

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

BOARD OF DIRECTORS
 Thursday, May 12, 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 3:30 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
 Alvin Alvarez
 Troi Carleton
 Neil Cohen
 Jordan James-Harvill
 Maureen Pasag
 Jason Porth, Executive Director
 Michael Potepan
 Kal Salama
 Alison Sanders, Secretary
 Jordan Thomas

Board Members Absent

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
 Shae Hancock, Administrative Support Assistant
 Tammie Ridgell, Director of Finance and Administration
 Anthony Victoria, Director of Administrative Services

1. Approval of the Agenda

Charlotte called for a motion to approve the agenda as presented. It was moved by Jordan James-Harvill, seconded by Jordan Thomas, and approved unanimously.

Jordan James-Harvill inquired about the UClub business plan. Jason Porth confirmed that unexpected contractual delays with the architecture firm had held up the design process, but that the contract issues had been recently resolved and the UClub steering committee would be continuing their work on the project.

2. Approval of the Board of Directors meeting minutes for April 21, 2016Action

Charlotte called for a motion to approve the minutes for the April 21, 2016 Board of Directors meeting as presented. It was moved by Troi Carleton, seconded by Maureen Pasag, and passed unanimously.

BOD Action Item: 20160512-01

II. Public Comment

There were no members of the public present at this meeting.

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

- 1. **Resolution:** Approval of The University Corporation, SF State operating provisional budget for the fiscal year commencing on July 1, 2016 through June 30, 2017Action

BOD Resolution: Approval of The University Corporation, San Francisco State operating provisional budget for the fiscal year commencing July 1, 2016 through June 30, 2017

WHEREAS, The University Corporation (UCorp) Finance Committee has reviewed and recommended for approval the attached projections for the fiscal year 2016/2017 as well as UCorp's insurance carrier and associated liability insurance coverage and insurance coverage of all assets;

WHEREAS, UCorp Board of Directors has also satisfactorily reviewed the projections for the fiscal year 2016/2017 and liability and asset insurance coverage;

WHEREAS, the reserve requirements for the 2016 fiscal year were also reviewed and deemed to be adequate;

WHEREAS, other fiscal and operational issues were considered and concluded to be reasonable, including, but not limited to the UCorp's continued support of the University;

THEREFORE, BE IT RESOLVED, the proposed provisional operating budget for the UCorp's 2016/2017 fiscal year in the form attached, hereby be adopted.

Tammie Ridgell presented the March financial statements to lead into the proposed budget, highlighting the following:

Schedule of Net Assets Report

- Investment assets are down due to the market, some though there has been some recovery in March
- AR is down due to standard operations: reimbursement for salaries of administrative staff
- Net assets are down overall

Statement of Revenue, Expense, and Changes in Net Assets

- Program revenue does not yet reflect the administration fee for commencement activities
- Program revenue is up due to projects and programs increasing revenue-generating activities such as workshops and events
- Retail revenue is down primarily due to Follett's decreasing revenues. UCorp's commission is based on 90% of commission received in prior year

Alvin Alvarez inquired as to why the student scholarship show a dramatic decrease. Tammie confirmed that UCorp acts as a pass-through for scholarships and provides an annual report of all accounts to the Deans.

FSR (Unrestricted Assets)

- A small increase in Grants & Contracts revenues has come from IDC on new grants
- 66% of investment income lost was recovered from February to March; it is possible investment income will be slightly positive at year-end

Self-Operations All-Store Report

- Revenue is up 5% overall
- Self-operations net profit is down 2% due to Ctrl+P which is at a loss of \$30K (prior year the copy center was at a loss of \$100K)

Tammie presented the proposed budget for fiscal year 2016-2017, highlighting the following:

All Funds (overall budget):

- The overall budget reflects all funds that are passed through UCorp and is projected based on the history of the last 2-3 years
- Sometimes the expenses are projected higher than revenues; this is due to projects/programs receiving funding one year and spending it over the course of many years. The revenue is only recorded for the year it was received.

