

CAL POLY POMONA FOUNDATION, INC.
FINANCE & INVESTMENT COMMITTEE

Friday, September 13, 2024

9:00 a.m.-11:00 a.m.

Join Zoom Meeting

<https://cpp.zoom.us/j/88400831998>

Meeting ID: 884 0083 1998

AGENDA

Committee Chair: Ysabel Trinidad

Members: Alison Baski, Michelle Cardona, Dr. Rita Kumar, Carol Lee, Cynthia Nelson, Anissa Patel, Ruby Suchecki, Kris Zoleta

Staff: Claudia Burciaga-Ramos, Jared Ceja, Lisa Coats, Ernest Diaz, Tariq Marji

Guests: Karin Longhurst - Graystone

I. ACKNOWLEDGEMENT OF MEMBERS OF THE PUBLIC

Who may or may not be commenting on a specific item or making a general comment.

II. CONSENT ACTION ITEMS

Items in this section are considered to be routine and acted on by the committee in one motion. Each item of the Consent agenda approved by the committee shall be deemed to have been considered in full and adopted as recommended. Any committee member may request that a consent item be removed from the consent agenda to be considered as a separate action item. If no additional information is requested, the approval vote will be taken without discussion. An "A" distinguishes items requiring approval.

A. Reading of Minutes Ysabel Trinidad, Chair 2 – 4
Approval of Meeting Minutes – May 21, 2024

III. GENERAL UPDATES

B. Welcome of New and Returning Members Ysabel Trinidad

C. CEO's Report Jared Ceja, CEO 6 – 7

D. Tentative Committee Meeting Schedule Jared Ceja 8
(Attachment)

IV. INFORMATION & DISCUSSION ITEMS

E. Financial Highlights: Q4 2023-2024 Jared Ceja 9
(Attachment) Tariq Marji, CFO

F. CPPE Reserve Analysis Tariq Marji 10
(Attachment)

V. ACTION ITEMS

G. Investment Portfolio Report Q4 2023-2024 Tariq Marji 11 - 67
(Attachment) Karin Longhurst, Graystone

VI. OPEN FORUM

VII. ADJOURNMENT

Ysabel Trinidad

CAL POLY POMONA FOUNDATION, INC.
Finance & Investment Committee Meeting Minutes
Tuesday, May 21, 2024
1:30 -3:30 p.m.

Minutes

Notice is hereby given that a regular meeting of the Finance/Investment Committee was held by video conference/teleconference on Tuesday, May 21, 2024, at 1:30 p.m. to discuss matters on the posted agenda. The meeting notice in its entirety was posted on the internet at

<https://foundation.cpp.edu/content/d/Meeting%20Packets/Finance%20&%20Investment%20052124.pdf>

Members: Michelle Cardona, Dr. Rita Kumar, Carlo Lee, Cynthia Nelson, Dr. Phyllis Nelson, Ruby Suchecki, Ysabel Trinidad, Kris Zoleta

Staff: Claudia Burciaga-Ramos, Jared Ceja, Lisa Coats, Ernest Diaz, Tariq Marji, Aaron Neilson, Thomas Sekayan

Absent: Stephanie Pastor, Naman Pandadiya

Guest(s): Karin Longhurst, Andy Price

CALL TO ORDER

Committee Chair Ysabel Trinidad began meeting discussion at 1:30 p.m.

CONSENT ACTION ITEMS

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A. Approval Finance & Investment Committee Minutes, February 13, 2024

A motion was made by Dr. Rita Kumar and seconded by Dr. Phyllis Nelson to approve the minutes. There was no opposition; the minutes were approved.

GENERAL UPDATES

B. Introduction of Tariq Marji, Interim CFO

Jared Ceja introduced Tariq Marji as the interim CFO. Mr. Marji has extensive experience, having served as the CFO at Cal State Fullerton and ED at Cal State LA. His return to the Foundation after 20 years was celebrated following a failed search for a permanent CFO. Mr. Marji expressed his commitment to maintaining the financial stability of the Foundation and highlighted his experience with auxiliary services across the CSU system.

C. CEO's Report

Mr. Ceja reported a projected slight increase in full-time equivalent (FTE) enrollment, anticipating that the number would reach 22,265. He acknowledged that this projection comes with potential challenges, particularly due to FAFSA processing delays and other issues related to enrollment. Despite these hurdles, the outlook remains cautiously optimistic.

