



The University Corporation  
San Francisco State

Room ADM 361  
1600 Holloway Ave.  
San Francisco, CA 94132  
ucorp.sfsu.edu

**Board of Directors Meeting Minutes**

Monday, December 11, 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

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 3:04 p.m. at San Francisco State University, Administration Building, Room ADM 153 L.

**Board Members Present**

Trevor Getz, Chair  
Brian Beatty  
Maureen Carew  
Anoshua Chaudhuri (3:42 p.m.)  
Neil Cohen  
Monica DiLullo  
Nancy Gerber  
Bonnie Li Victorino  
Auggie Melendez  
Kathy O'Donnell  
Jay Orendorff  
Jason Porth  
Kal Salama  
Alison Sanders  
Rob Strong

**Board Members Absent**

Gene Chelberg  
Hrag Kalebjian

**Others Present**

Constance Cavallas  
Andrew Lok  
Tammie Ridgell

1. Approval of the Agenda

One minor change was made to the agenda: Andrew Lok would report out on behalf of Chris Farmer. Trevor called for approval of the agenda. It was approved without objection.

2. Approval of the Board of Directors Meeting Minutes for October 16, 2017 .....**Action**

Trevor called for approval of the October 16, 2017 minutes as presented. The minutes were approved without objection.

**BOD Resolution No. 20171211-01**

II. Public Comment

No members of the public were present.

III. Board Announcements/Constituent Reports

There were no reports from constituent representatives or other board members.

IV. Report from the Bookstore Advisory Committee Chair, Brian Beatty

Brian reported three takeaways from the October Bookstore Advisory Committee:

1. Auto-Adopt Program: The auto-adopt program is in its fourth semester. Though the program is still very manual for the bookstore, it has been very successful and Follett is happy with the program. The hope is still to further automate the program to will ease staff's workload, and to make data more readily available for reporting.

There is still a pending discussion about incorporating the student-oriented Follett Discover tool into the LMS. The tool allows students to search through their network for materials, and find inexpensive materials in one place instead of searching for the best prices through multiple platforms.

2. Immediate Access Program: This program provides all students in participating courses with digital access to the required materials from the start of the semester. Students are then charged for the materials through the Bursar's office. They have the option of "opting out" within a specified window of time should they choose to purchase the course materials elsewhere. It is anticipated that such programs will provide such leverage with the publishing companies to produce competitive material pricing for students. The program has been pitched to the Student Fee Advisory Committee. The last several committee meetings have been canceled. Though the program does not produce a typical student fee, committee support is still being sought.
3. Zero-cost Materials: California has passed a new law that requires explicit identification of course that have no cost. SF State will include an icon indicating zero-cost courses in the class schedule, to go live this weekend. Approximately 400-450 classes have been identified as zero-cost courses. Over the next several terms, additional classifications will be fine-tuned to consider how to incorporate one-time purchases like lab coats, or other required fees that are not necessarily course materials. Community colleges are looking at policies that consider identification of "low cost" courses that may be transferable to the CSU. These efforts are meant to assist students in selecting classes; cost may affect student course selections.

V. Report from the Retail and Commercial Services Committee Chair, Neil Cohen

Neil Cohen reported the following takeaways from the December Retail and Commercial Services Committee meeting:

Mashouf Juice Bar: Approvals took longer than expected, but the Mashouf Wellness Center juice bar, Clean Bites, will be operational in late January or early February.

Shop24: Revenue from Shop24 has been declining due to the machine's inability to accept credit card payments. Revenue is nearly half of what it was. The machine currently accepts cash and OneCard as payment options. With the Shop24 parent company out of business, there is no hope in making the machine PCI compliant. UCorp staff has exhausted all possibilities. Further, the machine periodically stops working, creating an unreliable service for the campus community.

The committee agreed there is a need to aggressively research a replacement for Shop24, with a target opening date of Fall 2018. The solution can be one machine or several. The solution should maintain, at a minimum, the services currently provided by Shop24. Our student representatives are working on a survey to inform staff of student wants and needs as they search for solutions. The underlying goals are to improve service and increase revenue.

