



Board of Directors Meeting Minutes

Monday, September 12, 2016
3:00 p.m. to 4:30 p.m.
Administration Building, ADM 153 L
1600 Holloway Avenue, San Francisco, California

I. Call to Order by the Chair, Trevor Getz

There being a quorum present, The University Corporation, San Francisco State (UCorp) Board of Directors was called to order by the Chair, Trevor Getz, at 3:02 p.m. at San Francisco State University, Administration Building, room 153 L, San Francisco, CA.

Board Members Present

Trevor Getz, Chair
Brian Beatty
Troi Carleton
Grace Crickette (3:10 p.m.)
Hrag Kalebjian
Celia LoBuono Gonzalez
Bonnie Li Victorino
Kathy O'Donnell
Jason Porth
Kal Salama
Alison Sanders (3:23 p.m.)
Rob Strong
Jordan Thomas

Board Members Absent

Gene Chelberg
Neil Cohen
Michael Potepan, Vice Chair
Christian Rivera Nolan

Others Present

Constance Cavallas
Andrew Lok
Tammie Ridgell
Anthony Victoria

1. Approval of the Agenda

There were no requests for alteration of the agenda.

2. Approval of the Board of Directors Meeting Minutes for June 16, 2016 **Action**

The Board unanimously approved the minutes for the June 16, 2016 Board of Directors meeting with the correction of spelling for Celia LoBuono Gonzalez's last name throughout.

II. Public Comment

There were no members of the public present.

III. **Resolution:** Affirmation for Appointment of Grace Crickette as UCorp Board Member and Designee for the Vice President of Administration and Finance/CFO commencing on September 12, 2016..... **Action**

WHEREAS, pursuant to University Corporation's bylaws, Article II, Section 2, Vice President Ron Cortez serves as a member of UCorp's Board of Directors and sits on its executive committee due to his position as Vice President for Administration & Finance and chief financial officer; and

WHEREAS, upon receiving presidential approval, the Corporation's bylaws permit the Vice President of

Administration & Finance to appoint a designee to serve in his stead; and

WHEREAS, Vice President Cortez requested and received approval from President Leslie Wong to designate his role to Grace Crickette, Interim Associate Vice President of Business Operations, as set out in the attached memorandum, dated August 31, 2016; and

WHEREAS, AVP Crickette has accepted his designation, both to serve on the board, as well as on the executive committee, the finance committee, and all other committees as assigned to VP Cortez;

THEREFORE, BE IT RESOLVED, that the Board of Directors hereby affirms the appointment of AVP Crickette as set out above and approved by President Leslie Wong, hereby appointing her as a member of the Board of Directors, with those committee assignments that had been held by Vice President Cortez, with a term effective on an ongoing basis until her appointment is either revoked by the Vice President for Administration and Finance, or by the Board as set out in the bylaws, and subject to the annual approval of the university president.

Trevor called for a motion to approve the resolution, as presented, approving the appointment of Grace Crickette to serve on the Board of Directors. It was moved by Troi Carleton, seconded by Rob Strong, and approved unanimously.

BOD Resolution No. 20160912-02

IV. Report from the Finance Committee Chair, Kal Salama

Kal Salama reviewed the UBS Investment Statement for the period ending June 30, 2016, highlighting that at yearend the total portfolio was down 1.1%. Overall it was a flat year in the market. He also reviewed the UBS Investment Statement for the period ending July 31, 2016. Being a good month in the market, the total portfolio was up 2.34% at the end of the first month of the fiscal year.

Based on Board approval of the revised Investment Policy Statement to be presented later in the meeting, the Finance Committee will be working with the Beacon Pointe investment consultant team make changes to the investment portfolio allocations.

V. Report from the Director of Finance and Administration, Tammie Ridgell

Tammie presented reports for the period ending June 30, 2016, summing up the fiscal year. UCorp is also nearing the end of its annual audit.

Schedule of Net Assets

- Deferred revenue shows as a significant increase; deferred revenue refers to revenue collected in advance of the new fiscal year, to be recovered in July.
- The decrease in investment income is reflective of the 1.1% discussed in Kal's report.
- The difference in AR is related to Commencement. Last year UCorp sent invoices, this year UCorp paid Commencement expenses directly.

Statement of Revenue, Expense, and Changes in Net Assets

- Program revenue was up- primarily from the UCorp-administered projects.
- Retail revenue as slightly down; contributions were also down.
- Investment income was down approximately \$300K, inclusive of fees.

