



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

**Board of Directors Meeting Agenda**

Monday, May 1, 2017  
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~~ Alison Sanders

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

**Board Members Present**

Alison Sanders, Secretary  
Brian Beatty  
Troi Carleton  
Gene Chelberg  
Bonnie Li Victorino  
Celia LoBuono Gonzalez (phone)  
Kathy O'Donnell  
Jay Orendorff  
Jason Porth  
Michael Potepan, Vice Chair  
Kal Salama  
Rich Schwanbeck  
Rob Strong

**Board Members Absent**

Neil Cohen  
Trevor Getz, Chair  
Hrag Kalebjian  
Jordan Thomas

**Others Present**

Constance Cavallas  
Chris Farmer  
Andrew Lok  
Tammie Ridgell  
Anthony Victoria

1. Approval of the Agenda

Alison called for approval of the agenda as presented. It was moved by Kal Salama, seconded by Brian Beatty, and approved unanimously.

2. Approval of the Board of Directors Meeting Minutes for April 3, 2017 ..... **Action**

Alison called for approval of the minutes from the April 3, 2017 Board meeting as presented. It was moved by Gene Chelberg, seconded by Troi Carleton, and approved unanimously.

**BOD Resolution No. 20170501-01**

II. Public Comment

There were no members of the public present.

III. Board Announcements/Constituent Reports

Celia LoBuono Gonzalez reported out in her role as a representative of the student constituency:

- Celia has been working with the California State Student Association to lobby in Sacramento for more CSU funding.

Rich Schwanbeck reported out in his role as a representative of the student constituency:

- On Thursday, AS voted in favor of moving forward with a space swap, under the condition that a partition be added to room M-110, making it into two spaces.
- The new Board will be inaugurated this evening at 5:30 p.m. There were some issues to be resolved related to the election results. Though not fully resolved, it seems Jackie Foley has won the presidency.

IV. Report from the Finance Committee Chair, Kal Salama

Kal presented a 1-page summary reflecting the new portfolio's performance through the period ending March 31, 2017.

Kal highlighted the fiscal-year-to-date performance, noting that the total composite outperformed the benchmark. It is likely that UCorp will finish the year with a reserve.

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

Tammie Ridgell presented the financial reports for the period ending March 31, 2017, highlighting the following:

Schedule of Net Assets

- Short term investments are doing well; the increase is related to an increase in LEIF. Approximately \$3 mil of the \$4 mil excess is in LEIF.

Statement of Revenue, Expense, and Change in Net Assets

- The decrease in retail revenue can be attributed to a reduced commission from Follett. There continues to be a decline in sales for items that are counted toward commission calculations.
- Rental revenue shows as up; approximately \$112K of the rental revenue will be transferred to Club One, the fitness center.
- Investment income is projected to be over budget, excess earnings will be kept in reserve for future years when the market is not performing as well.

FSR

- Grants and contracts revenue continues to decline. UCorp had budgeted with the expectation that there would be an agreement in place with the campus to cover zero IDC grants. No such reimbursement has been agreed upon yet.
- It is expected that UCorp will meet and exceed the budget for program revenue.
- Retail commission is on target.
- Investment income continues to outperform. If the trend remains, approximately \$500K will go into reserves.

Shops

- Revenue for all shops is down 4%, and net profit is down 5% (about \$6K).
- Net profit for Ctrl+P is up \$17K through March.
- The shops have improved considerably since beginning of semester.

VI. **Resolution:** Budget Approval for Fiscal Year 17-18 ..... **Action**

**WHEREAS**, The University Corporation (UCorp) Finance Committee has reviewed and recommended for approval the attached projections for the fiscal year 2017/2018 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 2017/2018 and liability and asset insurance coverage;

**WHEREAS**, the reserve requirements for the 2017 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 2017/2018 fiscal year in the form attached, hereby be adopted.

Tammie presented the proposed budget and reserve analysis, highlighting the following:

**Budget Proposal**

The Proposed All Funds Budget is speculative. Programs that do not fall within UCorp's control are based on a history of prior years' activity.

**FSR**

The FSR report captures the two prior fiscal years in addition to the proposed budget for FY 2017/18, and reflects where UCorp has discretion and budgetary control.

