



**Minutes of the Annual Meeting of the
BOARD OF DIRECTORS**

Friday, October 18, 2024
10:00 AM Pacific Time

Humboldt Bay Aquatic Center, Room 203
Eureka, CA

Members Present:

Robin Smith, Chair
Jack McGurk, Vice Chair
Jason Carlson, Treasurer
Mark Johnson, Executive Director &
Secretary
Michael Spagna, Interim University
President
Eden Donahue, Faculty Representative
Jordan Kemme, Student Representative
Philip Anton, Member
Ken Fulgham, Member
Scott Hunt, Member
Carin Kaltschmidt, Member
Jennifer Keller, Member

Robin Quigley, Member

Members Absent:

Sherie Gordon, Staff Representative
(University CFO)

Guests: John Ballard, Jenn Capps, Adrienne Colegrove-Raymond, Jeff Crane, Kacie Flynn, Kevin Furtado, Sabrina Graham-Martinez, Jenna Hanson, Kayla Johnston, Steve Karp, Stacie Lyans, Cyril Oberlander, Justus Ortega, Angie Petroske, Nick Pettit, Dan Phillips, Kyle Plitt, Samantha Puentes, Jamie Rich, Eric Riggs, Dan Sealy, Guido Setton, Connie Stewart, Robin Venuti, and Teresa Wilmott

The annual meeting of the Cal Poly Humboldt Foundation Board of Directors was held on Friday, October 18, 2024 at 10:00 AM in Room 203 of the Humboldt Bay Aquatic Center in Eureka, CA.

1. Call to Order/Roll Call/Land Acknowledgement

The meeting was called to order by Board Chair, Robin Smith, at 10:05 AM.

2. Public Comments

Cyril Oberlander, Dean of the University Library, thanked the Board for a successful campaign and for the support it provided to students and the campus. He provided each Board Member with a student publication, a Halloween-themed children's book.

3. President's Comments

Cal Poly Humboldt Interim President Michael Spagna relayed to the Board that the State's investment for the Cal Poly transition, the work of this Foundation and that of the Sponsored Programs Foundation, the successful campaign, and continued fundraising, support, and stewardship show positive momentum and are all signs that the University will continue to thrive.

President Spagna stated that he is in active listening mode to help rebuild relationships and restore trust on campus and within the community. He continued with some highlights from over the past few weeks, including:

- Golden Grad Ceremony
- Conversations with College of the Redwoods President Flamer about vital agreements between the colleges regarding the health care hub, dual enrollment, housing, and intersegmental partnerships.
- Sponsored Programs Foundations grants
- Engineering & Technology Building groundbreaking
- Presidential Search

4. Acceptance of Minutes from the August 30, 2024 Meeting

Upon motion duly made (Ken Fulgham), seconded (Carin Kaltschmidt) and unanimously carried, it was

RESOLVED, that the Minutes of the August 30, 2024 meeting are accepted.

5. Acknowledge Board Appointments

Members of the Board of Directors are appointed by the President of Cal Poly Humboldt. The Board of Directors formally acknowledges these appointments:

Independent members are appointed to serve a term of three years and may be reappointed to serve a second three-year term, after which they must leave the Board for at least one year. In addition, the President is required to appoint at least one faculty, one staff, and one student member for one-year renewable terms.

Upon motion duly made (Jack McGurk), seconded (Robin Quigley) and unanimously carried, it was:

RESOLVED, that the appointment of the following individuals to the Board of Directors of the Cal Poly Humboldt Foundation by the President of Cal Poly Humboldt is acknowledged by the Board of Directors:

For a regular three-year term:

Philip Anton

Jason Carlson

University faculty for a one-year renewable term:
Eden Donahue

University staff for a one-year renewable term:
University CFO (Sherie Gordon)

6. Committee Reports

Carin Kaltschmidt, Chair of the Donor Intention & Fulfillment Committee, reported that at the September 27, 2024 meeting, Eileen Cashman, Chair of the School of Engineering provided Funding Impact Presentation on the recent growth within Engineering and the Gearheart Ecological Engineering Research Fund. The school launched two new Bachelor Degree programs in the Fall of 2023: Energy Systems Engineering and Mechanical Engineering, increasing the student body from 150 to 400. Construction on the new Engineering & Technology building has begun with the goal of opening for classes in Fall 2026. Emeritus Professor Bob Gearhart, who worked closely with the City of Arcata in establishing the Arcata Marsh Institute, along with his wife, Mary, make generous annual gifts as current use funds and with the pledge of a planned gift will permanently endow the Gearheart Ecological Engineering Research Fund.