The machine is almost fully depreciated. Shop24 is not operating in the red yet. The right business decision is to cut losses now. A rip and replace may incur cost, but is still the better investment decision.

VI. Report from the Finance Committee Chair, Kal Salama

Kal Salama reported the following from the October and November Finance Committee meetings:

Innovation Fund:

Jason Porth reported out on recent Innovation Fund discussions. Timothy Anderson, Director of Development and Operations, attended the November Finance Committee meeting. He discussed some entrepreneurial/innovation inspired events hosted through the College of Business. One such event was The Pitch, a Shark-Tank-like

competition that awarded winning teams with start-up funding. Timothy asked the committee to better-disseminate information to the campus community about how to apply for funding through UCorp's existing Innovation Fund. This prompted the committee to discuss in more depth the purpose of the funds. A subcommittee will continue to discuss whether the funds should be treated as gifts or investments, ownership structures, etc.

For UCorp's first award of innovation funds was disbursed to assist Dr. Kimberly Tanner is obtaining a patent. UCorp will recover the funds from the patent's first earnings. UCorp will collect a management fee from the University. The remaining earnings are split between the University and the IP owner, with a management

**Private Equity Manager:**

Neil Cohen reported out on his attendance at the Montuak TriGuard informational lunch. Beacon Pointe organizes information lunches and invites the finance committee to attend. The Montuak TriGuard presentation focused on the fast rate at which private equity is growing. Private equity is growing because there is more suspicion of the public market. This company serves as bankers to secondary market buyers.

**Asset Allocation:**

Kal discussed Beacon Pointe's recommendation of redistributing 11% of UCorp's U.S. Equities to International Equities. It is good timing for this transition, and the change is not out of line with UCorp's past practices. With Beacon Pointe's consultation, UCorp set a target allocation of 80% U.S. Equities and 20% International Equities as part of the Investment Policy Statement update in 2016. This new recommendation would return UCorp to the target allocation in place prior to that change, with 60% of Equities in U.S. and 40% in International.

**Investment Portfolio Performance:**

Kal discussed the investment portfolio performance reports for the period ending October 31, 2017. Everything is well on track. November was another up month. This is unusual considering the political climate. No months have been down in the U.S. equity market, but it is unlikely that everything will remain this smooth. Our investment income is currently ahead of budget.

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

- October Financial Statements

Tammie Ridgell presented the financial statements for the period ending October 31, 2017, highlighting the following:

FSR Report

- Beginning with the October report, the FSR will include a "revised budget" column. The budget revision is primarily based on the change in cost allocation to the campus, the administration fees for program management, and salary and benefit changes for the state-employed administrative staff. The cost allocation to the campus was originally set to be \$750K, which would have triggered a 5% increase in our administrative fees. After the board had passed the budget, a lower cost allocation to the campus was negotiated and UCorp did not increase the administrative fees.
- Grants and contracts continue to decrease (this is also a trend for campus-side grants and contracts). We are projecting grants and contracts to come in at about 70% of budget.
- As more programs become fee-generating, program revenues have increased. This trend is also related to the
- Investment income is projected to be up significantly if the current market trend holds.

UCorp Revenue Sources Chart

- Of UCorp's five sources of income, the largest share comes from investments. Follett and business services are the next largest.

Self-operations

- Overall the shops are doing well. Lobby Shop and Ctrl+P are up, Shop24 is flat. Revenue is up 2%, gross profit is up 4%, and net profit is up 18%. Lobby Shops is the biggest contributor to self-operation revenues.

- 403(b) Services

The Finance Committee has been working to engage Beacon Pointe in a consulting capacity to assist with the Board's 403(b) fiduciary responsibility. Beacon Pointe has a specific department for this purpose. They assist with oversight of the program, fees, policy, and employee communications. The Finance Committee will discuss costs, and report back to the Board how best to cover the cost. A \$5 million dollar plan has a cost of .5 basis points.

- Student Banking Program

At the request of the campus, UCorp has taken on the management of student organization banking. We have hired two students to help administer the plan. Aside from the expected growing pains at the start, the program is running well. Student organizations were used to running independently. Now their activity is our activity, so we need to understand and document these activities.