Hrag Kalebjian noted the \$1.5 million difference in rental income from 2015 to 2016. Tammie confirmed the discrepancy as an error. An updated report will be made available.

FSR (Unrestricted Assets)

- Management of the Student Center vendors is recognized as "administrative revenue." UCorp collected \$230K in administrative fees, and returned \$278K to Associated Students in July.
- Grants and contracts revenue was up modestly, about \$30K.
- Program admin fees were slightly down.
- Salaries and wages for UCorp store staff were up due to staff restructuring and raises that were not budgeted at the start of the fiscal year.
- The increase in consultant fees was due primarily to the Holloway project.
- The variance in auditor expenses is related to the different charging structure between Hood & Strong (who completed last year's audit) and Grant Thornton (UCorp's new auditor).

All Stores Report

- Self-operation revenue was up 6%; net profit was up \$12K.
- Ctrl+P was down \$30K- this was a significant improvement from prior fiscal year.

VI. **Resolution:** Acceptance of Revised Investment Policy Statement **Action**

WHEREAS, it is the role of The University Corporation, San Francisco State (UCorp) Board of Directors to develop investment goals, objectives, and strategies for funds held by the corporation;

WHEREAS, the purpose of an Investment Policy Statement (IPS) is to guide the Board, its Finance Committee, Investment Managers, and Investment Consultants in effectively supervising, monitoring, and managing investments funds;

WHEREAS, in May of 2016, with approval from the Board, the UCorp Finance Committee began working with the investment consultant firm, Beacon Pointe to determine investment needs and goals for the corporation, and strategize how to meet those goals;

WHEREAS, the attached, updated IPS incorporates UCorp's policies, objectives, long-term asset allocation plan, and implementation program for fulfilling its fiduciary obligation to manage the Fund's assets with the care, skill, prudence, and diligence under the circumstances then prevailing of a prudent person acting in a like character and with like aims, and allows for sufficient flexibility in the management oversight process while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program;

WHEREAS, the Finance Committee has spent several sessions working with Beacon Pointe revising the attached IPS, and at its August 31, 2016 committee meeting voted to recommend the attached IPS to the Board of Directors for adoption.

THEREFORE, BE IT RESOLVED, the Board hereby approves and adopts the attached policy, which establishes a comprehensive investment program to achieve UCorp's investment goals and clearly defines the role of all parties involved in the investment strategy.

As UCorp's investment portfolio has grown, the corporation has committed to best practices by retaining services from an investment consultant with expertise in providing investment advice to similar institutions. Beacon Pointe was selected by the Finance Committee from the approximately 12 respondents who responded to UCorp's investment consultant RFP. The Board approved the Finance Committee's recommendation. Prior to then, the Finance Committee made portfolio allocation recommendations.

A representative from Beacon Pointe has worked closely with the Finance Committee to complete a comprehensive review of UCorp's needs, and has compared the corporation to like institutions. In consultation with Beacon Pointe, the Finance Committee went through a deliberate process of revisiting UCorp's Investment Policy Statement (IPS).

The IPS presented to the Board is the first deliverable from Beacon Pointe. The policy was written in such a way that allows UCorp to reach its values. The Finance Committee voted to recommend the version presented for adoption from the full Board.

Celia LuBuono Gonzalez asked about Section VI. Social Responsibility Policy and Prohibited Investments and divestment from fossil fuels.

Kal and Jason explained the decision to divest from companies deriving more than 10% of their revenue from coal and tar sands allowed for flexibility in decision making. For instance, there are a number of oil companies that also contribute to research and development of alternative energy sources.

The Finance Committee will select managers based on their environmental, social, governance (ESG) capabilities. Associated fees for the managers will depend on whether they use active or passive strategy. The portfolio holding will remain transparent, the Board will have access to view the managers' investment decisions.

The Board also discussed the removal of specific language regarding investment in countries/companies whose governing regime "deny civil or human rights." Rather, broader language regarding social responsibility was included in the opening paragraph of the section. Such language allows for interpretation, and keeps the IPS a living document.

Rob Strong moved to approve the resolution accepting the IPS as presented, it was seconded by Troi Carleton and approved unanimously.

