

# Cal Poly Humboldt FOUNDATION

## Minutes of the FINANCE & INVESTMENT COMMITTEE August 9, 2024

### Members Present:

Ken Fulgham  
Jason Carlson  
Robin Smith  
Robin Quigley

### Members Absent:

Dan Johnson

**Guests:** Carin Kaltschmidt, Peter Lehman, Stacie Lyans, Angie Petroske, Kyle Plitt, Samantha Puentes, and Travis Williams

A regular meeting of the Cal Poly Humboldt Foundation Finance & Investment Committee was held on Friday, August 9, 2024 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

There were no public comments.

### 3. Acceptance of Minutes from the March 27, 2024 & May 30, 2024 Meetings

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

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

And,

Upon motion duly made (Robin Smith), seconded (Jason Carlson), and unanimously carried, it was:

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

#### 4. Investment Portfolio Update

Kyle Plitt, RVK Investment Advisor, reviewed the quarterly investment performance analysis for the period ending June 30, 2024. The total pooled investment account including University Center investments started the fiscal year with a market value of \$48 million and ended with \$51.5 million, netting a 10.33% return. Donations to the endowment continue to exceed distributions.

#### 5. Investment Policy Update

Kyle Plitt, RVK Investment Advisor, provided a review of the Foundation's asset allocation.

As of March 31, 2024, it is skewed by an unusually high allocation to local real estate. The Investment Policy target allocation to real estate is 20% versus a 17% actual allocation at 2023-24 fiscal year-end. Both the target and actual percentages are substantially higher than the peer median of 4% and reflect a deliberate ongoing investment in local property. Due to future sales of held property to the state, it may become necessary to allocate to a new real estate fund to maintain targets, but there is no current recommendation to adjust the target allocation for this category.

The following observations inform the recommended update to the Foundation's Investment Policy:

- Equities Seek Long-Term Growth (56%) - exposure to global markets are intended to generate capital appreciations but will be the Foundation's primary source of volatility
- Limited Allocation to Traditional Fixed Income (20%) - Fixed income yields (and thus future expected returns) have increased significantly over the past three years. Additional income via real estate.
- Inflation Hedging Assets Remain an Important Diversifier (24%) - real estate continues to offer meaningful inflation and downside risk protection.
- Shifting from TIPS (US Treasuries Inflation-Protected Securities) to more diversified fixed income will increase the Foundation's ESR allocation by 3% without impacting expected returns or volatility. The Fund maintains notable inflation-hedging exposure via real estate.

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

RESOLVED, that the Cal Poly Humboldt Foundation Finance & Investment Committee recommends the Board of Directors accept the blueline changes to the Investment Policy as presented, including

updating the target asset allocation, and removing hedge funds and private equity as a potential investment.

## 6. Boston Common Fund Performance

Kyle Plitt, RVK Investment Advisor, noted that a detailed review of the Boston Commons Fund's declining performance was provided during the February 23, 2024 RVK Workshop. Given continued disappointing results in a market that should be favorable for growth bias, RVK recommends termination of this fund. In order to maintain the target allocation of 23% of the total portfolio to Non-US Equities, RVK recommends adopting a 2-fund structure, comprised of approximately  $\frac{2}{3}$  Touchstone (core strategy) and  $\frac{1}{3}$  Calvert (growth manager), to provide a good blend of style between growth and value.

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

RESOLVED, that the Cal Poly Humboldt Foundation Finance & Investment Committee accepts RVK's recommendation to terminate the Boston Common Fund due to underperformance and increase investment in Touchstone, leaving the target allocation unchanged for Non-US Equities.

## 7. Other Business

Ken Fulgham, Co-Chair of the Finance & Investment Committee, shared with the Committee two upcoming opportunities from the Intentional Endowment Network:

- Climate Investing in 2024 - Juggling Feathers in a Rainstorm (webinar)
- Israel Palenstine divestment discussion at Queen's University

## 8. Adjournment

Without objection, the meeting was adjourned at 1:29 PM.