In terms of University Village occupancy, Mr. Ceja highlighted that the Village is fully booked, with a waitlist of 200 students. This high demand has led to an adjustment in the budgeted occupancy rate, which was increased from 93% to 95%. The adjustment reflects a conservative approach with the opening of additional competition in the area.

Addressing sales results, Mr. Ceja noted several key successes. The recent Open House event was particularly fruitful for dining services, which reported \$44,000 in sales. The Bronco Bookstore also achieved a milestone, recording \$112,000 in non-course materials sales—the highest in the store’s history for such items. The anniversary event for Innovation Brew Works saw a slight 1% decrease in sales compared to the record-breaking previous year, mainly due to unexpected rain.

Mr. Ceja explained the recent adjustments to meal plan fees. The lowest-cost meal plan saw a 4.9% increase, which keeps our 3-year average increase at far below the system average (2nd best in the CSU and best in our region). However, by reducing costs on higher-level plans, the overall weighted increase was controlled at 2.5% while offering students more flexibility.

INFORMATION & DISCUSSION ITEMS

D. Financial Highlights 3rd Quarter 2023-2024

Mr. Ceja reported a strong financial performance for the Foundation’s commercial services and Admin, ending Q3 with a net surplus of \$8.2 million—well above the budgeted \$3.8 million. This positive variance was largely driven by the investment portfolio, which outperformed expectations and contributed \$3.3 million to the surplus. Mr. Ceja also highlighted other areas, such as grant administration, which saw a 13% increase in post-award activity compared to the previous year. This growth is projected to bring total grant administration revenue to around \$18-20 million by the end of the year.

University Village’s financial performance was noted, with Q3 actuals surpassing \$3 million. However, the annual forecast was revised down to \$2.78 million to account for typical summer occupancy declines, as summer is traditionally a financial loss period for housing. Mr. Marji added that despite these lower profitability months, the strong occupancy rates during the fall and spring have kept University Village’s overall financial performance healthy.

Kellogg West reported a deficit of \$772,000, primarily due to ongoing construction that has left over half of the rooms unavailable. Mr. Ceja emphasized that if Admin fees and depreciation costs were removed, the underlying operations remains positive. Concerns were raised about prolonged water intrusion issues. Mr. Ceja acknowledged delays caused by the rainy season and the complexities of repairs. Chair Trinidad reinforced staffing changes and other challenges on the stateside, outside of Foundation’s control. Mr. Marji elaborated that roofing work and mitigation are in progress, with a budget for these repairs included in the forecast. Despite current struggles, Kellogg West is expected to improve its financial position once renovations are completed.

Dining services faced significant challenges in Q3, including a revenue loss of approximately \$500,000 due to disruptions from strikes, boycotts, Hurricane Hilary, and other weather-related campus closures. Mr. Ceja also pointed out that food cost inflation exceeded the budgeted 4% increase, adding further strain. The recent minimum wage increases, including the April franchise minimum wage hike to \$20/hour, posed challenges for managing labor costs. Despite these issues, dining services remained modestly profitable. Mr. Ceja noted that the decision to forgo a meal plan price increase last year added pressure, but effective cost management and adjustments to operational hours helped mitigate some of the financial impact. Mr. Marji further explained that dining services have been adjusting their pricing to align with market rates and implementing cost-saving measures. The financial forecast has been updated to reflect better-than-expected performance in April and May, although the overall financial environment remains challenging.

E. Transfer to VEBA Trust

The committee discussed the planned transfer to the VEBA Trust, ensuring that retiree health benefits remain fully funded. The timing and amount of the transfer were reviewed in the context of the overall financial health of the Foundation.

ACTION ITEMS

F. Investment Portfolio Report, 3rd Quarter 2023 – 2024

Andy Price and Karin Longhurst from Graystone presented the Q3 investment portfolio report. The portfolio showed solid performance with returns aligned with market benchmarks. The committee discussed the allocation strategy, considering potential adjustments in light of current economic conditions and future financial goals.

A motion was made by Ruby Suchecki and seconded by Dr. Phyllis Nelson that the members of the Finance & Investment Committee have reviewed the comprehensive quarterly investment portfolio report and believe the report follows the investment policy and recommend it be presented to the Board of Directors at their next regularly scheduled meeting. There was no opposition, and the motion was approved unanimously.