**Revenues**

- The campus has proposed a cost allocation plan that will require to UCorp to contribute \$734K, with no offsets. The cost allocation plan in the prior two fiscal years was \$287K. To avoid deficit, UCorp will have to raise administrative fees for contributions and programs by 5%. This is not a preferred route. The increase in fees may cause some programs to be insolvent. The hope is to continue negotiation with the campus so that UCorp may roll back the increase.
- UCorp expects to see a continued decrease in Follett commissions.

**Expenses**

- Salaries for UCorp employees and university employees have been moved next to each other in expense- \$1.6 mil will be reimbursed to campus for support services (state employees), \$425K will be budgeted to cover salary and benefits for UCorp employees.
- With the change in cost allocation, UCorp will be decreasing annual support for the president from \$100K to \$75K.
- UCorp anticipates winding down involvement in the Holloway project after signing a sublease with the developer, at which time costs will begin to be borne by the development team. Approximately \$25K has been allocated for the remainder of UCorp's involvement.
- The budgeted for investment income will continue to be based on the smoothing method.

**Breakdown of Revenue and Expense**

The breakdown of revenue and expenses were presented in a pie chart format. Commercial revenues make up the bulk of UCorp's revenue- self operations and Follett commission are vital to UCorp's budget. The largest expense for UCorp is salary and benefits and business service expenses, which includes rent for the bookstore space.

**Operating and Non-Operating Expenses**

The breakdown of operating and non-operating expenses were compared in a pie chart format. Non-operating expenses account for 19% of expense, 90% of which is comprised of cost allocation.

**All Stores Budget**

Operating profit from self-operations is projected at \$119K.

**Investment Income Projection**

A smoothed vs non-smoothed portfolio value was presented in a graph format, with the smoothed value represented by the red line. Smoothing mitigates the impact of investment peaks and troughs to arrive at a more consistent projection. The budget is based on a smoothed 5.6% return applied to a smoothed value. This is a double-conservative way to project investment income.

**Capital Projects**

The three anticipated projects, UClub, UCorp's move, and the beautification near Station Café, total to \$950K. This amount will be drawn from UCorp's working capital fund.

**Reserve Analysis**

The reserve analysis is based on an old resolution that required 25% of operations budget, or approximately 6 months of operating budget, to remain in reserve. For FY 2017/18, this calculated to a decrease of approximately \$61K in the reserve fund.

**Insurance**

Anthony Victoria presented FY 2017/18 insurance premiums and coverage noting that the slight increase in rates was industry standard. Coverage, limits, and deductibles remain unchanged. UCorp is working with the campus risk department to avoid over insuring where projects overlap. Specialized project insurance, workers comp, etc. costs are passed on to the projects.

Gene Chelberg motioned for approval of the proposed budget as presented. It was seconded by Troi Carleton and passed unanimously.

**BOD Resolution No. 20170501-02**

VII. Report from the Director of Operations, Chris Farmer

Chris expressed pride in his staff for their implementation of recommendations from the Retail and Commercial Services Committee.

Ctrl+P is expecting to see a profit for the first time this year. Chris passed around a sample of an in-house brochure printed for ICCE. A partnership with Academic Technology has also helped the copy center receive more poster orders.

Shop24 is still not accepting credit cards. This reduces revenues by half, however the shop is still profitable and still serving its purpose of late night access near the library. After having researched many possible solutions, UCorp will be keeping the shop operating as is for now. Research has shown it will be difficult to maintain something as proprietary as Shop24.

The Mashouf juice bar RFP proposals are due this Friday. UCorp will work with the Retail and Commercial Services Committee to form an RFP review committee. The goal is to have the juice bar open with the building in Fall.

VIII. Report from the Executive Director, Jason Porth

**Future State**

Physical Planning and Development is taking a different approach to updating the campus master planning. There will be a one week charrette process. Jason encouraged that the Board participate in the charrette, keeping in mind ways in which UCorp will be able to contribute to campus wants and needs. For instance, the identification of spaces that can become retail, or simply places that attract people (Centennial Way is an example of one such UCorp project from the past).

**Holloway**

UCorp hopes to receive Board of Trustee approval for Holloway Phase 1 at the May 23-24 meeting. The term sheet was already approved by LDRC; now UCorp is working to negotiate a sublease with the development team. UCorp is working closely with our counsel, Steve Farrand, as well as University counsel, Dan Ojeda, and other campus partners. The goal is to have the sublease ready for signature soon after BOT approval.

