

Cal Poly Humboldt FOUNDATION

Minutes of the FINANCE & INVESTMENT COMMITTEE September 12, 2025

Members Present:

Jason Carlson
Ken Fulgham
Philip Anton
Mike Fisher
Steve Karp
Jack McGurk
Robin Smith

Members Absent:

none

Guests: Kelly Ayala, Kevin Furtado, Allison Hansberry, Peter Lehman, Angie Petroske, Kyle Plitt, Jamie Rich, and Travis Williams

A regular meeting of the Cal Poly Humboldt Foundation Finance & Investment Committee was held on Friday, September 12, 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 12:30 PM.

2. Public Comments

There were no public comments.

3. Acceptance of Minutes from the May 30, 2025 Meeting

Upon motion duly made (Ken Fulgham and Jack McGurk, simultaneously), seconded (Robin Smith), with one abstention (Steve Karp), and otherwise unanimously carried, it was:

RESOLVED, that the Minutes of the May 30, 2025 meeting are accepted.

4. Investment Portfolio Update

Kyle Plitt, RVK Investment Advisor, reviewed the Foundation's investment portfolio performance for the month of July, 2025. The month was fairly uneventful, with an ending market value of \$53.8 million and a 0.06% rate of return. Referring to the calendar year-to-date, as it is more illuminating than one month, international markets are substantially outperforming US markets - this has not been the trend since 2017.

5. FYE 2025 Draft Financials

Kelly Ayala, Cal Poly Humboldt Accountant, provided a review of the Draft FYE 2025 Cal Poly Humboldt Foundation draft audited financial statements and draft audit report. She noted that the auditors, Baker Tilly, (merger w/ Moss Adams) provided an unmodified (clean) opinion on the Financial Statements and found no instances of noncompliance or other matters on the GAGAS (Generally Accepted Government Auditing Standards) Internal Control and Compliance Report. For the purposes of this report, the Foundation's financials are combined with those of Real Estate Holdings (REH). Some items of note include that the total cash increased 8.6% over last year, the endowment pool increased by approximately \$3.8 million, the overall net position (\$66 million) is higher than the previous year, and there was an overall increase in revenues over the prior year but also an increase in operating expenses.

6. Current Market Value of Endowments as of June 30, 2025

Kelly Ayala presented a report detailing the current market value of each endowed fund held by the Foundation. This report includes contributions as endowments and properties held, but not current use funds. She noted that the total market value of \$48.3 million shown on this report differs from what is shown in the draft audited financial statements due to quasi endowments and combined financials of the Foundation, Real Estate Holdings, and the University Center.

7. Endowment Distribution Rate for FYE 2027

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, 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 average market value (AMV) of the endowment over 12 quarters is

used as a basis for comparison against the current market value (CMV) to mitigate for unusual market activity.

Kevin Furtado, Foundation Business Analyst, provided a comparison of the distribution rates employed by other CSU campuses to provide additional context for the committee to consider while determining an appropriate distribution rate for FYE 2027. He noted that each tenth of a percent shows less than a \$42k reduction in distribution, but could protect the overall endowment in case of inflation or other volatile investment scenarios.

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

RESOLVED, a recommendation to the Cal Poly Humboldt Foundation Board that the endowment distribution amount for fiscal year ending 2027 shall be based upon a rate of 4.5%.

8. Other Business

Executive Director Steve Karp asked members of this committee to provide recommendations for a Fee Reduction Policy to be discussed during next week's Executive Committee meeting. A draft policy will be distributed to this committee first for eventual consideration and recommendation to the Executive Committee.

The Committee moved into closed session at 1:22 PM to discuss property.

9. Closed Session: Property

Mike Fisher, Acting Vice President of Administration & Finance, shared information about a new property opportunity.

The committee returned to open session at 1:52 PM. Committee Co-Chair, Jason Carlson, reported that actions regarding real estate were taken during the closed session.

10. Adjournment

Without objection, the meeting was adjourned at 1:52 PM.