G. Proposed Operating & Capital Budgets 24/25 & Proforma

Mr. Ceja and Mr. Marji presented the proposed operating and capital budgets for 2024/2025. The discussion focused on adjustments made in response to financial challenges faced during the current fiscal year, particularly in dining services and housing. Kellogg West was budgeted at a loss for the next year, reflecting the ongoing construction and reduced capacity.

A motion was made by Dr. Rita Kumar and seconded by Carol Lee that the members of the Finance & Investment Committee have reviewed and approved the presented Proposed Operating & Capital Budgets 24/25 & Proforma and forward this resolution to the Board of Directors for consideration at their next scheduled meeting.

H. Policy #170 Update – Ag Reserve Policy

This item was tabled for a future meeting.

OPEN FORUM

During the committee meeting, there were no items brought forward for discussion during the open forum. The session concluded without any additional topics being raised by committee members or attendees.

ADJOURNMENT

Committee Chair Ysabel Trinidad adjourned the meeting at 3:30 p.m.

Ysabel Trinidad
Finance & Investment Committee, Chair

CAL POLY POMONA
ENTERPRISES

CEO's Report

September 13, 2024

F&I Committee

Agenda

- ▶ Heat, Pipes & HVAC
- ▶ Schools First FCU Open
- ▶ UV Occupancy + Freshman
- ▶ CFO Recruitment Process
- ▶ Prop 32
- ▶ IAC Preliminary Results
- ▶ The Patio
- ▶ Yellow & Green Belt Trainings



2024 – 2025

Finance & Investment Committee Meetings

Committee members:

1. Ysabel Trinidad, Chair
2. Alison Baski
3. Dr. Rita Kumar
4. Kris Zoleta
5. Cynthia Nelson
6. Anissa Patel
7. Carol Lee
8. Michelle Cardona
9. Ruby Suchecki

Meets every quarter (September, December, February & May)
Committee Meeting Friday, September 13, 2024 9 am – 11 pm Zoom
Committee Meeting Friday, December 13, 2024 9 am – 11 am Zoom
Committee Meeting Tuesday, February 18, 2025 9 am – 11 am Zoom
Committee Meeting Friday, May 9, 2025 9 am – 11 am Zoom



Cal Poly Pomona Foundation, Inc.
Statement of Activities
For Period Ending Jun 30, 2024

