

The University Corporation
 San Francisco State
 Room ADM 361
 1600 Holloway Ave.
 San Francisco, CA 94132
 ucorp.sfsu.edu

BOARD OF DIRECTORS
 Thursday, April 21, 2016
 3:30 p.m. to 5:00 p.m.
 Administration Building, ADM 153L
 1600 Holloway Avenue, San Francisco, California

MINUTES

I. CALL TO ORDER BY THE CHAIR, Charlotte Ferretti

There being a quorum present, The University Corporation, San Francisco State (UCorp) Board of Directors was called to order by the Chair, Charlotte Ferretti, at 3:35 p.m. at San Francisco State University, Administration Building, 1st floor, ADM 153 L, San Francisco, CA.

Board Members Present

Charlotte Ferretti, Chair
 Jo Volkert, Vice Chair
 Troi Carleton
 Jordan James-Harvill
 Maureen Pasag
 Jason Porth, Executive Director
 Michael Potepan
 Kal Salama
 Alison Sanders, Secretary
 Jordan Thomas

Board Members Absent

Alvin Alvarez
 Neil Cohen
 Alexandra Kharmats
 Philip King
 Richard Schwanbeck
 Julie Taylor

SFSU/UCorp Staff Present

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

1. Approval of the Agenda

Charlotte called for a motion to approve the agenda as presented. It was moved by Troi Carleton, seconded by Maureen Pasag, and approved unanimously.

2. Approval of the Board of Directors meeting minutes for February 11, 2016Action

Charlotte called for approval of the minutes as presented, drawing attention a change shared with the Board via email: Item V was updated to read:

"Kal Salama announced that eight proposals were received for the Investment Consultant RFP, released in early January. The proposals can be broken down into the following categories:

- Traditional Consultants- 2 proposals
- Mutual Fund Company- 1 proposal
- Outsourced CIO- 2 proposals
- Custodian Bank/Brokerage- 3 proposals"

It was moved by Jo Volkert, seconded by Troi Carleton, and approved unanimously.

BOD Action Item: 20160421-01

II. Public Comment

No members of the public were present.

III. REPORT FROM THE FINANCE COMMITTEE CO-CHAIRS, Kal Salama and Philip King

Kal Salama reported on behalf of the Finance Committee.

1. Resolution: Acceptance of Investment Consultant Firm Recommendation.....Action

WHEREAS, to ensure that The University Corporation, San Francisco State (UCorp) is following best institutional practices with respect to managing the corporation's investment portfolio and related investment activities; and

WHEREAS, the board, acting as a fiduciary on behalf of the corporation, believes that it is incumbent upon the corporation to retain the services of an investment consultant with expertise in providing investment advice to similar institutions; and

WHEREAS, the board is committed to employing best practices by retaining an investment consultant that is independent, keeping separate the role of investment consultant from other roles such as custodian, to help ensure that no real or perceived conflicts of interest are present; and

WHEREAS, in order to meet these objectives, the Finance Committee issued a Request for Proposals (RFP) on January 4, 2016 seeking an Investment Consultant firm, a copy of which is attached herewith; and

WHEREAS, a review committee comprised of the UCorp Finance Committee members, reviewed all proposals and conducted interviews with the three firms deemed most qualified, after which time the review committee determined Beacon Pointe to be the firm best able to meet the investment consultant needs of UCorp; and

WHEREAS, the UCorp Finance Committee, at its March 16, 2016 meeting, voted to accept the RFP review committee's recommendation and move forward in requesting full Board acceptance to allow management to begin negotiating a contract with Beacon Pointe;

THEREFORE BE IT RESOLVED, that the Board hereby approves and accepts the recommendation to allow UCorp management to move forward with the negotiation of contract with the Beacon Pointe investment consultant firm to provide the services set out in the RFP and in Beacon Pointe's responsive proposal.

Kal referred the Board to the Investment Consultant RFP, included in the Board packet. He reiterated the categories of proposals received: 2 proposals from traditional consultants, 1 proposal from a mutual fund company, 2 outsourced CIO proposals, and 3 proposals from custodian bank/brokerage.

The RFP review committee vetted through all eight proposals and decided to interview the two traditional consultant firms that responded, and one OCIO firm.

Beacon Pointe, the firm recommended by the RFP review committee and the Finance Committee, is a traditional consultant firm that also offers the OCIO model. The Finance Committee does not recommend the OCIO model for UCorp at this time, though it may be a model to consider in the future. With the traditional consultant model, managers monitor the portfolio and make recommendations, but all final decisions remain with UCorp.

