



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

**BOARD OF DIRECTORS**  
Thursday, September 10, 2015  
3:00 p.m. to 4:30 p.m.  
Administration Building, ADM 552  
**Franciscan Shops, Inc. BOD Meeting to follow immediately thereafter**  
1600 Holloway Avenue, San Francisco, California

MINUTES

I. CALL TO ORDER BY THE VICE CHAIR, Jo Volkert (5 mins)

There being a quorum present, The University Corporation, SF State (UCorp) Board of Directors was called to order by the Vice Chair, Jo Volkert, at 3:25 p.m. at San Francisco State University, Administration Building, 5<sup>th</sup> floor, ADM 552, San Francisco, California.

Board Members Present

Jo Volkert, Vice Chair  
Alvin Alvarez  
Troj Carleton  
Neil Cohen  
Jordan James-Harvill  
Jason Porth, Executive Director  
Michael Potepan (left at 4pm)  
Kal Salama  
Alison Sanders, Secretary

Board Members Absent

Edward Chavez  
Charlotte Ferretti, Chair  
Alexandra Kharmats  
Forest Klein  
Philip King  
Maureen Pasag  
Julie Taylor

SFSU/UCorp Staff Present

Constance Cavallas  
Chris Farmer, Director of Operations  
Andrew Lok, Retail & Commercial Services Manager  
Tammie Ridgell, Director of Finance and Administration

1. Approval of the Agenda

Jo Volkert called for a motion to make three changes to the agenda:

- *Strike Item II:* This agenda item was covered prior to the official start of the Board meeting. Chris Farmer and Andrew Lok presented owners of Asia Express, Frank and Shally Meng, with a certificate of appreciation for their 18 years of service at San Francisco State University. They also introduced David Yam of iNoodles. Food prepared by David and his team was made available for Board members to taste.
- *Strike Items V-VI:* At the request of the Finance Committee Co-chair, Kal Salama, the committee will engage in further analysis of the investment policy and alternative investments recommendation before returning to the Board with resolutions.

Neil Cohen moved to adopt the agenda as amended, it was seconded by Alvin Alvarez, and approved unanimously.

2. Approval of the Board of Directors meeting minutes for June 11, 2015.....Action

Jo Volkert called for approval of the minutes as presented. It was moved by Neil Cohen, seconded by Jordan James-Harvill, and approved unanimously.

BOD Action Item: 20150910-01

II. ~~INOODLES INTRODUCTION, Chris Farmer and Andrew Lok (15 mins)~~

III. REPORT FROM THE RETAIL AND COMMERCIAL SERVICES COMMITTEE CHAIR, Neil Cohen (10 mins)

Neil Cohen began his report by congratulating and thanking Chris Farmer, Andrew Lok, and Jason Porth for the successful RFP and lease transition from Asia Express to iNoodle, pointing out that process was entirely new and the team worked hard to produce a fair outcome in the best interest of the entire campus community.

The Retail and Commercial Services Committee, at their August 17 meeting, came up with a list of three goals for the new fiscal year:

- Bring a competitive edge to UCorp's self-operation businesses through a more pointed product mix, aggressive margins, marketing, and employee incentives
- Improve self-op and vendor operation assessment by establishing metrics for performance
- Retrieve campus-wide feedback on all commercial services

IV. REPORT FROM THE FINANCE COMMITTEE CHAIRS, Philip King and Kal Salama (15 mins)

Kal Salama, Co-chair, reported on behalf of the Finance Committee. The committee will be engaging in educational discussions for the next few meetings to determine if historical investment decisions for UCorp are still the most appropriate for the corporation. Discussion will determine appropriate risk levels, investment mixes, benchmarks, reserves, etc.; any changes will be incorporated into the Investment Policy and brought to the Board for approval. The Board has a fiduciary responsibility, protecting the organization from liability and loss, and serving as a risk manager.

~~V. Resolution: Approval to Adopt the UCorp Investment Policy, Revised September 2015 .....Action (10 mins)~~

~~VI. Resolution: Reallocation of Alternative Investment Dissolution Funds Into Liquid Alternative Portfolio .....Action (10 mins)~~

VII. REPORT FROM THE DIRECTOR OF FINANCE AND ADMINISTRATION, Tammie Ridgell (15 mins)

Tammie Ridgell presented the attached financial reports, highlighting the following:

Schedule of Net Assets (pg 11)

- This report includes incorporation of Franciscan Shops, which is evident in the liability and cash
- For FY 2014-15, there was an overall increase in net assets of approximately \$400K

Schedule of Revenue, Expense, and Change in Net Assets (pg12)