	REVENUES		EXPENSES - Payroll		EXPENSES - Other				EXPENSES - Total		SURPLUS/(DEFICIT)			Fund Balance
	FY 23-24 YE	FY 23-24 YE	FY 23-24 YE	FY 23-24 YE	FY 23-24 YE		FY 23-24 YE	FY 23-24 YE	FY 23-24 YE	FY 23-24 YE	FY 23-24 YE		6/302024	
	Actual	Budget	Actual	Budget	Admin Fees	Other Expense	Actual	Budget	Actual	Budget	Actual	Budget	\$ Variance	
Commercial Services														
Dining Services	20,385,623	21,148,012	7,392,039	7,404,456	1,305,574	11,573,444	12,879,018	12,841,528	20,271,057	20,245,984	114,566	902,028	(787,462)	
Bookstore	15,437,158	14,699,419	1,468,656	1,685,116	896,584	12,489,430	13,386,014	12,494,406	14,854,670	14,179,522	582,489	519,897	62,592	
Kellogg West	3,680,205	4,666,776	2,274,264	2,390,801	231,534	2,001,294	2,232,828	2,255,202	4,507,092	4,646,003	(826,886)	20,773	(847,659)	
University Village	11,766,692	11,511,952	2,366,999	2,417,331	764,811	6,026,968	6,791,779	6,825,617	9,158,779	9,242,948	2,607,913	2,269,004	338,909	
Real Estate/Rentals	8,266,907	8,151,690	479,656	497,504	381,754	4,914,732	5,296,486	5,297,242	5,776,142	5,794,746	2,490,765	2,356,944	133,821	
Total Commercial Services	59,536,585	60,177,849	13,981,613	14,395,208	3,580,257	37,005,868	40,586,125	39,713,995	54,567,738	54,109,203	4,968,847	6,068,646	(1,099,799)	
Other Activities														
Investments	5,102,783	1,050,000	0	0	0	98,235	98,235	102,000	98,235	102,000	5,004,548	948,000	4,056,548	
Administration	786,636	621,592	7,184,364	6,488,976	(4,907,670)	1,356,207	(3,551,463)	(2,879,717)	3,632,901	3,609,259	(2,846,265)	(2,987,667)	141,402	
Total Other Activities	5,889,419	1,671,592	7,184,364	6,488,976	(4,907,670)	1,454,442	(3,453,228)	(2,777,717)	3,731,136	3,711,259	2,158,283	(2,039,667)	4,197,950	
Total Commercial & Other	65,426,004	61,849,441	21,165,978	20,884,184	(1,327,413)	38,460,310	37,132,897	36,936,278	58,298,875	57,820,462	7,127,130	4,028,979	3,098,151	28,326,250
Designated Funds														
Annual Designated	45,617	0	26,663	0	0	715,875	715,875	1,850,000	742,538	1,850,000	(696,921)	(1,850,000)	1,153,079	
Total Designated Funds	45,617	0	26,663	0	0	715,875	715,875	1,850,000	742,538	1,850,000	(696,921)	(1,850,000)	1,153,079	
Support Activities														
Bronco One Card	441,795	475,205	226,631	252,724	35,927	179,237	215,164	222,477	441,795	475,201	0	4	(4)	
Research Office	2,628,932	1,673,004	137,249	301,192	956,215	1,485,809	2,442,023	1,321,812	2,579,272	1,623,004	49,660	50,000	(340)	(1,175,949)
Agriculture	4,990,341	4,963,810	1,717,286	1,686,443	197,424	3,694,029	3,891,453	2,910,503	5,608,739	4,596,946	(618,398)	366,864	(985,262)	(25,656)
College of P&GE	2,436,953	1,721,949	1,018,745	1,298,183	103,846	1,347,761	1,451,607	879,141	2,470,352	2,177,324	(33,399)	(455,375)	421,976	5,106,749
Support Programs	5,566,057	0	1,169,685	0	34,002	2,585,570	2,619,572	0	3,789,257	0	1,776,800	0	1,776,800	21,762,946
Total Support Activities	16,064,078	8,833,968	4,269,596	3,538,542	1,327,413	9,292,406	10,619,819	5,333,933	14,889,415	8,872,475	1,174,663	(38,507)	1,213,170	
Grants+Transfers														
Grants and Contracts	22,342,447	15,034,667	0	0	0	22,342,447	22,342,447	15,034,667	22,342,447	15,034,667	0	0	0	
Vesting Grant Assets	0	0	0	0	0	(122,661)	(122,661)	0	(122,661)	0	122,661	0	122,661	
Transfers	0	0	0	0	0	100,434	100,434	0	100,434	0	(100,434)	0	(100,434)	
Total Grants+Transfers	22,342,447	15,034,668	0	0	0	22,320,220	22,320,220	15,034,668	22,320,220	15,034,668	22,227	0	22,227	
Total Foundation Net	103,878,146	85,718,077	25,462,237	24,422,726	0	70,788,811	70,788,811	59,154,879	96,251,048	83,577,605	7,627,098	2,140,472	5,486,626	

