



The University Corporation
San Francisco State

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

ucorp.sfsu.edu

Finance Committee Meeting

Tuesday, November 21, 2023

via Zoom

Jamillah Moore

Ly Chau

Jason Porth

Kal Salama

Yessica Gudino

Janey Wang

Michael Goldman

Guests

Bill Thompson, Beacon Pointe

UCorp Staff

Tammie Ridgell

Maggie Woo

Rosa Barragan

Called to order by Kal at 11:02am

- reviewed & approved agenda
- October 24, 2023 minutes reviewed; Yessica/Michael motioned/seconded; approved unanimously

Investment Portfolio Update report by Bill – October, 2023

Highlights

- S&P 500 down 2.1%
- Stocks posted their third straight losing month
- The tech-heavy Nasdaq 100 declined 2.0% in October
- This marks the first three month-month losing streak for both indexes since March 2020
- Russell 2000 Small Cap index underperformed, down 6.8%
- The benchmark 10-year Treasury yield breached the key 5% level for the first time since 2007
- Federal Reserve left rates on hold, as universally expected
- Oil fell 10.8% in October despite the conflict in the Middle East
- Markets have been rough in October

UCorp YTD Performance

- portfolio value was just under \$30 million end of October
- Good November start
- Quarter to date portfolio down about half-a-million
- Portfolio has done well, due to diversification of investments

Kal: commented – just reminding everyone that Bill is used to seeing all these figures and that all the returns over one year are annualized. So when you see them you know that's 6% or 5% per year over 7 years. This is worth reminding that anything over one year is normally annualized

Bill: responded yes this is a good reminder and that all are net of fees as well. So all returns and balances net-out all fees UCorp is paying.



Action Items:

- no action items

UCorp's Financial Report by Tammie

First 4 months

- Income Statement
 - Revenue is pretty much on target
 - Campus programs – close to budget
 - Food vendors – 13% below projected budget
 - Due to new rental agreements and current negotiations – 50% to 60% rent from pre-covid
 - Banks stay the same
 - Retailers stay the same
 - Administrative fee:
 - Soft impact -Student Center food vendors rent
 - Expenses have increased
 - Insurance had a slight increase higher than budgeted
 - Faculty patent cost of \$5,000 expense
 - Legal costs are over \$4,000(budgeted) due to advisement regarding insurance
 - Support for University could exceed \$75K
 - Revenue has decreased
 - Investment loss first 4 months of the year at \$1.3million this can change at any time
 - Using the smoothing method you could see a recovery of the \$1.3 million by December as this is a changing amount
- Retail Operations
 - Shops performing well except for Open 24
 - As expected since we are seeing more activity for the food vendors
 - Lobby Shops have the largest share of the pie in terms of self-operation
 - Healthy-U is second
 - CTRL-P is third
 - Open 24 is fourth
- What is significant to note is that operations are ahead of last year approx. 74% and we see improvement in comparison to last year

Jason: announced that in working with Development Genentech has developed a strong relationship with SF State via their Foundation and have been very generous with the university in particular with the College of Science and Engineering. Recently received word that Genentech is going to be renewing their commitment to the university with about \$14million dollar gift, which is extraordinary and the money has a specific purposes in the College of Science and Engineering and with faculty and Biology in specific. The Foundation is essentially going to be changing how they fund things after several years. While this is a gift that will be spent over five(5) years. The money will be sitting as the College goes through the process of spending those funds and this is



good news for the College. There will not be a lot of indirect costs coming in off that grant. UCorp will have the resources, sitting and ultimately be spent down. This is a significant development and wanted to make everyone aware of it. There is no certain date but did receive formal notification that this is happening.

Kal: stated that this is great news and will this be invested as part of the investment portfolio?

Jason: responded that cash needs to be followed and UCorp needs to have the cash readily available as needed and it wont be needed all upfront. Ultimately at least partially invested. Tammie, would you agree?

Tammie: responded that if invested, UCorp would need to be fairly conservative as these Grant Funds will be spent as needed. Leaving this with the committee to decide, maybe there is a money market that might be better from the perspective of earning interest would probably be better than a true investment as this is to be paid-out in the next five(5) years.

Jason: responded in agreement as some sort of a cash or short term bond investment.

Kal: asked Bill for his thoughts

Bill: Yes, I would agree that it really comes down to the timeline of when those funds will be needed. Money markets are offering an attractive rate and accounts earning about 5% without taking a risk. If this is 3, 4, or 5 years out opportunities are there and could discuss with Siegel Bryant if you would want to manage a distinct account just for those proceeds in a very short duration and it comes down to just looking at the timeline for some increment yield.

What is the timing in getting the distribution?

Jason: responded that he has not heard specifically the timing and asked Tammie

Tammie: Stated that she has not heard, however expecting many emails on this process.

Bill: Sounds like there is time to plan for this money and there is plenty of options to place in a low risk account that will earn some yield. Separate from the portfolio

Kal: No risk as it's needed soon and should earn a yield.

Ly: asked if the investment yield goes back to the college?

Jason: responded that there was a discussion with the college about UCorp's investment staying with UCorp as it has been our funding model for quite sometime. This insures that UCorp keeps the lights on by keeping the interest as income with UCorp and UCorp takes the losses as well in instances where there are losses

Tammie: added that this relationship has been over five years with \$0 in IDC.

Jamillah: added that she was very impressed as Genentech doesn't often renew and the fact they have renewed is impressive as in other institutions that she has worked for and have given funds it is usually a one-time thing. Is the research and the work still going or is it just something they want to do?

Tammie: responded that this is a program that Craig Bayliss has built-out and Genentech has been pleased with the outcome of how the college has rolled-out the program which involves stipends and support primarily to students to keep them in the Stem Field and to keep them in research and to take care of them as they might not have other jobs. Because they are receiving stipends it is a kind of investment to the next generation.



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Michael: adding that this is probably a way for Genetech trying to establish a sort of long-term way to move some of our students into their employment and improve the pipeline of potential employees which will increase diversity.

Kal adjourned meeting at 11:40am