The Check 5 report continues to be a great process for identifying anomalies and funds that need attention. One of the funds evaluated in this process, the Humboldt First Fund, is overspent and a plan is in place to replenish it. This fund provides scholarships to enrolled local students.

The Current Use Fund Report and Department Spending Plans are an evolving and continuous process to provide visibility and transparency regarding departments' intentions for spending donor funds.

Scott Hunt, Chair of the Audit Committee, reported that the Audit Committee held their annual meeting with the auditors on September 10, 2024. Moss Adams presented an unmodified (clean) opinion on the Financial Statements and found no instances of noncompliance or other matters on the GAGAS Internal Control and Compliance Report. Following the formal meeting, committee members met with the auditors in a closed executive session. As opposed to previous years and at the University's request, Moss Adams prepared the financial statements this year. While this requires them to take a deeper dive into the finances, they cannot opine on them - they can only assess and provide recommendations. Ultimately, management takes responsibility for the statements.

Ken Fulgham, Co-Chair of the Finance & Investment Committee, reported that the Finance & Investment Committee received an update on the Current Market Value of Endowments and an investment performance update for the fiscal year-to-date as of August 31, 2024. The Fund's estimated market value decreased during this period from \$51.5 million to \$51.3 million due to the annual distribution, but the estimated return was 3.39%, nearly completely offsetting the distribution. Ken noted that the Foundation

has no investments in weapons and that the ESR (Environmentally and Socially Responsible Investing) holdings are up to 72% of the total.

The committee discussed property as well as reviewed distribution scenarios, passing a resolution recommending the Board approve a 4.5% distribution for FYE 2026.

The Finance committee, in addition to the Donor committee, received an update on the Current Use Fund Report and Department Spending Plans.

Jason Carlson, Co-Chair of the Finance & Investment Committee added that the Finance & Investment Committee received a review of the FYE 2024 audited financial statements.

Robin Smith, Chair of the Executive Committee, noted that the meeting on October 4 was a routine meeting that included a discussion regarding historical distribution amounts and the potential to change the rate in future due to an increase in the endowment total.

7. Annual Investment Review

Kyle Plitt, RVK Investment Advisor, reported to the Board a positive 10.3% net of fees return for fiscal year 2023-24, the Foundation's 3rd-best return in a decade, putting the Foundation in the 67th percentile but still underperforming larger institutions due to a significantly higher allocation to real estate in a year where global stock markets soared. Despite less competitive results in FY 2023-24, the Foundation outperformed 72% of its peers from fiscal years ending 2020 through 2024, and, due to the new policy target allocation approved in August 2024, the ESR (Environmentally and Socially Responsible investing) allocation has increased from 69% to 72%.

Regarding historical growth of the investment portfolio since 2005, the Foundation has seen a 6.6% annualized return net of fees, assets have increased over the past fiscal year and are up significantly long term, and donations continue to outpace distributions.

RVK and the Finance & Investment Committee periodically review both total returns and volatility of the investment portfolio. The Board has established an Investment Policy seeking returns that exceed spending policy (4.5%), Foundation expenses (1.5%), and the rate of inflation, exceed performance benchmarks after fees, and minimize volatility. Over the last decade, the portfolio has generated higher returns with lower volatility than larger peer institutions.

After conducting the annual asset allocation study, RVK recommended increasing allocations to fixed income (+4%), offsetting this by removing its allocation to TIPS (-4%), based on changes in the interest rate environment. This change increased the ESR allocation by 3% without impacting expected returns or volatility.

In October 2023, the Board formalized a comprehensive policy allocation to dedicated ESR investment strategies. The total allocation to ESR has gradually and deliberately increased over the past decade, however the past 15 months saw the most significant

divestment from traditional strategies in the Foundation's history. Dedicated ESR strategies totaled 38% on June 30, 2023 and increased to 72% as of September 30, 2024. Additional targeted allocations to Real Estate (20%) are not available as an ESR alternative, meaning 80% is the maximum ESR allocation possible at this time.

8. Endowment Distribution Rate for FYE 2026

The purpose of an endowment is to provide a distribution each year that is both relatively consistent from year-to-year and that keeps pace with inflation. Endowment funds are governed by the State of California Uniform Prudent Management of Institutional Fund Act ("UPMIFA") which requires the Board of Directors to invest and manage the Foundation's endowment funds in order to provide a consistent level of distribution for charitable purposes while preserving the capital value of the endowment over time. In order to determine the annual endowment distribution rate, the Board must take into account expected investment return, expected inflation, and the 1.5% service charge and balance these with the need to provide a payout amount which is meaningful to the students, programs and departments that benefit from the endowment.