- Overall, revenue is up 37%; this is due to the addition of rental income and increased program revenue (including Grants and Contracts programs)
- Retail is down 2% due to decrease in Copy Center revenue
- Expenditure is up 55%; this is due to an increase in salary reimbursement to the campus for positions that were not included in FY 2013-14
- Investment income continues to have positive earnings, though down from FY 2013-14. The market was very bullish in 2013-14 and has since stabilized

FSR- Unrestricted Assets (pg 13)

- This report refers to revenue UCorp can control and earn from
- Revenue was higher than budgeted due to the indirect cost from increased campus programs revenue as well as admin fees for services provided by UCorp, such as the commencement contract with AT&T Park
- Grants and Contracts revenue has decreased, but program revenue has increased

- The admin fee collected for managing the Student Center vendors was higher than budgeted due to increased rent rates
- UCorp benefits were higher than budgeted for due to a shortfall from the burden pool. A change in the benefit rate made it higher than what UCorp charges. An analysis will have to be completed before a decision can be made as to whether UCorp should increase the benefit charge or absorb the costs

VIII. REPORT FROM THE EXECUTIVE DIRECTOR, Jason Porth (15 mins)

Pouring Rights RFP Review Committee

The next Pouring Rights RFP Review Committee meeting will be held on Thursday, September 24. The respondents have submitted answers to an additional set of questions from the committee. At the next meeting, the committee will evaluate projected change in beverage costs to vendors (and ultimately students), and analyze benefits delivered to other campuses with pouring rights agreements. While the committee will continue to have private meetings, there will be an open forum meeting scheduled in October, for the campus community at large.

UCorp staff have met with members of the Real Foods Challenge group, who have distributed a petition in opposition to a pouring rights agreement. UCorp would like to remain a resource for this group, and keep an open line of communication in answering their questions or concerns.

Holloway Revitalization Project

The RFP deadline for the Holloway Mixed Use Project has been extended to October 15, 2015. The RFP has been adjusted to allow for a higher housing density, opening to the possibility of buildings up to 75ft high.

The University has a new Senior Associate Vice President for Physical Planning and Development, Tom Lollini. Tom comes to the campus from UC Merced, and prior to that UC Berkeley. He holds great expertise for public-private partnerships and has seen to fruition many similar projects.

UCorp has invited all possible respondents to participate in individual confidential consultations prior to the submission deadline. The intent is to allow the development teams to ask questions to ensure their ideas are in alignment with the campus' needs and desires. Any information discussed in the meetings that would alter or add to the RFP will be submitted to all teams in the form of an addendum to ensure a fair process.

A committee incorporating faculty, staff, student, and administrator representatives (much like the Pouring Rights RFP Review Committee) will be assembled to review the final proposals. The financial section will be carved out for expertise evaluation. The team thus far has been established based on job capacity (physical and capital planning, and procurement).

University Club

The vacant space (formerly Follett offices) located on the mezzanine level of the Student Center is being considered as a possible location for the University Faculty and Staff Club. UCorp has also met with Associated Students (AS) representatives, Aimee Barnes and Phoebe Dye, who have expressed an interest in the space. In the interim, the new Health and Wellness Promotion department may occupy the space.

Partial funding for the club will come from the Follett contract. In prior years, Follett (and Franciscan Shops) offered academic departments bookstore funds as an incentive to encourage early adoption of course materials by faculty. Even with this incentive, the adoption rates were not very high. The Bookstore Advisory Committee (BAC) has recommended an auto-adopt program whereby if a faculty member does not adopt their course materials by the deadline, course materials used in the prior semester will automatically be adopted. Eighty percent of faculty use the same book from the previous semester. The \$50K of incentive money will instead be designated to the University Club (should the club not come to fruition, the BAC will recommend alternate use for the funds).

Alvin Alvarez expressed concern with removal of the incentive program, stating that academic departments do not have operating budgets, and thus many depend on the incentive funds. Jason Porth will revisit the incentive program with the BAC Chair, Brian Beatty.

Bookstore

The bookstore will have a grand-reopening ribbon cutting ceremony to celebrate their remodel on October 1 at 2:30 p.m.

This year ASI was able to raise \$5k to open a campus food pantry with the cooperation of the bookstore. Follett offered a discount to students who brought food donations to the bookstore, and further discounts for students who spent a specified dollar amount or more.

Commencement

UCorp and the University entered an MOU maintaining that UCorp act as the business partner with AT&T Park for future commencement ceremonies. The 2015 commencement at AT&T Park was a huge success, and saved the University \$88K.

Student Center Retail Services

After assessment of a 15% management fee, UCorp was able to return \$358K to ASI from vendor rents- more than was budgeted.

