



Minutes of the Finance Committee Meeting – Tuesday, December 15, 2020

Attendees:

Yvonne Bui
Gene Chelburg (joined @ 11:30a)
Neil Cohen
Trevor Getz
Bonnie Li Victorino (joined @ 12:09p)
Jay Orendorff
Jason Porth
Kal Salama

Guests:

Felix Lin, Beacon Pointe
Mitch Hughes, Beacon Pointe

UCorp Staff:

Tammie Ridgell
Maggie Woo
Anthony Victoria

- I. Called to order, via Zoom, at 11:04a by the Chair, Kal Salama and the agenda was reviewed with those in attendance
- II. Report from Beacon Pointe, Felix Lin, President

Using report presented, favorable results of investment activity as of 11/30/2020

- although the current allocation versus the target allocation is slightly off, all is doing well => 7% for the month, 9.7% year-to-date
 - rebalancing continues
 - thus far, outperforming for the year
 - primarily due to equities
 - Boston Common exceeding benchmark
 - fixed income is tracking aggregate bond index
 - pushing-out maturity is advantageous at this time
 - given overall conditions with real estate, performance of alternatives is acceptable
 - looking forward & hoping for a good rebound
- overall, portfolio is doing well; with not including Boston Common, all is in line with allocation benchmark

Kal acknowledged the well diversified portfolio & good performance, and thanked Felix/Beacon Pointe for their effort & work that is benefitting UCorp

Felix commented on Beacon Pointe's continuing efforts, although ultimately no guarantee may be given

Felix directed the discussion to Asset Allocation/Class, proposing 50% in equities, 38% in fixed income and 12% in alternatives – which is not too far from present allocation



- inflation pressure is given consideration in the proposed asset mix, although no major changes are expected in inflation for about 3-5 years
- relative to alternative investments, it was noted that maintaining fossil fuel free investments is key, and this puts the focus on real estate
 - shared Kairos' document on Credit Strategies REIT, highlighting their performance and indicating that the current situation with banks hesitant to extend credit is potentially advantageous for the strategy, and should be for the next 3 years, or so
 - Jason received clarification that the price of gold is what is on the market, not so much the extraction of new gold

Jay acknowledged that the analysis presented was good and agreed with the recommendation

Kal asked about the timing of transitioning to the proposed asset class and concerns with rebalancing

- Felix responded that it would be a gradual movement with rebalancing continually ongoing

Gene/Jay moved/seconded a motion by the Finance Committee to adopt the asset allocation as recommended by Beacon Pointe; and this passed unanimously. This will be presented to the full BOD at its next meeting for adoption.

III. Report from the AVP of Finance and Administration, Tammie Ridgell

Presented financial report as of 10/31/2020.

- with regard to revenues, indirect cost and administrative overhead charged on UCorp's programs performed surprisingly well, investment income also is up significantly, and vending continues to be as expected per the budget (with a continuing deficit overall)
- expenditures remain on-track with the fiscal year budget

Jason mentioned that with the deficit in vending operations, caused by the significant decrease in business relative to the Lobby Shop, discussions have been had with management and HR regarding laying-off of a few of the long-term employees working there

- UCorp has done its best to keep them working, but it seems that as their hours continue to get cut, it would be more advantageous for them to collect unemployment

Kal commented on how a good annual return on UCorp's investments helps in narrowing a projected overall fiscal year deficit

- Tammie concurred and stated the critical nature and dependency on the performance of UCorp's investments

IV. Update on Line of Credit, Jason Porth, Executive Director

Jason reiterated that the Chancellor has the delegated authority allowing an auxiliary to get a credit line

- indicated that there is a public notice requirement, wherein the Bank of SF will be placing an announcement in a public newspaper relative to the credit arrangement with UCorp
- looking at January to complete the process in acquiring the LOC



- the collateral issue seems to have been addressed & resolved as there is no issue in terms of which assets are to be earmarked for collateral

V. Discussion of AS Board Resolution and Next Steps, Jason Porth, Executive Director

Jason summarized ASI's resolution regarding their ask of auxiliaries (UCorp & SFSU Foundation) to divest from any business/investments tied to Israel, as well as Pres Mahoney's response that does not support this position, and rather the auxiliaries:

- evaluate their investment portfolios and policies for strong ESG guardrails, with an eye towards the type of world we would like to live in, and
- to work with ASI in said evaluation process of investments, policies & practices

Jason suggested to work through defined UCorp BOD processes, as there is ASI representation on UCorp's BOD

- and taking the opportunity to look at positive/good investments, instead of focusing on divesting from the bad, could be a suggested approach
- Jason then asked for suggestions on how UCorp should engage ASI to accomplish this task

Kal's observations included:

- asking Jason and Felix if they have seen or heard of other universities facing a similar scenario – both replied that nothing recently has arisen
- commenting that protocol has always allowed for public comment to be made at every BOD meeting, should ASI, or students, wish to ensure their concerns are heard
- UCorp currently promotes socially responsible investments, but a further review relative to ESG, may be beneficial
- some consideration may be given to maintaining current holdings and pushing for positive change from within

Trevor agreed/recommended discussion with the full BOD, upon further investigation relative to current investments/policies

- to determine if update or revision may be needed
- and ensure the student reps on UCorp's BOD are engaged

Jason said next steps should consist of presenting this situation, along with the documents outlining UCorp's current investment policy, to the full BOD, with a subsequent charge to the Finance Committee to take the lead on this task

- Yvonne believed it best for the whole Finance Committee to be involved from the outset, rather than a sub group of the Finance committee

VI. Schedule of meetings indicated upon earlier review of agenda

Meeting adjourned by Kal at 12:24p