



The University Corporation
San Francisco State

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

Finance Committee Meeting

Tuesday, May 3, 2022

Via Zoom

Yvonne Bui

Rob Strong

Jason Porth

Kal Salama

Ly Chau

UCorp Staff:

Tammie Ridgell

Maggie Woo

Anthony Victoria

Rosa Barragan

Guests:

Felix Lin / Beacon Pointe

Mitch Hughes / Beacon Pointe

Meeting called to order at 11:03am by Kal

- April 5, 2022 minutes reviewed; Jason/Yvonne, motioned/2nd & unanimously approved

Investment Portfolio Update – Mitch/Felix

- portfolio has had a difficult quarter -- worst quarter since 2020
- inflation increase has reached new heights
 - energy prices are a major factor affecting CPI
 - Ukraine/Russia crisis has contributed to this difficult environment
 - conflict is not the cause, but it has exacerbated inflation
 - as result, rates to be slowly increased several times over the next year
 - Feds to allow market to turn downward for short period of time
 - this will allow market to land softly
 - feds will try to avoid losing credibility in the market
- bonds have dropped as much as equity, and this is atypical
- Beacon Pointe has noted they are risk neutral to risk-off approach in upcoming months

Felix continues:

- total portfolio composite still illustrates good performance
 - monthly return is down -4.1 compared to the benchmark
- noted, though equity down, Aperio large/mid-caps are outperforming
 - continuing to keep a close watch on Boston ZCommon
- there are concerns relative to fixed income, but bond managers have done well
- alternatives doing well



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- Beacon Pointe recommends:
 - to take 20% of 40% fixed income & move from midterm to short term (represents 8% of entire portfolio)
 - move funds from Segall Bryant and TIAA to a separate Segall Bryant separate account
 - will hedge down inflation rate risk for 1 to 3 year duration
 - overall defensive measure not to take more risk

Kal clarified that Segall Bryant is separate account and fees will be less, as ultimately this is a shorter term

Jason commented that liquidity is not being affected

Felix said there are no issues with this being short term

Mitch added that it only takes two weeks to liquidate

Jason asked Tammie and Maggie if this an issue regarding accounting/reporting

Tammie responded that there are no issues with this

Felix stated that Beacon Pointe will prepare presentation, including fees and paperwork to affect change; and added:

- that China's lock-down is having an affect on the supply chain, adding to inflation worries as it is a period of volatility; and, there is more to come
- the Russia/Ukraine issue continues to be problematic

Kal acknowledged and appreciates Beacon Pointe's two-day turn-around

Jason concluded that scheduling finance committee meetings for the next year will be discussed, to provide adequate timing for month end performance reports to be completed

UCorp's Financial Status Report at March 31, 2022 - Tammie

- overall, budget projections remaining in-synch through third quarter
 - relative to G&C, IDC is over budget
 - currently, program revenues are under budget
 - but with upcoming commencement activities, more revenues are expected
 - food vending increased
 - noted slight improvement in spring re-population
 - as expected, investments are/remain down
 - overall projected FY deficit to increase by another million
- planned 2023 budget discussed
 - given current year's performance, IDC due to G&C will be increased
 - consideration will be given relative to restored/full operations for revenues due from campus programs
 - business services projections based upon expected campus population, 50% for Fall and 60% for Spring
 - consideration given to administrative revenue generated from Student Center
 - continuing Follette's flat fee for second year



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- need to balance-out incoming revenues and expenditures, so at least to break even
- hybrid scenario for campus to be considered in estimating C-stores activity
 - prices may need to increase to maintain profit margins
 - food trucks may return to campus in Spring
- audit fees increased due to unexpected work needed
- payroll services via ADP to increase
- salaries and benefits working at proper allocation of work and source of funds to adequately cover

Kal asked if projected costs may be tied to CPI

Tammie responded that increases in costs are typically tied to actual contractual obligations and no mention of CPI is present in said contracts

Kal asked if range of projected increases is 3% to 4%?

Tammie replied that other than ADP, this would be a reasonable estimate

Tammie also added that CPI is used in rents charged to vendors

- support to campus remains at \$75K as in prior year
- cost allocation remains at \$135K as in prior year
- smoothing model is continuing to be used regarding investments
 - linear graphs were presented and explained – smoothing vs actual
 - projecting at 1.3% conservative rate
- overall FY2023 deficit projected, however not as much as current FY2022

Jason acknowledged concern of board members who may not have experience or knowledge with financial activity and passing a deficit budget

Kal suggested possibly include present/current year's results and past surplus for bigger picture

Tammie acknowledged these points made, as well as the critical issue of the board wishing to spend

Kal commented that in good years, new processes may be desired, but need to remember how we survive in those bad years when operating in a deficit

Executive Director Report – Jason

- American Campus Community to be acquired by Blackstone
 - advice sought from CO/CSU and UCorp counsel
 - informed that right of first refusal not triggered
 - UCorp may need to sign Estoppel Certificate
 - suggested contracting with 3rd party inspector to evaluate building
 - review deferred maintenance status
 - continuing with great partnership after acquisition
 - no changes “on the ground” expected



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Kal commented on press release that Blackstone is working at this as a long-term investment

Meeting adjourned at 12:16pm by Kal