FSR (Unrestricted Assets)

- There is a projected increase in Grants & Contracts revenue due to a new agreement with the university wherein UCorp would be able to collect a 15% administration fee on grants with zero IDC. This agreement is still in negotiation. UCorp has budgeted 15% for an expected \$2 million in zero IDC grants
- Program Revenue includes administration fees earned through UCorp's roles as a campus business partner
- Food Vendors/ Other Retail includes revenue earned through management of vendor contracts outside of the Student Center
- Administration Revenue refers to the management fee collected for the management of Student Center vendors
- The Follett Commission & Donation includes the final \$70K annual gift. The net of this revenue is closer to \$420K after UCorp covers rent for the space
- Travel/ Staff Development and Insurance has been included as part of "Operating Expense" in previous years, this year they are separate line items
- Business Services Expenses- Rental Expenses refers to rent paid to the university for use of spaces such as the Bookstore (approximately \$500K) and the Village Health Center (approximately \$115K)
- UCorp depends on investment income to balance the operating budget. Tammie and Kal worked together to establish a smoothing technique that allows a more stable and conservative forecast of investment income. The technique averages a 5-year projection based on history of the portfolio's values and returns. UCorp is budgeting for a 4.9% return for FY 16-17

All Store Budget

- UCorp is projecting for Ctrl+P to break even in FY 16-17
- Modest projections for the other self-op shops: 5% increase for Lobby Shops, 3% increase for Healthy U, and flat projections for Shop24.
- Neil Cohen questioned credit card fees. Tammie and Chris confirmed that this is related to UCorp's use of Intuit POS systems, and that the contract may be up for negotiation soon.

Reserve

- UCorp is required to keep in reserve 6 months' worth of the operating budget. To meet this requirement UCorp will decrease what is currently held in reserves by approximately \$62K.
- The Plant Fund Reserve will be replenished to \$500K after UCorp transfers the remaining \$150K used for office renovations

Insurance

Anthony Victoria reported on UCorp's insurance coverage, highlighting the following:

- Insurance premiums and rates are typically based on programs from the prior year; there are no significant changes for FY 16-17. The rate will remain close to \$30K
- Workers Compensation and Unemployment Insurance are costs carried by the projects
- Jason Porth pointed out that UCorp has an agreement with Associated Students wherein insurance coverage for the Student Center is split 54/46; if an incident were to happen in the building it would be covered by the same insurance

Having completed review of the projected budget, reserve, and insurance, Charlotte Ferretti called for a motion to adopt the projected budget for FY 16-17 as presented. It was moved by Troi Carleton, seconded by Maureen Pasag, and approved unanimously.

BOD Action Item: 20160512-02

2. Morrison Trust: Transfer of Funds to Suspense

Tammie reported on a \$100K transfer as an informational item. UCorp received a duplicate payment of \$100K for the Morrison Fund, it was transferred to suspense. It has since been transferred to the Morrison Fund for FY 16-17.

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

1. UBS Investment Statement

Kal Salama reviewed the UBS Investment Statement for the period ending March 31, 2016, pointing out that the market is expected to remain flat for the rest of this fiscal year. He also pointed out that Beacon Pointe will be reviewing and making recommendations for the UCorp investment portfolio in the coming months.

V. REPORT FROM THE DIRECTOR OF OPERATIONS, Chris Farmer

Ctrl+P

Ctrl+P will be focusing on business development over the next year. The space will be reconfigured to create a more inviting atmosphere for the customer; afterward the intention is to develop a partnership with University Communications. UCorp is currently considering including outgoing shipping services as an offering at the copy center to draw in foot traffic.

Mashouf Wellness Center

The RFP team has received student feedback in regard to what other types of food and beverage amenities should be include in the juice bar space. The RFP is still on track for summer release.

Student Center

Andrew Lok has been working closely with vendors to ensure late hours of operation during finals week.