The Finance & Investment Committee recommends setting the distribution rate for fiscal year ending 2026 at 4.5%.

After discussion and upon motion duly made (Ken Fulgham), seconded (Scott Hunt), and unanimously carried, it was:

RESOLVED, that the Cal Poly Humboldt Foundation Board of Directors accepts the recommendation from the Finance & Investment Committee that the endowment distribution amount for fiscal year ending 2026 shall be based upon a rate of 4.5%.

9. Special Endowment Distribution to the School of Business

A quasi-endowment is when a donor can invest funds as if it is an endowment, but the fund is not designed to last forever - it is more like a savings for a special purpose. A special distribution would be in addition to the planned distribution from the quasi-endowment into the current use fund.

After discussion and upon motion duly made (Scott Hunt), seconded (Ken Fulgham), and unanimously carried:

WHEREAS, the School of Business Department Chair requested on behalf of the department a special distribution of \$11,000 to be expensed in the following manner:

- MBA Student Awards (Spring 2025), \$8,500
- Verizon Bill Projections (Sept '24 - July '25), \$600
- DARS Planning Workshops for BA Students, \$500
- Miscellaneous Holiday Decorations and Supplies, \$500
- Recruitment Events, \$900,

THEREFORE BE IT RESOLVED, that the Cal Poly Humboldt Board of Directors approves a special distribution of \$11,000 from the Quasi-Endowment called "School of Business Endowment" (A4011) to the current use fund called "School of Business Program" (A6661).

10. Appoint Officers

The Officers of the Foundation are elected annually by the Board of Directors. Each Officer holds the office for a term of one year or until his or her successor has been elected.

Upon motion duly made (Robin Quigley), seconded (Eden Donahue), and unanimously carried, it was:

RESOLVED, that the following are elected as Officers of the Cal Poly Humboldt Foundation Board of Directors to serve for a term of one year, unless otherwise noted, or until a successor is elected, effective as of the conclusion of this meeting:

Chair – Jack McGurk (2 years)

Vice Chair – VACANT

Treasurer – Jason Carlson

Secretary – Mark Johnson

11. Appoint Committees

The Board of Directors appoints one or more committees at its annual meeting. The Executive Committee and the Audit Committee are delegated authority to take certain actions on behalf of the Board of Directors. All other committees are advisory committees and are limited to making recommendations for action by the Board of Directors.

Individuals who are not members of the Board of Directors may serve on advisory committees. The Board has delegated to the Board Chair the authority to appoint non-Board members to advisory committees at any time, however members of the Board of Directors must be appointed to committees by action of the Board of Directors.

The following resolution establishes the committees and appoints chairs and members for the following year:

After discussion and upon motion duly made (Scott Hunt), seconded (Philip Anton), and unanimously carried, it was:

RESOLVED, that the following individuals are appointed to the Cal Poly Humboldt Foundation Board Committees as set forth below:

Audit Committee

Scott Hunt, Chair
Philip Anton
Eden Donahue
Carin Kaltschmidt
Jack McGurk

Donor Intention & Fulfillment Committee

Carin Kaltschmidt, Chair
Eden Donahue
Mark Johnson
Jordan Kemme
Jack McGurk
Robin Quigley
Robin Smith

Finance & Investment Committee

Jason Carlson, Co-Chair
Ken Fulgham, Co-Chair
Philip Anton
Sherie Gordon
Mark Johnson
Jack McGurk
Robin Smith

Governance & Strategy Committee

On hiatus - the Executive Committee will convene if necessary

Philanthropy & Advocacy Committee

On hiatus - the Executive Committee will convene if necessary

12. Appoint Executive Committee

The Board of Directors appoints an Executive Committee at its annual meeting. The Bylaws delegate to the Executive Committee certain powers to act on behalf of the Board of Directors.

Upon motion duly made (Jennifer Keller and Eden Donahue, concurrently), seconded (Scott Hunt), and unanimously carried, it was:

RESOLVED, that the following individuals are appointed to the Executive Committee for the Cal Poly Humboldt Foundation:

Jack McGurk - Chair
VACANT - Vice Chair
Jason Carlson - Treasurer & Co-Chair, Finance & Investment Committee
Mark Johnson - Executive Director & Secretary
Robin Smith - Immediate Past Board Chair

Ken Fulgham - Co-Chair, Finance & Investment Committee
Scott Hunt – Chair, Audit Committee
Carin Kaltschmidt – Chair, Donor Intention & Fulfillment Committee
VACANT – Chair, Philanthropy & Advocacy Committee (*on hiatus*)
VACANT – Chair, Governance & Strategy Committee (*on hiatus*)