**IX. Resolution: Approval to Merge Franciscan Shops, Inc. With and Into The University Corporation, SF State (10 mins) .....Action**

**WHEREAS**, the University Corporation, San Francisco State (“UCorp”) is an auxiliary organization of San Francisco State University that provides retail and commercial services to the university community, supports the operations of other campus auxiliary organizations, and serves as a key business partner to the university and its programs and has been determined to be exempt from federal income taxation under Internal Revenue Code (“IRC”) Section 501(c)(3); and

**WHEREAS**, Franciscan Shops, Inc. (“Franciscan”) served as an auxiliary organization of the University that operated a bookstore and various convenience stores for the benefit of the students, faculty, staff, alumni, and guests of the University and has been determined to be exempt from federal income taxation under IRC Section 501(c)(3); and

**WHEREAS**, Franciscan operated the San Francisco State University bookstore through June 30, 2012, at which time it ceased activity when the university vested in UCorp the duty to provide the university with a bookstore, which was achieved through contracting with a vendor for these services; and

**WHEREAS**, UCorp has no regular members in accordance with Section 5306 and 5310 of the California Nonprofit Public Benefit Corporation Law, and all action which would otherwise require approval by a majority of all members or approval by members shall require approval only by the Board of Directors; all rights which would otherwise vest in members are vested in the directors; and

**WHEREAS**, Franciscan has as its sole member within the meaning of Section 5056 of the California Nonprofit Corporation Law, UCorp; and

**WHEREAS**, over the course of the past three (3) years, Franciscan has not undertaken any new activities and has been in the process of winding up its previous operations; and

**WHEREAS**, the consolidated financial statements of UCorp reflect the assets and liabilities of Franciscan; and

**WHEREAS**, the Board of Directors of UCorp and Franciscan, have determined that certain of the exempt purposes of both the UCorp and Franciscan can be more effectively carried out by UCorp and, thus, deem it advisable that Franciscan merge with and into UCorp so that UCorp is the surviving nonprofit public benefit corporation, in accordance with the applicable laws of the State of California and upon the terms and subject to the conditions set forth in the Merger Agreement.

**THEREFORE, BE IT RESOLVED** that the University Corporation, SF State Board of Directors hereby approves the merger of Franciscan Shops, Inc. with and into the University Corporation, SF State, and adopts the terms and conditions set forth in the attached Exhibit A: Merger Agreement of Franciscan Shops With and Into University Corporation, San Francisco State, and hereby authorizes its officers and employees to execute the merger agreement.

In 2012, when Follett was awarded the contract to manage the SF State bookstore, Franciscan Shops passed a resolution making UCorp its sole board member. Slowly, UCorp has integrated Franciscan Shops balance sheets, and has transferred funds for a course material scholarship and the HOPE scholarship. Franciscan Shops has modest liability, mostly in the form of unclaimed gift cards; 401K plans have wound down and been closed out.

Being that there is no current operating agreement on file with the CSU, the Chancellor’s Office Auditors expressed concern about Franciscan Shops’ existence. Initially UCorp considered maintaining the auxiliary to use as an

incubator or for projects that have higher liability risks. However, over the last year, no progress has been made toward such use, and management is more confident that UCorp is able to handle any projects that may have been considered appropriate to house under Franciscan Shops.

Jo Volkert called for a motion to merge Franciscan Shops with and into UCorp per the attached dissolution plan and merger agreement. It was moved by Alvin Alvarez, seconded by Jordan James-Harvill, and passed unanimously.

**BOD Action Item: 20150910-02**

X. SCHEDULE OF MEETINGS

Board/Committee	Date	Time	Location
Finance Committee	September 22, 2015	11:00 a.m. – 12:00 p.m.	ADM 157
Audit Committee	September 30, 2015	10:00 a.m. – 11:00 a.m.	ADM 361 A
Retail & Commercial Services Committee	October 5, 2015	1:00 p.m. – 2:00 p.m.	TBA
Board of Directors	October 8, 2015	3:00 p.m. – 4:30 p.m.	ADM 552

XI. CALL FOR ADJOURNMENT

There being no further business to conduct, the meeting of the University Corporation, San Francisco State Board of Directors was adjourned by the Vice Chair, Jo Volkert, at 4:35 p.m.

Passed and adopted on this 8 day of October 2015, by the following vote:


Aye: 9      No: 0      Abstain: 0      Absent: 7

**Secretary Certification**

The undersigned state that she is the authorized Secretary of the Corporation and certifies that on October 8, 2015, at a duly called meeting of the Board of Directors' of the University Corporation, San Francisco State at which a quorum was present and acting throughout, the foregoing resolution was adopted by the votes indicated above.

Wherefore, the undersigned has executed this Certification this 8 day of October, 2015, at San Francisco State University, 1600 Holloway Ave. ADM 552 San Francisco, California.

Action Item No: 20151008 - 01

  
Alison Sanders, Secretary