Self-Operations

Inventory and price changes will take place during the summer.

VI. REPORT FROM THE EXECUTIVE DIRECTOR, Jason Porth

FY 2016-17 Budget

Jason acknowledged Tammie for the enormous amount of work involved in creating the budget projection. He also acknowledged Tammie and Kal's collective effort in creating the smoothing technique for the investment projections, and suggested this may be a topic for presentation at an AOA conference.

FY 2016-17 Board Composition

The Nominating Committee presented the board slate to President Wong for approval. The Board will officially vote on the new slate at the Annual June 16 meeting. FY 2016-17 will be unique in that the Board will have had more turnover than ever before. Longtime members will be leaving; UCorp will say goodbye with at the Annual meeting.

990 Forms

Nonprofits are required by law to submit tax form 990, which was sent to the Board for review. The finalized forms, which include personal information such as salary of members affiliated with the University, must be publically disclosed on the UCorp website.

Holloway Revitalization Project

The UCorp subcommittee issued a memo to the general RFP review committee stating which of the development teams were considered suitable business partners for UCorp to work with and why. The full review committee met on May 4 and reached consensus on which firm to recommend to President Wong. If Dr. Wong accepts the recommendation, the firm will be contacted and contract negotiations will begin.

Commencement

Giants Enterprises has offered an ongoing agreement for commencement. They have indicated a guaranteed Memorial Day weekend reservation of the stadium so that the academic calendar can remain consistent.

Investment Consultant

Beacon Pointe has signed an agreement with UCorp as of today and will begin meeting with the Finance Committee to gain an understanding of UCorp's financial operations and needs.

Club One/ Active Sports

UCorp is required to give one semester notice to Club One/ Active Sports for the space that they are occupying (Village Health Center), however UCorp has decided to give a full year notice to allow for a smoother transition. Club One/ Active Sports may remain in the space through June 30, 2017; this will include a slight overlap with the opening

of the Mashouf Wellness Center. The associated risk may be a decline in the quality of service, however Club One/ Active Sports has proven to be a good business partner and UCorp does not believe that this will be the case.

Follett

The Nominating Committee has included the Bookstore Advisory Committee (originally formed in 2012 with the change of bookstore management) as a UCorp committee. The committee will continue to be made up of Board members and non-board members. The Bookstore Advisory Committee is currently working on a projected called "Inclusive Access" that would take advantage of Follett's relationships with publishers to negotiate lower prices for students if classes have 100% buy-in (students would have the option to opt-out). This program would only be used for classes where faculty deem the book as mandatory and necessary for the course. Five courses have been selected to pilot the program. The program will only be piloted if it lowers the cost of books for students.

Staff Retreat

UCorp will have staff retreat on June 8, board members will be invited.

VII. SCHEDULE OF MEETINGS

| <u>Board/Committee</u> | <u>Date</u> | <u>Time</u> | <u>Location</u> |
|--|---------------|-------------------------|-----------------|
| Board of Directors | June 16, 2016 | 3:00 p.m. – 4:30 p.m. | ADM 552 |
| Retail & Commercial Services Committee | June 7, 2016 | 1:00 p.m. – 2:00 p.m. | ADM 361A |
| Audit Committee | TBA | 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 |

VIII. 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 5:00 p.m.

Passed and adopted on this 16 day of June 2016, by the following vote:

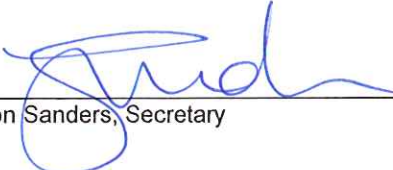
Aye: 7 No: 0 Abstain: 0 Absent: 9

Secretary Certification

The undersigned state that she is the authorized Secretary of the Corporation and certifies that on June 16, 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 16 day of June, 2016, at San Francisco State University, 1600 Holloway Ave. LIB 286 San Francisco, California.

Action Item No: 20160616-01



Alison Sanders, Secretary

