to process, so as to determine and possibly identify those key topics upon which UCorp should focus (suggesting gender equality as an example)
- Mitch stated that in getting too granular, UCorp could easily get lost
 - considering other options, such as identifying and targeting those alternatives or private investments that may be impactful
 - looking to positive investing in products/companies that advocate and foster concerns or causes, rather than outright eliminating investments
- Jason remarked that an ongoing campus concern is racial justice
 - asked for input, in terms of what next steps should be
- Kal suggested a few options in ensuring UCorp values are reflected in investments
 - possibly include a few specific areas of concern in policy relative to investments including assertion that managers will pursue these, or
 - possibly provide more of a generalization, less specificity of intent, including the encouragement of such pursuit
- in looking at section VI of the investment policy, Jason suggested replacing the 'prohibited' connotation to encouraging progress in focusing towards ESG, and an attempt to identify 3-5 areas of concern
 - also important to ensure a strong student presence given throughout this process
 - continuing to emphasize the President's 'positive investing, not divesting...'
 - share ongoing consideration of proposals with ASI student board
- Gene believes augmenting the current policy may be a good approach
 - further suggested committee members come to the next meeting with their ideas and thoughts for further discussion, so as to prepare for a subsequent presentation to the full board
 - echoes sentiment of the challenges UCorp may be facing, as the students are expected to be very passionate
- Bonnie also stated that it is important to tie-into the University's overall objectives, as well
- Jason summarily proposed that a list of items be formulated
 - give to the full board and survey for their thoughts
 - cautiously seek comment from the students
 - possibly present to the Academic Senate
 - use the feedback received to reflect ESG and identify actual areas to invest
 - resulting in update of section IV in policy

Meeting adjourned by Kal at 12:06p