UCorp will be reimbursed for our direct costs, like student salaries, and minor IDC. There will be no reimbursement for current staffs' time spent on student organization banking management.

VIII. Report from the Director of Operations, Chris Farmer

Andrew Lok reported out on behalf of Chris Farmer.

Overall, the self-operations shops are doing well. As discussed by the Retail and Commercial Services Committee, Shop24 has reached the end of its life. Without the ability to accept credit card, it is not serving the campus population as well as it could. We are looking forward to finding possible solutions, starting with the Vegas conference.

The Mashouf juice bar, Clean Bites, is set to open in the next few months.

Vendor Service Interruption: Recently our campus food vendors have faced several unexpected interruptions in their ability to do business. Some interruption was caused by campus-wide utilities issues. Additionally, there were campus closures due to unhealthy air quality. The range of effects include food waste, the time it takes to contact employees, etc. UCorp has made some concessions to lessen our vendors' losses. There is no contractual obligation to do this, rather it has been done as a good faith effort to be good business partners.

IX. Report from the Executive Director, Jason Porth

Vendor Service Interruption: Jason acknowledged Andrew's efforts in working with the vendors to ease the burden of the various business interruptions they have recently faced.

Fire Relief Fund: UCorp has established a CashNet page to collect contributions for faculty and staff who may have suffered losses in the North Bay fires. The information is on the UCorp website. Additionally, the website includes information directing student who may have suffered losses to the HOPE Fund. Contributions have been modest, but we were able to distribute the funds to three members of our campus community.

Student Org Banking: At the start of the fiscal year, Tammie and her team took on the additional responsibility of managing the monies of student organizations. They have developed policy, structure, trainings, and a website in an incredibly short period of time. Jason acknowledged the tremendous amount of work Tammie and her team put in to make this program work.

UCorp Employees 403(b)- Our board had a fiduciary responsibility for UCorp employees' 403(b) plans. Most are not university employees. UCorp attempts to mimic the campus benefits as much as possible to maintain an equitable environment for campus workers. UCorp has even begun to mirror the campus fee waiver program.

January AOA Conference: Several UCorp staff will attend the AOA Conference in Sacramento.

Commencement 2018: UCorp has signed the contract for a 3rd commencement at AT&T Park. The ceremony will take place on a Thursday again.

Holloway Project: The deal points for the Holloway Project have all been completed. We are now in the stage of gathering the exhibits. There may be a signing ceremony at the AOA conference.

The project is set to have six ground floor retail spaces. Four are conducive to retail and two are less desirable. The developer controls the retail, but UCorp does have the ability to lease back some space. The two less desirable for retail spaces are quite large at 5,000 and 3,000 square feet. Jason asked to board to consider if there is interest in subleasing the space for non-traditional use such as virtual reality or a maker space. The Retail and Commercial Services Committee may consider this at their next meeting.

Lot 25: Park Merced is set to break ground for their redevelopment in 2018. They have offered an annual \$250K to use Lot 25 for their construction staff, etc. UCorp will manage the contract and absorb any possible risk. This revenue stream is important, as parking revenue supports our shuttle service.

X. Schedule of Meetings

Board of Directors:		
Monday, February 12, 2018	3:00 p.m. to 4:30 p.m.	TBA
Monday, April 16, 2018	3:00 p.m. to 4:30 p.m.	TBA
Monday, May 14, 2018	3:00 p.m. to 4:30 p.m.	TBA
Monday, June 25, 2018	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 4:28 p.m.

Passed and adopted on this 23 day of February 2018, by the following vote:

Aye: 11                      No: 0                      Abstain: 0                      Absent: 6

**Secretary Certification**

The undersigned state that she is the authorized Secretary of the Corporation and certifies that on February 23, 2018, 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 23 day of February, 2018, at San Francisco State University, 1600 Holloway Ave. ADM 153 L, San Francisco, California.

Action Item No: 20180223-01

  
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Bonnie Li Victorino, Secretary