



## Minutes of the Finance Committee Meeting – Tuesday, April 27, 2021

### Attendees:

Yvonne Bui  
Gene Chelburg (joined @ 11:26a)  
Neil Cohen (joined @ 11:24a)  
Bonnie Li Victorino  
Jay Orendorff  
Jason Porth  
Kal Salama

### Guests:

Doug Allison, Beacon Pointe  
Carl Chang, Kairos Investment Management  
Mitch Hughes, Beacon Pointe  
Anna Reese, Kairos Investment Management

### UCorp Staff:

Tammie Ridgell  
Maggie Woo  
Anthony Victoria

- I. Called to order, via Zoom, at 11:03a, by the Chair, Kal Salama  
Jay/Bonnie motioned/seconded minutes of March 23, 2021, finance committee meeting; approved unanimously
  
- II. Beacon Pointe updates with information preliminarily provided by Kairos  
Market update by Carl
  - most discussion as of late, is around inflation
  - continuing push and pull concerning government subsidy
    - government looking at and wanting wage workers returning versus continuing benefits
  - home prices skyrocketing, but this will come to an end
    - migration from downtown urban areas continuing
      - out-of-state tax incentives continue to attract new businesses/employment
  - price inflation on food and restaurants expected
  - activity involving energy supply continues to get pressure
  - fed focused on 2% inflationary target, maybe a bit higher, but not runaway  
Kairos Update by Carl
  - aim to keep cost of capital cheap
  - 2020 conservative approach in valuing portfolios
    - though property profile was performing quite well and collections were extremely strong
      - seeking more value in search for additional properties
  - Kimpact ESG programs met operating efficiency goals
    - social programs implemented throughout properties
      - proved successful; assisted in surviving pandemic
    - believes mark-up in first quarter is still understated



- inflationary environment leads to real estate investments - looking towards opportunities moving forward while avoiding possible pitfalls
  - Jay asked about excess cash concerns
    - Carl responded that savings rate is at an all-time high
      - a lot of consumer spending at the lower end of the wage spectrum
      - increased amount in savings on the higher end and with institutional capital
        - it will be interesting to see how this flows through/affects the equity market
  - Jay asked about opportunities in agricultural lands
    - Carl responded that Kairos is working on agricultural projects – environmental solutions for healthy living
      - currently trending with people getting healthier and healthy living leads back to agriculture
  - Kal asked about cryptocurrency
    - Carl responded that time is afforded to studying digital currency
      - indicated that if the fed believe in it, they would definitely develop a crypto program
        - as it does remain an important topic, now may be a time to move forward
        - looking ahead, cannabis may be, as well
  - Anna discussed and summarized Kairos quarter 1 fund report
    - Value Fund VI investment with a net IRR 5.51% and net multiple 1.07x with 16 investments made
      - year end 2020 audit occurring in first quarter of 2021 resulted in a 14% write-up to Fund VI portfolio
        - with the most successful properties located in Arizona and Texas
    - concerning Kimpact, at the end of quarter there are 21 properties
      - average rent collections performing well
      - currently evaluating a pipeline of \$465M
      - Carl added that there are discussions with three investment banking groups about taking fund public
        - affordability and ESG is being given a lot of attention at this time
          - portfolio is a good buy; consideration of monetization vs public exit
      - Anna reiterated previous mention of Kimpact ESG update and discussed report provided
      - Anna discussed and summarized Kairos' credit strategies REIT update in report provided
        - Carl commented that these were performing exceptionally well
          - focus is on first year mortgage originations
            - creating queue of new investors , but careful to not suffer from cash drag
- Kal, on behalf of the committee, expressed his appreciation for the information and update given by Kairos

#### Beacon Pointe portfolio update by Doug

- equity continuing to perform well
  - growth stocks did well during pandemic
  - 1-year numbers look ridiculously large due to a huge rebound from prior period
    - distorted due to poor return from first quarter in prior year
  - nice rebound on the international side



- small cap and mid cap have good performance
- tough fixed income environment as reflected by negative returns
  - Segall Bryant being closely monitored due to recent firm sale
  - TIPS outperformed general bond market
    - agrees with Carl, that inflation may benefit performance
- gold underperformed
  - inflation hedge relevant
  - recession hedge not critical at this time
- Kal commented that real estate only reflected 6 months
  - Doug stated that first quarter results were not yet available
    - added that real estate market with the stimulus is holding-up well

### III. Report on Corporation's Financial Status by Tammie

Presented FSR at March 31, 2021

- update given regarding adjusted revenues from Follett for the fiscal year
  - expecting approximately \$170K which is only 57% of what was originally budgeted
- concerning the CStores
  - Lobby Shop revenues 8% over budget
  - CTRL-P revenues down about 13%
    - expected increase in revenues to begin in April
  - Open24 revenues down about 17%
  - still projecting \$500K loss for CStores
- looking at the sources of revenue
  - although not typical, this year, UCorp's investments are contributing to the majority of revenues
  - the next largest contributor comes from IDC/overhead
  - revenues from business services, CStores and Follett are a very small percentage of total revenues this year
  - summararily, UCorp's original projected loss for the fiscal year has been reversed to a net profit due to our investment activity
    - Kal asked if all investment activity will be accrued for fiscal year end reporting
      - Tammie responded that monthly investment activity is not always provided in a timely manner and ultimately it may come down to the significance of amounts being reported, requiring a subsequent adjustment prior to completing the audit
      - Kal commented that the investments continue to perform well and the current \$4.2M investment income may still increase by June 30
    - Jason asked if the 'smoothing method' applied to investments should be reviewed and adjusted to reflect the increased performance
      - Tammie & Kal responded that smoothing is a mechanism that considers timing and is used in long-range planning for budgeting
        - actuals will continue to be reported, with performance increasing and decreasing over time, but the top or bottom of the smoothing curve will never be realized
    - Tammie also stated the important point that no liquidation of any investment nor use of the line of credit has occurred due to the performance of investments being able to sustain UCorp



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- IV. Report on Money Purchase Pension Plan Closure by Anthony
  - Follow-up with USBank and awaiting response on final steps, if any and acknowledgment of account closure
  
- V. Report from Executive Director, by Jason
  - UCorp to begin interim audit with Windes, our new CPA firm, performing said work
  - Planning has commenced on the UCorp's 2021-2022 fiscal year budget
  - Jay contributed that for Fall 2021, the plan is to have from 17-30% in-person classes on campus
    - currently, a return-to-campus work plan is being formulated
  - Gene informed the BOD that once the emergency status is lifted, vaccinations will be required for those returning to campus
    - but then tracking/monitoring becomes an issue and needs to be considered > maybe self-reporting?

Meeting adjourned by Kal at 12:29p