



The University Corporation
San Francisco State

Room ADM 361
1600 Holloway Ave.
San Francisco, CA 94132

ucorp.sfsu.edu

Finance Committee Meeting
Tuesday, October 12, 2021
via Zoom

In attendance:
Gene Chelberg (joined @ 11:31a)
Bonnie LiVictorino
Jay Orendorff
Jason Porth
Kal Salama

Guests:
Felix Lin, Beacon Pointe
Tim Dubost, Nuveen/TIAA
Ivy Flores, Nuveen/TIAA
Carl Chang, Kairos
Anna Reese, Kairos

UCorp:
Tammie Ridgell
Anthony Victoria

Meeting called to order by Kal @ 11:02a

- agenda reviewed & approved
- approval of minutes of September 14 – motioned/seconded by Jason/Bonnie, unanimously approved

Kal introduced Felix for presentation by Nuveen/TIAA and Kairos

- Felix introduced Tim and Ivy, from Nuveen/TIAA
 - prior to presentation concerning Core Impact Fund, Ivy asked for preliminary questions
 - Jason mentioned the announcement from the CSU and their planned move away from fossil fuel investments
 - Ivy acknowledged what Jason had shared and turned the discussion over to Tim
 - Tim provided portfolio basics including the strategy description, benchmarks, etc.,
 - stated that the two categories of securities eligible for the portfolio include ESG leaders and impact investments
 - both have remarkable growth
 - further discussed engagement on impact issues
 - continually working with energy providers
 - discussed core impact fund characteristics
 - credit quality of portfolio is very high
 - modest positioning in non-US \$ securities
 - overweight in corporates due to increased opportunities
 - actual positioning => 42% in impact investments; 58% in ESG leaders
 - annual impact report measuring social & environmental outcomes to be presented shortly
- Jay asked about overlapping relative to ESG and impact investments, which Tim acknowledged and stated it is to be expected



- Kal asked about possibly engaging with fuel organizations
 - Tim responded that evaluation may occur if it was possible to support ESG/impact improvements and/or leanings of such organizations
- Kal noted the recent significant increase in issuance of “impact and ESG” securities on report
- Tim concluded his discussion commenting on the sustainability regarding bond markets

- Felix introduced Anna and Carl, from Kairos
 - Anna provided update to portfolio
 - Credit Strategies REIT
 - provided to-date information since inception including original commitment amount, distributions and net IRR
 - mentioned structuring partnerships with local regional banks
 - present focus on collateral and last dollar exposure
 - Kimpact
 - stated that invested over 4.5 years and provided updated performance since inception
 - continuing conservative evaluation during COVID
 - affordable housing environment is quite impactful
 - as bond equivalent/replacement
 - focused on cash-flows, return on dividend
 - Kal explained 3% cap rate relative to real estate means that offers Carl is getting imply a near doubling in market value.
 - Anna continued with Value Fund VI
 - provided similar updated performance since inception
 - there is normally a 2-3 year deployment with full harvesting in year 5-6
 - but current environment lends itself to fast-tracking process leading to early harvest
 - being more aggressive at this time is a good thing
 - Kal mentioned that in early 2022 approximately 70% of UCorp’s original investment will be returned and UCorp will need to look at other real estate investments
 - Felix asked what’s next
 - Carl responded that the plan is to continue to move aggressively
 - Felix segued to ask Kairos about Value Fund VIII
 - Carl responded that there is similarity to Value Fund VI
 - looking for 8% ROR
 - opportunities in off-market acquisitions
 - window of opportunity regarding retail real estate
 - also opportunities regarding multi-family real estate & construction
 - upon Felix’ observation/comment, Anna reiterated preferred return of 9% vs 8% due to Beacon Pointe’s relationship with Kairos

 - Carl mentioned that it is not a good situation looking forward regarding inflation; question remains as to what the Fed will do
 - Jay appreciated observation, and asked if the Fed actually has tools to address the situation
 - Carl replied that it is likely the Fed does not have all that may be needed, and resolution will be based on policy



- COVID and its effects remain impactful
- policy coming out of Beijing affecting supply chain is very impactful
- cultural issues also are impactful, as it is being found that not everyone wants to return to work

- Felix presented September 30 investment portfolio
 - explained total composite graphs
 - indicated small lag behind benchmarks due to real estate reporting delays
 - equity
 - year-to-date performance is good
 - Boston Common continues to outperform
 - fixed income
 - has done well over calendar year-to-date
 - TIPS doing well
 - alternatives
 - gold has not done well, but occupies small position
 - not playing-out relative to hedge for inflation
 - consideration may be given to replace with further investing in real estate
 - overall, there is a lot of volatility in markets

 - Beacon Pointe recommends \$1M capital commitment to Kairos' Value Fund VIII
 - Gene asked about the timing of this, & suggested to do this now
 - Kal supported recommendation and timing
 - Jason stated that a formal resolution is not required and no problem to proceed if committee supports this action
 - committee unanimously agreed to proceed
 - Felix concluded, stating that he will forward paperwork required for UCorp to allocate funds, accordingly

Tammie presented the FSR at 8/31/2021

- began by stating that UCorp's financial reporting is back on-track through end of August re: the balance sheet and income statement
 - month of September is still in process of being closed and results not yet available
- explained for presentation, the FSR is provided detailing data on UCorp's unrestricted funds
 - with campus reopening, focus will be on business services
 - but noted that the approved budget projections will be modified as rent continues to be adjusted during this Fall semester; plan is to have September reports updated with revised information
- continuing discussion relative to UCorp's C-Stores
 - though doing a little better as campus continues to repopulate, when compared to budget, revenues are down
 - this includes Ctrl-P, as that has been the most successful during this time of COVID
 - relative to expenses, UCorp is staying in-line with what was budgeted



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- it should be noted that the gains recorded in August will be wiped-out during September, due to market volatility
- Kal further clarified this matter

- audit has been successfully completed and submitted
 - no findings reported
 - full audit report to be presented to Audit committee with Windes
 - subsequent distribution of audit to full board will then follow

- update relative to UCorp rehiring of Diana Bonlla, into different position

Kal & Jason thanked Felix for Beacon Pointe's continued work and the guests he brought to the meeting

Meeting adjourned by Kal @ 12:33p