BOD Resolution No. 20160912-03

VII. Report from the Retail and Commercial Services Manager, Andrew Lok

Andrew Lok reported out on behalf of the Director of Operations, Chris Farmer. UCorp accomplished several self-operations improvements over the summer:

- Successful installation and rollout of Revel, a cloud-based, iPad operated, point-of-sale system.
- The floors in Healthy U and the Lobby Shops were waxed for the first time in several years.
- Ctrl+P refresh: new sign, installation of a customer counter, and rearrangement of the machines. The space is more welcoming and morale of the staff has gone up.
- The Mashouf juice bar RFP language has been finalized, but the release date has been moved to November to coincide with a construction timeline that will allow interested parties to view the space.

Andrew also reported that UCorp is participating in a campus-wide committee to tackle the issue of food insecurity on campus. The committee is co-chaired by David Rourke and Aimee Williams. Celia reported that AS is in search of space to create a food pantry. Jason informed the Board that several years ago the University partnered with the SF & Marin County food bank, regularly sending volunteers to the nearby pantry location at the Temple United Methodist Church. Even without volunteers, the food pantry is still available for anyone to use.

VIII. Report from the Executive Director, Jason Porth

Jason thanked the Board for their service noting that the change in Directors this year allowed for a good mix of historical knowledge and new perspectives.

1. Philosophy Department Scholarship

Scholarships from endowment interest cannot be administered until an endowment has been held for one year. Not realizing this, the Philosophy Department awarded a \$250 scholarship from a new endowment and was unable to pay it out. UCorp has a one-time expenditure from its general scholarship account to assist the Philosophy Department in providing the scholarship it awarded.

2. Whirlwind Transfer

Whirlwind Wheelchair, once a UCorp project, had grown beyond UCorp's support capabilities a few years ago and has since begun to transition into its own 501(c) 3 organization. The project created an open source wheelchair design, and built wheelchairs for developing countries. Since Whirlwind's departure, a \$2,800 endowment has been in escrow. The Longshore Institute Foundation has voted to transfer the funds to another project that supports adaptive designs.

3. Patent Collaboration

A faculty member is seeking a provisional patent through ORSP for a biology publication. If it is decided a full patent is warranted, UCorp may be asked to play a role in securing the patent.

Patents are rare on the SF State campus and most are not money makers. License and commercial use are more profitable. San Diego State has the most active patent program in the CSU.

UCorp's involvement would be a first step in the direction of innovation funding or activity. If UCorp were to move forward in this direction, it would require a UCorp Committee with members from the campus-at-large to vet through ideas and decide what could be supported.

This is at the very beginning stages. Jason will come to the Board with more information as the patent project develops.

IX. University Club Update

Troi Carleton and Constance Cavallas reported out on the progress of the UClub project. The UClub will be housed in what used to be administrative offices held by the bookstore on the Mezzanine Level of the Student Center. An initial design and a feasibility report were created. After some insightful feedback from Physical Planning & Development,

the project will go through a second round of design. UCorp met with members of AS, who had expressed concern about the location. These concerns will be shared with the designers so that they can best be mitigated in both design and construction schedule.

UClub has created a financial plan, taking into account revenue streams such as membership dues and contributions such as the one-time \$100K from President Wong. The financial plan will presented to the Board when UClub officially requests funding assistance from UCorp.

UClub will be operated as a UCorp project, with a special project agreement in place. All programming will be completely coordinated by the Academic Senate. An advisory committee with representation from relevant areas of campus such as hospitality and alumni relations will assist in recommending programming. Membership will likely extend to emeritus faculty as well as some alumni. Programming will include lectures and student performance and art.

X. Schedule of Meetings

Board of Directors:

Monday, October 10, 2016	3:00 p.m. to 4:30 p.m.	1 st floor, ADM 153 L
Monday, December 12, 2016	3:00 p.m. to 4:30 p.m.	1 st floor, ADM 153 L
Monday, February 6, 2016	3:00 p.m. to 4:30 p.m.	TBA

XI. Call for Adjournment

There being no further business to conduct, The University Corporation, SF State Board of Directors meeting was adjourned at 4:30 p.m.

Passed and adopted on this 10 day of October 2016, by the following vote:

Aye: 13 No: 0 Abstain: 0 Absent: 4

Secretary Certification

The undersigned state that she is the authorized Secretary of the Corporation and certifies that on October 10, 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 10 day of October, 2016, at San Francisco State University, 1600 Holloway Ave. ADM 153 L, San Francisco, California.

Action Item No: 20161010-01


Alison Sanders, Secretary