

CAL POLY HUMBOLDT FOUNDATION

MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

May 27, 2022
ZOOM TELECONFERENCE MEETING

Members Present:

Ken Fulgham
Philip Anton
Jason Carlson
Scott Hunt
Frank Whitlatch

Absent:

Robin Bailie
Gary Blatnick
Dan Johnson
Heidi Moore-Guynup

Guests: Samantha Puentes, Traci Goff, Deborah Rice, Katharine Reed, Sherie Gordon, Travis Williams, Kyle Plitt, Michael Fisher, Dan Phillips, Lynne Sandstrom, Peter Lehman, Stacie Lyans, Robin Smith, and Angie Petroske

A meeting of the Cal Poly Humboldt Foundation Finance & Investment Committee was held on Friday, May 27, 2022 at 2:30 PM via Zoom Teleconference.

1. Call to Order/Roll Call

The meeting was called to order by Finance & Investment Committee Chair, Ken Fulgham, Ph.D. at 2:31 PM.

2. Public Comments

Peter Lehman, Foundation Director of the Schatz Energy Research Center, PG&E shared with the group that paperwork has been signed and the Redwood Coast Airport microgrid is officially on the air. This microgrid is California's first front-of-the-meter, completely renewable microgrid and will provide the area with resiliency and green energy as well as serve as a role-model for the state. The project is a model for PG&E's new microgrid incentive program and was accomplished with support from the Foundation. Schatz is featured in the following publication from the State of California's Energy Commission: <https://www.energy.ca.gov/sites/default/files/2022-05/CEC-500-2022-002-SUM.pdf>

3. Acceptance of Minutes from the November 2, 2021 and March 4, 2022 Meetings

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

RESOLVED, that the Minutes of the November 2, 2021 meeting are accepted.

AND

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

RESOLVED, that the Minutes of the March 4, 2022 meeting are accepted.

4. Investment Portfolio Update

Kyle Plitt, RVK Investment Manager, presented the Foundation's Portfolio Estimate as of May 20, 2022 for the fiscal year beginning July 1, 2021. The Fund's estimated market value has decreased from \$49.5 million (6/30/21) to \$45.2 million. The Asset Allocation Study was reviewed at the May 20, 2021 Quarterly Workshop and no action is recommended at this time.

Kyle noted this has been a challenging calendar and fiscal year for the Foundation. Returns are much worse than what was reviewed on March 31, 2022 - this is a reflection of rising interest rates and inflation, exacerbated by Russian invasion of Ukraine.

The fiscal year-to-date return is down 12%, however, this past week has been very strong in both equity and bond markets.

Performance of the Humboldt portfolio versus other foundations is competitive due to its relatively large amount of real estate holdings. When local real estate comes off the investment portfolio, that asset allocation will drop precipitously, and the Foundation may need to invest in additional local properties. Whether these investments are classified as fixed income or real estate, they will provide the same return, but precedent is to classify them as real estate, especially since properties are a short-term investment. RVK will need direction if there are additional local real estate to consider or if they need to diversify the Foundation's exposure with a national manager.

5. Property Update

Mike Fisher, AVP of Facilities Management, provided an overview of real estate currently held by the Foundation and by Real Estate Holdings, along with estimated timelines for properties to be purchased by the State. He reviewed the process by which properties are acquired as investments by the Foundation, transferred to Real Estate Holdings (REH) with notes for REH to pay the Foundation, then purchased by the State so REH can pay off the notes.

6. Fiscal Year 2022-2023 Budget

Frank Whitlatch, VP University Advancement and Executive Director of the Foundation, reviewed the proposed FY 2022-23 Foundation Budget and led a discussion around the interdependencies between the State and Foundation budgets, including the potential to adjust gift administrative fees.

After discussion and upon a motion duly made (Jason Carlson), seconded (Scott Hunt), and unanimously carried, it was:

RESOLVED, that the proposed Foundation Budget for fiscal year 2022-2023 is approved and should be transmitted to the Executive Committee for review and approval.

7. Other Business

Ken Fulgham, Committee Chair, shared with the committee that the Foundation's Green Investments, currently roughly 43% of its portfolio, is high for such a small campus. He suggested a working group consisting of representatives from this committee, Schatz Energy Research Center, the University's Sustainability Analyst, and current students convene in the Fall 2022 semester to analyze whether the Foundation should increase its green investments and/or divest from fossil fuel companies. It was noted that "greener" investments can contribute to a higher STARS rating. The University currently holds a gold rating and the goal is to achieve a platinum rating within 3-4 years.

Frank Whitlatch shared a chart reflecting a steep incline in dollars raised through May 2022 over the past six fiscal years, revealing the impact of philanthropic giving.

Stacie Lyans, the Associate Director of Development for Athletics, shared that the Tom Wood Court fundraiser raised over 50% of its goal of \$350k at the event, and that pledges are still coming in. All funds raised will go toward men's and women's basketball scholarships.

8. Adjournment

Without objection, the meeting was adjourned at 3:55 PM.