One of Beacon Pointe's major strengths is the firm's experience with funds similar to UCorp. The fee structure was also reasonable: 20 basis points. Further, Beacon Pointe has the ability to negotiate manager fees, and provides the option of using indices instead of active managers for lower fees.

The other traditional consultant firm interviewed, Milliman, was not as specialized. Its clientele base fell within a much broader range; Milliman proposed a higher fee- 30 basis points.

Jason Porth contacted Beacon Pointe's references; all were very positive, especially in regard to interpersonal relationships and level of service provided. One particularly relevant reference was the treasurer for San Jose State's Tower Foundation, a CSU auxiliary organization similar to UCorp.

UCorp's current custodian, UBS, had offered to expand their role and alter their contract to provide consultant services for an additional charge. The Finance Committee agreed it would be prudent to maintain separation between custodial and consultant roles to avoid real or perceived conflict of interest.

Charlotte called for a motion to accept the Finance Committee's recommendation to allow UCorp management to move forward with the negotiation of contract with Beacon Pointe investment firm to provide the services set out in the RFP and Beacon Pointe's responsive proposal.

It was moved by Maureen Pasag, seconded by Troi Carleton, and approved unanimously.

BOD Action Item: 20160421-02

2. UBS Investment Statement

Kal noted that all funds in the February UBS report were down, but that the market turned mid-February, and the March UBS report will show the portfolio as slightly positive.

IV. REPORT FROM THE DIRECTOR OF FINANCE AND ADMINISTRATION, Tammie Ridgell

1. Morrison Trust: Transfer of Funds to Suspense
2. Financial Reports

Tammie Ridgell presented the financial reports, highlighting the following:

Statement of Revenue, Expense, and Changes in Net Assets

- There was an increase in net assets due to an increase in contributions and program revenue through February.
- Rental income has increased, however it is important to note that UCorp returns this money to Associated Students at the end of the fiscal year, and only retains a management fee.

FSR Unrestricted Assets

- Investment income losses due to downturn in the market show an impact on UCorp's bottom line with a \$1 million decrease, however it is projected that UCorp will make some of the investment income back in the March period. Tammie noted that when Kal discusses the UBS reports, he is reviewing the year-to-date implications. However, UCorp's budget is reviewed and reported by the fiscal year. Kal and Tammie are working together on an investment-smoothing technique for future budgeting.
- UCorp's self-operated shops have an overall increase of 4% in revenue-to-date; net profit is up 8% (\$8K).
- Ctrl+P is down 11% for the fiscal year, but compared to prior year the copy center is up.

V. REPORT FROM THE RETAIL AND COMMERCIAL SERVICES COMMITTEE CHAIR, Neil Cohen

Neil Cohen was unable to attend this meeting.

VI. REPORT FROM THE DIRECTOR OF OPERATIONS, Chris Farmer

Chris Farmer reported on the operation of UCorp's self-operated shops, highlighting the following:

- UCorp has begun to use the Gator Group branding and social media to promote self-operations as well as UCorp's partner vendors.
- Payroll expenses are down and revenue is up for the shops: Lobby Shops is up 9%, Healthy U is up 5%, Shop24 is up 1%.
- Ctrl+P is down \$30K this year, compared to \$70K prior year. Ctrl+P has been able to lower expenses significantly with new equipment contracts and staff downsizing. The copy center is now working on building partnerships and offering new services to build revenue-generating opportunity.

New Services

The Retail and Commercial Services Committee has been brainstorming new services to offer the campus. UCorp has been in contact with Physical Planning and Development to determine where on campus the new services can be provided.

Mashouf Wellness Center

The Mashouf Wellness Center juice bar RFP is in a draft stage. UCorp is working with the Associated Students' Vendor Services Assembly to finalize language. UCorp would like to be able to release the RFP in the summer and make a selection in the Fall so that the chosen vendor may customize the space to best meet their operational needs. The timeline for selection is such that a tour of the space will be possible for any interested vendors.

VII. REPORT FROM THE EXECUTIVE DIRECTOR, Jason Porth

Holloway Ave. Development

The Holloway RFP Review Committee is scheduled to meet on May 4, at which time a recommendation will be developed for President Wong. The UCorp subcommittee met on April 11 to determine if each of the firms' proposals deem them acceptable business partners for UCorp. The findings were consolidated into a memo and shared with the review committee.

Each of the review committee members will submit a scored rubric prior to the May 4 meeting. The scores will be averaged and brought to the committee for final discussion, at which time the committee may adjust their scores to fit the sentiment of the room.

