



**The University Corporation  
San Francisco State**

Room ADM 361  
1600 Holloway Ave.  
San Francisco, CA 94132  
[ucorp.sfsu.edu](http://ucorp.sfsu.edu)

## **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

- affects global markets
- Russia's impact is huge relative to its energy exports
- inflation remains uncertain internationally, though impactful

Federal Reserve acknowledges inflation

- raising interest rates
- pulling liquidity out of market
- hopeful that inflation to be lower in one year
- projecting inflation at 5% this year. 4% at one year from now
- 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
    - 10 to 25 basis points increases re: mortgages and loans

Beacon Pointe is positioning portfolios to remain neutral



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**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



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- program revenue is down from budget, but with year-end push regarding fundraising/donations, budget may still be met
- business services income results
  - 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
  - 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
  - investment income shows negative performance
  - investment income supports the bottom line and operations
  - typically off-sets budget shortfalls, though not through cash flow
  - line of credit was renewed to prevent liquidation of investments
  - 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
  - FY 2021-22 budget was originally approved with \$1M deficit
  - 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



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- 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 UCorp
- 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 UCorp's investment program account

Meeting adjourned at 12:34pm by Kal