FURTHER, that is in accordance with the Bylaws, the Executive Committee is delegated authority to act on behalf of Cal Poly Humboldt Foundation, except for the powers to:

- a. Set the number of Directors;
- b. Elect Directors or remove Directors without cause;
- c. Fill vacancies on the Board of Directors or on any Board Committee;
- d. Fix compensation of Directors for serving on the Board or any Board Committee;
- e. Amend or repeal the Bylaws or adopt new Bylaws;
- f. Adopt amendments to the Articles of Incorporation;
- g. Amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repeal-able;
- h. Create any other Board Committees or appoint the members of any Board Committees; or
- i. Approve any merger, reorganization, voluntary dissolutions, or disposition of substantially all of the assets of this corporation

13. Authorized Signers

At its annual meeting the Board of Directors grants to its officers the authority to sign legal and other documents on behalf of the Foundation. Note that this resolution merely establishes the legality of these individuals' signatures to bind the Foundation for actions which the Foundation has approved and authorized according to its established policies and procedures. This resolution does not grant these individuals authority to act unilaterally or without the direction of the Board of Directors.

Upon motion duly made (Ken Fulgham), seconded (Carin Kaltschmidt), and unanimously carried, it was:

RESOLVED, that the execution of contracts, assignments, certificates and other instruments of whatever nature which have been authorized to be executed on behalf of the Cal Poly Humboldt Foundation, except in cases where the signing thereof is expressly delegated by the Board of Directors, the Bylaws, policies, or by statute to some other officer, officers, or agent of the Foundation, shall be signed by any of the persons listed below:

Jack McGurk, Chair,
VACANT, Vice Chair

Jason Carlson, Treasurer
Mark Johnson, Executive Director & Secretary

FURTHER, that, in addition to the above individuals, the individuals employed by Cal Poly Humboldt in the following roles are authorized to sign checks and similar duly authorized documents consistent with the operating contracts and agreements approved by the Board of Directors and consistent with Board policy:

Controller
Assistant Controller
Executive Director of Strategic Business Services (formerly known as Director of Contracts and Procurement)

FURTHER, that the following limits are established for the authority granted to University employees to sign checks or similar duly authorized documents:

1. If the total value of the transaction is \$50,000 or more, two authorized signatures, one of which must be the Executive Director, are required;
2. If the total value of the transaction is \$100,000 or more, at least one of the authorized signatures must be by a member of the Board of Directors who is not an employee of Cal Poly Humboldt and the Executive Committee must be notified of the transaction; and,
3. Under no circumstances may an individual sign a check or similar instrument if it is payable to himself or herself, or an organization or company over which they have substantial control

FURTHER, that this signing authority shall remain in effect until revoked or amended by the Board of Directors.

14. Designate Robin Smith as REH Board Member

In March of 2024, the current Board Chair was designated as a member of the Real Estate Holdings (REH) Board for a 3-year term. As incoming Chair, Jack McGurk will replace Robin Smith on the REH Board. However, previous Executive Director, Frank Whitlatch, and the REH Board Officers had an intent to grow the REH Board by appointing past Foundation Board Chairs as members. In support of that goal, Robin Smith shall be designated as a member of REH for a regular 3-year term.

After discussion and upon motion duly made (Jack McGurk), seconded (Carin Kaltschmidt), with one abstention (Robin Smith), and otherwise unanimously carried, it was:

RESOLVED, that, as the Designator for Cal Poly Humboldt Real Estate Holdings (REH) per their bylaws, the Cal Poly Humboldt Foundation Board of Directors hereby designates Robin Smith as a member of REH for a three-year term, effective immediately.

15. Executive Director's Report

Mark Johnson, Executive Director of the Cal Poly Humboldt Foundation, introduced the 2024-25 draft roster which will be finalized after this meeting, per resolutions passed, as well as the 2025 meeting dates.

16. Chair's Remarks

Robin Smith, Board Chair, thanked Board members for all their work and accomplishments over the past year partnering with University Advancement staff as well as academic Chairs, Deans, Students, and Faculty. She reminded members that the Annual Confidentiality/Conflict of Interest forms and Consent for Electronic Communications forms will be sent via AdobeSign within two weeks after this meeting.

17. Other Business

No other business was discussed.

18. Adjournment

Without objection, the meeting was adjourned at 11:38 AM.



Mark Johnson
Executive Director & Secretary
Cal Poly Humboldt Foundation

05/20/2025

Dated