Should the committee select a firm that UCorp does not deem an appropriate business partner, the committee will continue meeting until an acceptable decision is made. There are several driving factors in the final decision process. Financials are very important, as are operations, residential life, and student enrollment.

President Wong will bring the committee's recommendation to his Cabinet for negotiation feedback (the Review Committee has representation from all cabinets). The Trustees must also approve the firm decision and negotiated deal. A Fall 2019 opening is still possible with the current timeline.

Labor Archives- Flyaway Productions

In celebration of its 30th anniversary, the Labor Archives Research Center is hosting an aerial dance performance on the side of the J. Paul Leonard Library on May 3. UCorp has been facilitating the contract on their behalf with Flyaway Productions. Anthony Victoria is managing the project; his expertise in risk management has helped to ensure any nuances that come along with people dancing on the side of a building have been addressed.

Commencement

UCorp's role in commencement has grown since last year. To streamline the process and minimize the number of management fees assessed, all expenditures related to commencement are processed through UCorp. UCorp also takes on all commencement-related risk.

Sierra Nevada Field Campus

UCorp staff, the Director of the Sierra Nevada Field Campus, J.R. Blair, and COSE Dean, Keith Bowman, have been meeting regularly with to ensure that the 7-acre SNFC is both safe and financially stable. Several positive outcomes have come as a result. Physical safety improvements to the campus include a water heater replacement and deck repairs. The California Department of Forestry and Fire Protection will be completing a tree assessment. Summer workshops have been scheduled; faculty will be paid through UCorp as "summer work."

Alliant Insurance had done the original risk surveillance walkthrough at no charge. They are now providing wilderness training to the SNFC staff as well as the PLI staff, also at no charge.

UClub

The mezzanine space in the student center, formally occupied as bookstore offices, has been identified as space for the University Faculty and Staff Club. Architect is still working on the schematic design. The UClub committee hopes to be able to present a financial plan to the Board at the May meeting.

Newspaper Rack RFP

The Journalism Department has reached out to UCorp for assistance in pursuing a revenue-generating opportunity to help fund the department's campus publications, The Golden Gate Xpress and Xpress magazine, through advertising space on the side of newspaper racks. There are a few companies that provide such a service. The common model seems to be that the vendor provides and maintains newspaper boxes that are branded to match the university. The racks have one side of advertisements contracted through the vendor, the other side is free for the university's use. Such arrangements generate a modest amount of revenue, approximately \$10-12K per year. UCorp has worked with representatives from the Journalism Department to draft an RFP. Editors from the Xpress publications have presented the idea to both the Associated Students University Affairs Committee as well as the full AS Board for

feedback and student input. The RFP has been shared with the AS president and UCorp's three student representatives. A final draft will be reviewed by the President's Cabinet prior to release.

VIII. SCHEDULE OF MEETINGS

<u>Board/Committee</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>
Board of Directors	May 12, 2016	3:30 p.m. – 5:00 p.m.	ADM 153L
Board of Directors	June 16, 2016	3:00 p.m. – 4:30 p.m.	ADM 552
Retail & Commercial Services Committee	May 2, 2016	1:00 p.m. – 2:00 p.m.	ADM 361A
Finance Committee	May 3, 2016	11:00 a.m. – 12:00 p.m.	ADM 361A
Nominating Committee	May 5, 2016	3:00 p.m. – 4:00 p.m.	ADM 361A
Retail & Commercial Services Committee	June 7, 2016	1:00 p.m. – 2:00 p.m.	ADM 361A
Audit Committee	June 21, 2016	10:00 a.m. – 11:00 a.m.	ADM 361A
Finance Committee	June 28, 2016	11:00 a.m. – 12:00 p.m.	ADM 361A

Charlotte reviewed the schedule of meetings. Jordan Thomas pointed out cancelation of the May 2 Retail and Commercial Services Committee meeting.

IX. CALL FOR ADJOURNMENT

There being no further business to conduct, the meeting of the University Corporation, San Francisco State Board of Directors was adjourned at 4:20 p.m.

Passed and adopted on this 12 day of May 2016, by the following vote:


Aye: 12 No: 0 Abstain: 0 Absent: 4

Secretary Certification

The undersigned state that she is the authorized Secretary of the Corporation and certifies that on May 12, 2016, 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 12 day of May, 2016, at San Francisco State University, 1600 Holloway Ave. ADM 153L San Francisco, California.

Action Item No: 20160512-01



Alison Sanders, Secretary

