Finance Committee Meeting
Tuesday, April 5, 2022
Via Zoom

Yvonne Bui
Jay Orendorff (@ 11:57am)
Jason Porth
Kal Salama
Ly Chau

Guests:
Felix Lin / Beacon Pointe
Mitch Hughes / Beacon Pointe

UCorp Staff:
Tammie Ridgell
Maggie Woo
Anthony Victoria
Rosa Barragan

Meeting called to order at 11:05a by Kal
February 8, 2022 minutes reviewed - Yvonne/Ly motioned/seconded & approved unanimously

Investments update – Felix Lin
Ukraine crisis is weighing heavily
  o affects global markets
  o Russia’s impact is huge relative to its energy exports
  o inflation remains uncertain internationally, though impactful
Federal Reserve acknowledges inflation
  o raising interest rates
  o pulling liquidity out of market
  o hopeful that inflation to be lower in one year
  o projecting inflation at 5% this year, 4% at one year from now
  o working to get inflation down
    • cannot increase interest rates too fast, as need to avoid recession
    • next twelve months expected to increase interest rates to 250 basis points
      o 10 to 25 basis points increases re: mortgages and loans
Beacon Pointe is positioning portfolios to remain neutral
Kal is grateful for information provided by Beacon Pointe so soon, as we are so close to a quarter end

Investment portfolio at 3/31/2022
- net investments change approximately -1.8%
- Total Composite Summary
  - 3-months resulting in negative returns for both stocks and bonds
    - this is unusual activity, as typically when one is down the other is up
    - equity volatility usually worse than bond volatility
  - rebalancing continues
  - total composite/portfolio market value at $31.4 million
    - asset allocation => equity, 50.2%; fixed income, 38.9%; alternatives, 10.7%
  - investment policy strategies
    - #1 mandate – fossil fuel free
    - #2 mandate – ESG component
  - investment allocations
    - comparing to benchmarks – underperformance in Boston Common
    - fixed income – although consideration given to removing TIPS, keeping it has been good for the one-year performance
    - further discussed alternatives
  - with Beacon Pointe, cash-flow orientation and time horizon are considered

Felix recommends to take 25% intermediate fixed income to short term fixed income, due to the increase expected in interest rates; also noted challenges to find pure ESG/Fossil fuel free funds
Kal commented that UCorp’s social investing is exclusionary
Felix acknowledged, and offered treasury funds as an alternative
Kal reiterated that the current report is a snapshot of today’s activity, but UCorp continues to look at and consider long-term/future performance
Felix stated that although currently at late cycle, this may last for a longer time with slow growth and probably a recession to occur in Europe; therefore, recommends no huge movements in portfolio

UCorp’s Financial Status Report – Tammie
  - discussion relative to unrestricted funds over which BOD has oversight/authority
    - noted that FSR leads-up to the balance sheet and income statement
    - FSR at 2/28/2022 presented (March 2022 still being ‘closed’), with discussion concerning variances to budget re: under-performance and over-performance
      - G&C is over budget and by year-end, projected to continue to exceed budget
• program revenue is down from budget, but with year-end push regarding fundraising/donations, budget may still be met
• business services income results
  o reported an additional $46,000 that was not considered in our original budget projection
    • due to additional/unexpected parking revenues generated from use of Sutro space
  o lower level of campus re-population in Spring semester continues to directly affect performance of C-stores, resulting in underperforming from budget
    • Healthy-U reopened in February
    • although February results showed an increase, overall still expect fiscal year performance to be down
• discussed graphics and pie charts regarding self-operations revenues
• non-operating sources and uses discussed
  o investment income shows negative performance
  o investment income supports the bottom line and operations
  o typically off-sets budget shortfalls, though not through cash flow
  o line of credit was renewed to prevent liquidation of investments
  o further explained UCorp total revenue sources pie chart
    • investments are usually a larger ‘piece of the pie’
• noted that moving forward reports will also compare results to pre-pandemic
  o FY 2021-22 budget was originally approved with $1M deficit
  o now projecting a $2.7M deficit
    • no consideration of retail rental revenues given

Tammie informed BOD of Fiscal Year 2023 budget is now being prepared and will be presented shortly; as well as announcing the impending start of the fiscal year end audit
Yvonne commented that she noticed campus population waning and the scarcity of product in Lobby Shops, Healthy-U and Shop24. With the 75% repopulation expected for Fall 2022, what are the plans and expectations?
Tammie responded that Chris Farmer would know more regarding the expectation of future numbers to be on campus for Fall, but it is known that there will definitely be a “new normal” due to continuing hybrid scenarios – and, inventory levels will also be addressed as a continuing issue
Jason added that UCORP will have to renegotiate contracts with all vendors for the next fiscal period, as business continues to not be good for them

Executive Director report – Jason
R.E.T project will be winding-down
o BOD to expect a request for resolution to transfer remaining RET funds to non-profit that will assume this work
  • reiterated that there will be no loss to UCrop
presented resolution to be brought to full BOD regarding signature authority on banking investment and brokerage accounts

Tammie clarified that included Schwab account is relative to sale of securities (typically due to stock gifts)
Kal further clarified, that this is not UCrop’s investment program account

Meeting adjourned at 12:34pm by Kal