

# Cal Poly Humboldt FOUNDATION

## MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

August 4, 2023  
ZOOM TELECONFERENCE MEETING

### Members Present:

Ken Fulgham  
Jason Carlson  
Philip Anton  
Frank Whitlatch

### Members Absent:

Eden Donahue  
Dan Johnson

**Guests:** Mike Fisher, Kevin Furtado, Katie Koscielak, Peter Lehman, Jack McGurk, Angie Petroske, Kyle Plitt, Samantha Puentes, Jamie Rich, Robin Smith, Lise Smith-Peters, Teresa Wilmott

A meeting of the Cal Poly Humboldt Foundation Finance & Investment Committee was held on Friday, August 4, 2023 at 2:30 PM via Zoom Teleconference.

### 1. Call to Order/Roll Call

The meeting was called to order by Finance & Investment Committee Co-Chair, Jason Carlson, at 2:31 PM.

### 2. Public Comments

There were no public comments.

### 3. Acceptance of Minutes from the March 10, 2023 Meeting

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

RESOLVED, that the Minutes of the March 10, 2023 meeting are accepted.

### 4. Investment Portfolio Update

Kyle Plitt, RVK Investment Manager, informed the committee that the return estimate from July 1, 2022 through June 30, 2023 was +7.3% and that as of June 30, 2023, the Fund's estimated market value has increased from \$44.56 million (June 30, 2022) to \$48.09 million.

A strong job market and an increase in GDP have led to a robust economy and better-than-expected stock market returns.

Frank Whitlatch, Executive Director of the Foundation, shared with the Committee that Humboldt's returns last year, though negative, were the second best in the 23-campus CSU system.

## 5. Green Investing Update

Kyle Plitt, RVK, reviewed the activity of the ad-hoc Green Investing Review group since April 2023.

The Group met twice in April to review potential investment managers with Environmental, Social, and Governance (“ESG”)-based strategies and recommend making the following changes to increase the current “Green” allocation from 38% to 79%:

- **Small Cap U.S. Equity:** Replace current manager DFA with Kennedy Capital, acknowledging an increase in fees and low fund assets.
- **Non-U.S. Equity:** Replace current managers American Funds and Dodge & Cox with Calvert and Touchstone (Rockefeller), assuming the Committee is comfortable with an increase in fees and an understanding of the holdings.
- **Fixed Income:** Restructure the target allocations within fixed income, from 50/50 Calvert and PIMCO to 67/33 Calvert and PIMCO (no change in managers).
- **Large Cap U.S. Equity:** Terminate T Rowe Price and maintain Parnassus and Brown Advisory at a 50/50 allocation.

In July, the Group met to review the Foundation’s Investment Policy Statement language and to consider additional guidelines beyond “negative screens.” Investment Policy revisions are expected to be ultimately drafted by the Finance & Investment Committee with approval by the Board.

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

RESOLVED, that the Finance and Investment Committee accepts the proposed changes to the investments regarding investment managers to increase the Environmental, Social, and Governance (ESG) sectors of the Foundation’s investment portfolio as recommended by the ad-hoc Green Investing Review.

## 6. RVK Service Agreement Update

RVK provided an overview of a proposed update to its contract with the Foundation. The proposed update seeks to address the following:

- Modernize legal terms currently found in RVK’s standard client retainer contract
- Expand scope of services to reflect work currently being provided
- Update references to “Humboldt State University Foundation”

RVK began work with the Foundation in 2004, and the scope of services has expanded to include the following not stipulated in the contract:

- Quarterly “Workshop” presentations
- Quarterly Committee presentations
- Annual in-person Board presentations
- Additional presentations to the University Center and Green Investing Review
- Dedicated ESG research and ongoing implementation

RVK is proposing an increase in the retainer fee, from \$56,191 to \$61,800 effective January 1, 2024, and adjusted to \$68,000 effective January 1, 2025. Effective January 1, 2026 the fee would adjust based on the change of the consumer price index or 3% (whichever is greater).

## 7. Property Update

Mike Fisher, Associate Vice President for Facilities Management, provided an overview of properties held by the Foundation and Real Estate Holdings (REH). Over this summer, both the Craftsman Mall and Samoa properties have been transferred stateside. The Foundation will re-invest about \$5.6 million from the sale of Craftsman Mall.

The Foundation still holds the Natural History Museum and Schatz Tree Farm properties. Frank Whitlatch, Executive Director, shared with the committee that the intent is to move property to REH to the extent possible.

In addition to some residences, REH holds the Campus Store and the Stewart Building properties. The latter have master leases to the University, allowing an income stream for REH. The State is preparing to purchase these properties, likely transferring in September or October. These sales will result in about \$4 million back to REH and then to the Foundation to invest in other assets.

## 8. Q3 Financial Statements

Samantha Puentes, Cal Poly Humboldt Financial Analyst in the Department of Accounting, presented the unaudited financial report for the first three quarters of fiscal year 2022-23, ending March 31, 2023.

## 9. FY 2023-24 Budget

Frank Whitlatch, VP for University Advancement and Executive Director of the Foundation, reviewed the proposed FY 2023-24 Foundation Budget. In general, it is a status quo budget with the exception of two line items:

1. \$150,000 Support to Development – a potential contribution to support salary and benefit expenses of gift officers, dependent on whether the University allocates \$300,000 for the same purpose to provide ongoing support
2. \$100,000 Giving Day Incentive – matching funds to incentivize Giving Day donations

After discussion and upon a motion duly made (Ken Fulgham), seconded (Philip Anton), and unanimously carried, it was:

RESOLVED, that the proposed Foundation Budget for fiscal year 2023-2024 is approved and should be transmitted to the Executive Committee for review and approval.

#### 10. Closed Session: RVK Contract Recommendation

The committee moved into closed session at 4:08 PM to discuss the proposed RVK contract revisions.

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

RESOLVED, that the Cal Poly Humboldt Finance and Investment Committee recommend to the Executive Committee to accept the updated RVK, Inc. service agreement as presented. The VP for University Advancement will have University Contracts & Procurement review the proposed service agreement for standard contract verbiage.

*RATIONALE, the Finance & Investment Committee of the Cal Poly Humboldt Foundation Board has received and reviewed the proposed Service Agreement from RVK, Inc. and recommends that this retainer agreement be executed by the Vice President for University Advancement.*

The committee returned to open session at 4:19 PM.

#### 11. Other Business

No other business was discussed.

#### 10. Adjournment

Without objection, the meeting was adjourned at 4:20 PM.