

Cal Poly Humboldt FOUNDATION

Minutes of the FINANCE & INVESTMENT COMMITTEE March 7, 2025

Members Present:

Jason Carlson
Ken Fulgham
Philip Anton
Mark Johnson
Jack McGurk
Samantha Puentes (as proxy for Mike Fisher)

Members Absent:

Robin Smith

Guests: Kelly Ayala, Kevin Furtado, Peter Lehman, Stacie Lyans, Angie Petroske, Kyle Plitt, Jamie Rich, and Teresa Wilmott

A regular meeting of the Cal Poly Humboldt Foundation Finance & Investment Committee was held on Friday, March 7, 2025 at 12:30 PM via Zoom Teleconference.

1. Call to Order/Roll Call

The meeting was called to order by Finance & Investment Committee Co-Chair, Ken Fulgham, at 12:33 PM.

2. Public Comments

The committee was reminded that in addition to the Current Use Fund Report that Advancement regularly provides campus business units, a new investment strategy of investing current use funds into a money market account (short-term investments) was implemented. Revenues from this investment land in the Foundation's budget as cash available for a rainy day.

3. Acceptance of Minutes from the September 27, 2024 Meeting

Upon motion duly made (Ken Fulgham), seconded (Philip Anton), with one abstention (Samantha Puentes, acting as proxy for Mike Fisher), and otherwise unanimously carried, it was:

RESOLVED, that the Minutes of the September 27, 2024 meeting are accepted.

4. Q2 Financial Statement

Samantha Puentes, Cal Poly Humboldt Accountant, provided a review of Cal Poly Humboldt Foundation's FY 2024-25 Quarter 2 unaudited financial statements, through December 31, 2024.

It was noted that in February 2024, the Foundation opened a new short-term investment account to increase the interest income earnings on current use cash. The short-term investment account had a total net return of \$443.9K since its opening in February 2024, including \$263.8K during the first two quarters of fiscal year 2024-25. In June 2024, an updated policy was implemented under which cash from donor-funded scholarship funds will be held by the Foundation rather than the University until the funds are disbursed to students, and \$2.1M in cash was transferred from the University to the Foundation's short term investment account, resulting in \$64K of interest income collected so far. This was a major factor in the total cash increase, along with a \$967K estate gift received in December 2024 and overall receipts outpacing expenditures during the one-year period.

5. Investment Portfolio Update

Kyle Plitt, RVK Investment Advisor, reviewed the Foundation's investment portfolio performance for the month of January, 2025. The quarterly performance report was reviewed during the February 28, 2025 RVK "Workshop." While this month saw managers outperforming their targets, there have been increased negative returns within the last 4-5 weeks in addition to daily uncertainty related to fluctuating trade policy from the Federal government. The Foundation's asset allocation is in line with its targets, with the exception of real estate, to be discussed in the next agenda item.

6. Real Estate Manager Recommendation

Kyle Plitt, RVK Investment Advisor, noted that the Foundation maintains a 20% target allocation to real estate; this includes both local short-term real estate holdings, as well as nationally diversified real estate funds. As of January 31, 2025, the total allocation to real estate was 18.6% however RVK expects this will decline to 10.0% once the Stewart Building and Campus Store are transferred. In anticipation of this 8% reduction in real estate, and to further diversify the Foundation's overall exposure, RVK recommends evaluating a new property fund. Kyle provided the committee with a competitive analysis of various options including high-level comparative figures and summaries of potential firms. Upon completion of a competitive search process, RVK recommends the Foundation commit \$4.5 million to Harrison Street Core Property Fund. This strategy offers a diversified allocation to DWS RREEF, with long-term performance above the benchmark, appropriate risk posture, and a competitive GRESB score.

After discussion and upon motion duly made (Ken Fulgham), seconded (Jason Carlson), with one abstention (Samantha Puentes, acting as proxy for Mike Fisher), and otherwise unanimously approved, it was:

RESOLVED, that the Cal Poly Humboldt Foundation Finance & Investment Committee accepts RVK's recommendation to commit up to \$4.5 million to Harrison Street Core Property Fund as an additional real estate manager within the Foundation's investment portfolio to maintain the target allocation to real estate following the sale of properties currently held by the Foundation.

7. State Budget Update

Mark Johnson, Executive Director of the Cal Poly Humboldt Foundation, provided an update on the budget processes at the University and State level. The Governor's proposed state budget included a \$375M cut to CSU system which translates to a \$13M reduction to Cal Poly Humboldt. Discussions are underway regarding how each division will accomplish their portion of the cut, with each area presenting 5- 7- and 9% reduction proposals detailing the level of impact these cuts would make.

A hiring chill has been implemented, raising the bar for hiring and requiring Vice President approval for each position. A Voluntary Separation Incentive Program (VSIP) is currently in the meet and confer process with the various campus unions - the intent of which is to provide a voluntary window through which folks close to retirement or otherwise want to depart can separate with a paid 6 month's salary, thus opening positions. Should layoffs become necessary in the future, the hiring chill and VSIP are important steps in demonstrating that alternative methods for workforce reductions have already been implemented.

To reduce the impact of budget cuts, \$4M in one-time funding will be used to fill gaps and minimize disruption to campus.

8. Other Business

It was noted that the University's new research vessel, R/V North Wind, arrived in Humboldt Bay on Wednesday, March 5, 2025.

9. Adjournment

Without objection, the meeting was adjourned at 2:00 PM.