Reserves	Purpose	Authorized Signers	Sample Past Expenditures	Planned Future expenditure	Balance as of June 30, 2024
Capital/Real Estate & Deferred Maintenance Policy # 172	Established to provide fiscal viability on maintaining appropriate debt service coverage and Real Estate deferred maintenance	Board of Directors, CEO, CFO	April 2016 - KW Conference center \$18,535; KW Hotel \$1,450,920; July 2018 - Support for Lanterman \$500,000	Innovation Village Development - Faculty/Staff Housing and mixed-use	\$ 7,206,659
Operating/Working Capital Reserve Policy # 172	Established to provide fiscal viability on maintaining appropriate Operating/Working Capital	Board of Directors, CEO, CFO	No activity	Available for working capital in times of scarcity	620,037
Venture Capital Reserve Fund Policy # 172	Established to provide fiscal viability for future operations.	Board of Directors, CEO, CFO			3,668,175
Residential Board Meal Program & Residence Student Program Trust Fund Policy # 171	Established for the distribution of Residential Board Meal Program Surplus to enhance the residential dining experience. This can include equipment, furniture, facility upgrades, and more.	CEO, CFO, Director of Dining	June 2011 - Capital improvement to Los Olivos \$319,819; May 2022 - CenterPointe Dishroom upgrade \$33,725	New equipment, furniture replacement, and capital improvements at Centerpointe	5,565,623
Insurance Policy # 174	Established to provide adequate insurance reserves to pay for the deductible amount greater than \$10,000 versus the actual deductible on CPPE's insurance policies. This Reserve policy excludes flood and earthquake insurance policies.	CEO, CFO	No activity	Available for insurance claims that exceed thresholds	286,496
University Village Development Policy # 176	Established for the development (capital and operating) of the CPPE's University Village including facilities renewals, replacement of equipment, infrastructure upgrades or expansion.	Chair of Finance Committee, CEO, CFO	New Reserve. No activity.	Innovation Village Development; deferred maintenance at University Village	1,321,735
AG State Share Reserve Policy # 170	Capital and operating expenditures for Ag after consideration of Pine Tree Ranch.	Board of Directors, Dean College Of Ag, CEO	November 2018 - Onion shed roof repair \$33,500	Upkeep of Agricultural assets for academic and commercial purposes	485,336
Office of research & Sponsored Prog. Policy # 175	Establish to provide assistance for the bringing intellectual property to the public market place by funding services regarding patent, trademark and copyright applications.	Board of Directors, Provost , VP of Research and Graduate Studies	No activity		120,217
Pine Tree Policy # 170	Capital outlays for the Pine Tree Ranch.	Board of Directors, Dean College Of Ag, CEO	No activity	Upkeep of Agricultural assets at Pine Tree Ranch	75,000
<u>Other Reserves</u>					
Innovation Village Demo Reserve (Contractual)	In response to Section 13 in Ground Lease agreements. Established at 0.99% of annual income.	CEO, CFO, Director of Real Estate	No activity	Eventual demolition/replacement of IV buildings	158,845
Grants Indirect cost for disallowable expense	Establish to reserve for Grant's disallowable expenses.	CEO, CFO, Director of Real Estate	No activity		309,940
Bookstore IA Scholarship	Establish to reserve for bookstore Scholarship	CEO, CFO, Bookstore Director	No activity		100,000
Total Reserves					\$ 19,918,062



Memorandum

Date: September 13, 2024

To: Finance and Investment Committee

From: Tariq Marji, Chief Financial Officer

Attached: Graystone Capital Market Commentary
Graystone Portfolio Review Common
Fund Investment Report

Subject: INVESTMENT PORTFOLIO REPORT– Fourth Quarter 2023-2024

The Foundation's General Investment Policy 131 requires a comprehensive quarterly report of the investment portfolio's performance be provided to the members of the Finance & Investment Committee and Board of Directors at each regularly scheduled meeting.

GENERAL INVESTMENT PORTFOLIO

The General Investment Portfolio ("Portfolio") has a current total market value of \$46.1M as of June 30, 2024. The majority portion managed by Graystone Consulting has a current market value of \$43.2M with 23% Fixed Income, 60% Equities, 17% Alternatives, and less than 1% Cash. All allocations are within current policy ranges. The return over the last quarter was 1.61% (gross) and 12.35% over the last twelve months (6/30/23-6/30/24). Additional information is included in the report provided by Graystone.

Management received capital call notices and has contributed \$236,250 against its commitment of \$250,000 to Capital Partners IV and \$701,250 against its commitment of \$750,000 to Capital Private Equity Partners VII. The value of the non-marketable investments is \$214,114. The Common Fund Summary Investment and Performance Reports are available for further details.

During Q4 2023-24, the foundation continued to maintain a Blackrock Liquidity Treasury Trust Fund. The balance and yield as of 6/30/24 are \$2.7M and 5.30%, respectively.

BE IT RESOLVED that the members of the Finance and Investment Committee have reviewed the comprehensive quarterly investment report and believe the report is in compliance with the investment policy and recommends the quarterly investment report be presented to the Board of Directors at their next regularly scheduled meeting.

PASSED AND ADOPTED THIS 13TH DAY OF SEPTEMBER 2024.

By: _____
Ysabel Trinidad, Chair
Finance & Investment Committee