The project will total \$100 mil, \$80 mil of which is for construction. The ground lease payment will be an annual \$640K. Additional occupancy over-performance and participation rent have also been included in the terms, and will increase the total rent collected from the development team. The project will house 516 student beds. Retail amenities will be decided by the developer, based parameters provided by the campus. Currently the development team is considering a neighborhood grocer, something along the lines of Gus' or Bi-Rite.

**Station Café**

Allam Qadah has expressed a desire to upgrade and renovate the Station Café located on 19<sup>th</sup> Ave. The highly visible location of the café makes it a prime opportunity to improve space beyond just the café. UCorp and PP&D are

working with Allam to include improvements to the adjacent courtyard and transit depot in the design plans. With approval from the Board, UCorp will cover the cost of the surrounding area beautification. Allam has been working with renowned architect, Stanley Saitowitz, for the design.

Sierra Nevada Field Campus

Last year UCorp invested significant funds toward the maintenance and safety of the SNFC. This year there will be further upgrades to some buildings. Jason encouraged the board to visit the campus. UCorp also built out a new website for the SNFC. This was completed by our Marketing Coordinator, Eric, under the direction of our Retail and Commercial Services Manager, Andrew. The website buildout is a pilot project, UCorp may consider offering website buildouts as a revenue-generating service in the future.

Fitness Center- Club 1

The Fitness Center will close its doors on May 31. UCorp currently holds the lease for the Fitness Center space until June 2019. UCorp has been working with the campus to determine best use for the space. It may be that the space can be occupied by Health Promotion and Wellness. Another option being considered is a month-to-month vendor sublease- this will help cover some of UCorp's rent expense for the space.

Nominating Committee

After some feedback from Associated Students regarding the burden of attracting students to fill the many open student representative positions on campus, UCorp conducted additional outreach to department chairs and club leaders in nexus with UCorp's work. All applications for the three student seats will still be funneled through AS.

Innovation Fund Committee

The Innovation Fund Committee met for the first time this morning. Two projects were considered. Both were approved to be presented at the next UCorp Finance Committee. The committee has been delegated the authority to decide whether or not UCorp will invest in the projects from the newly created Innovation Fund. Up to \$100,000 in total may be spent on patents or other innovate efforts.

University Club

Jason provided a quick recap of the University Club project.

UCorp has been working with the Academic Senate on the establishment of a University Club for many years- activity picked up in FY 2015-16 when Follett returned administrative space to UCorp on the Mezzanine Level of the Student Center.

In October 2016 a resolution to move forward with funding the project was passed by the Board. The resolution was unique in that it was not unanimous in passing, in fact it was quite close. The tension surrounding University Club led to a series of facilitated discussions. The resulting MOU between UCorp, the Academic Senate, and the Associated Students conveyed support for the University Club, with some parameters.

The concept of space swap considered, however the project has since reached a place where including a space swap would be backtracking, incurring further costs and adding to the completion timeline. UCorp would like to honor the spirit of the MOU and stay cooperative. Having no confirmation about the swap, CPDC had been working on the space as originally presented. In order to mitigate disruption, the project will aim for demolition in December.

Jason commended Rich for his considerable work and efforts on this project, especially being that there were many other concurrent concerns to grapple with.

IX. Schedule of Meetings

Board of Directors:

Monday, June 12, 2017

3:00 p.m. to 4:30 p.m.

ADM 153 L

X. Call for Adjournment

There being no further business to conduct, The University Corporation, SF State Board of Directors meeting was adjourned with no objections at 4:29 p.m.

Passed and adopted on this 19 day of June 2017, by the following vote:

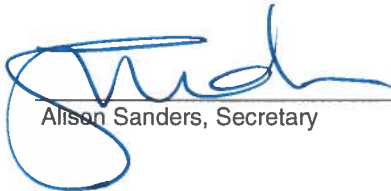
Aye: 15                      No: 0                      Abstain: 0                      Absent: 2

**Secretary Certification**

The undersigned state that she is the authorized Secretary of the Corporation and certifies that on June 19, 2017, 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 19 day of June, 2017, at San Francisco State University, 1600 Holloway Ave. LIB 286 San Francisco, California.

Action Item No: 20170619-01

  
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Alison Sanders, Secretary