

- TIPS is recent addition, hedge against inflation, good/small allocation.

JAY: Commented on CPI and inflationary trends.

MITCH: Responded to Jay's concern stating CPI is a measure of inflation and in dealing with rising prices you look at the long term - will earnings catch-up or will prices go down?

JAY: Concurred - no real answer as labor cost are up, as well - annual portfolio gain 6% over long term and 7% over last 7 years.

MITCH (continued)..

Real Estate: credit strategy, loans yield 7.2% and happy with midterm and long term. Still waiting for final numbers but happy with the return in the next 2 quarters and happy with the allocations in real estate.

Discussed fees data and reminded that reports are always given net of fees.

KAL: It is understood that results are net of fees and typically we do not review fee structure as we are already aware of fee arrangement and rates. Also acknowledged rebalancing efforts to close-in on target equity allocation.

YTD Financial Status & 2021-22 Budget Proposal presented by TAMMIE RIDGELL

2021-2022 proposed budget used financial results as reported in prior two audits as a basis for estimates provided in budget proposal

- Projecting \$1.3 million in net income
- Grants & contracts revenue projected at \$88,000, up from prior year
- \$65,000 for program administrative fees for commencement
- Holloway project has an expected revenue of \$400,000
- Food Vending still impactful with only 40% rent to be collected for Fall, and 60% for Spring
- Anticipating \$117,000 revenues from student center vendors
- \$400,000 projected for Follett base rent, though still under negotiation
- As campus repopulates, expecting revenues in CStores to be up
- Expecting approximately \$1.1 in investment revenues
- As is typical, primary use of funds attributable to payroll costs
- Business service for bookstore will be down \$112,000
- Continuing with annual University support and campus cost allocation

JAY: Any consideration in campus cost allocation being reflected in revenues?

TAMMIE: Believes these are truly costs – indirect charges assessed by University as UCorp is paying for provided services

Graphic presented to further illustrate both sources and uses of funds

Graphic presented to illustrate smoothing of investments & how it is used for budgetary forecasting

KAL: Reiterated importance of using the smoothing process, even though it may appear to be very conservative when looking at actual results

TAMMIE: Agreed and confirmed an approximate 4.7% annual return to be expected next year, with an overall 7% 5-year return

Discussed projected capital outlays regarding \$150,000 for SNFC and \$150,000 for 'closing' the staircase in the bookstore

Presented reserve analysis for needed review to discuss requirements

- No funding for operational reserves in past few years due to deficit budget; proposing \$35,000 allocation for FY2022
- Plant reserves depleted due to UClub renovations; plan is needed for next few years to restore to required \$500,000 threshold

NEIL: Commented on the overall budget being conservative, due to changing nature of what may be expected in the coming year's planned repopulation of campus

TAMMIE: Concurred, stating that the majority of projected expenses are based on what we know, and what has occurred this past year

- Although still unsure of the many programs UCorp administers that provide us revenues, we hope the trend will be back to re-engagement and becoming fully operational during the upcoming year
- Will continue to be conservative going forward as there really is no useful comparative data
- In those areas relevant data is available, we will zero-in on being as exact as possible

KAL: Is the campus prepared if everyone shows-up?

JASON: Responded to Kal's comment:

- 3,000 students indicated that they were going to live on campus
- Vendors are aiming to open and will try to stay open based on campus community levels

JAY: Agreed with Jason's comments and added that projected repopulation growth may be slow; and looking towards June 15, with the state's plan of 'opening-up'

GENE: Fall semester face-to-face instruction is uncertain at this point.

KAL: Are we prepared to accept full schedule?

GENE: Yes, people want to be back to campus

YVONNE: There is a process to bring back faculty to campus

GENE: Asked what the bottom line is in terms of the proposed budget for next fiscal year

TAMMIE: Responded, that overall, UCorp projects:

- \$1.1 million deficit,
- \$1.7 million revenue,
- \$3.5 million expenses
- \$700,000 non-operating expenses (includes investment offset)

KAL: Asked for motion to approve budget

Gene/Neil moved/seconded to approve budget as presented; approved unanimously

JASON: Thanked Tammie & her team for their work resulting in a sound budget

- Also commented on how he believes this is appropriate to pass a deficit budget, as it is not indicative nor representative of UCorp's total assets nor truly problematic – rather this should be viewed as the UCorp positioning itself to get through the current and challenging difficult time

KAL: Also acknowledged Tammie and her team's dedication and their ongoing hard work as we continue to overcome the current and still unknown challenges

Meeting adjourned at 12:27p by Kal