

HUMBOLDT STATE UNIVERSITY FOUNDATION

MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

September 17, 2021
ZOOM TELECONFERENCE MEETING

Members Present:

Robin Bailie
Ken Fulgham, Ph.D.
Dan Johnson
Frank Whitlatch

Absent:

Scott Hunt
Heidi Moore-Guynup

Guests: Robin Smith, Carin Kaltschmidt, Jay Bower, Kyle Plitt, Peggy Mecham-Carlotti, Allison Hansberry, Deirdre Clem, Katie Koscielak, Jamie Rich, Angie Petroske

A meeting of the Humboldt State University Foundation Finance & Investment Committee was held on Friday, September 17, 2021 at 2:30 PM via Zoom Teleconference.

1. Call to Order and Roll Call

The meeting was called to order by Finance & Investment Committee Chair, Ken Fulgham, Ph.D. at 2:35 PM.

2. Public Comments

There were no public comments.

3. Acceptance of Minutes from the August 6, 2021 Meeting

Upon motion duly made (Dan Johnson), seconded (Robin Bailie) and unanimously carries, it was

RESOLVED, that the Minutes of the August 6, 2021 meeting are accepted.

4. HSUF Portfolio Estimate – Presentation from RVK, Inc.

Kyle Plitt, RVK Investment Manager, presented the HSUF Portfolio Estimate as of September 9, 2021 for the fiscal year beginning July 1, 2021. The Fund's estimated

market value decreased from \$49.5 million to \$48.9 million, \$7.1 million of which is allocated to the University Center fund. The decline in market value is due entirely to the annual distribution of \$1.5 million.

The 1st quarter is looking positive, with approximately a 2% return due to constant upward-moving stock markets.

However, the labor shortage is a national concern, showing 2.2 million more job openings than unemployed workers.

RVK is keeping an eye on the Federal Infrastructure Bill as it is likely to cause an increase in corporate taxes.

Discussion regarding real estate and lease payments followed the presentation by RVK. The addition of real estate has been a notable change in the portfolio and a reliable source of income.

5. Endowment Distribution Rate for FYE 2023

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.

Upon motion duly made (Dan Johnson), seconded (Robin Bailie) and unanimously carried, it was:

RESOLVED, that a recommendation to the HSUF Board be that the endowment distribution amount for fiscal year ending 2023 shall be based upon a rate of 4.5%.

6. Current Market Value of Endowments as of June 30, 2021

Frank Whitlatch presented a report detailing the current market value of each endowed fund held by the Foundation and commented how the Check 5 process findings presented at the Donor Intention & Fulfillment Committee meetings help to spot trends and identify when funds are not being used to their fullest potential.

7. Agenda items now through June 2022

Discussion of potential agenda items included: administrative fee levels, real estate ceiling, Check 5 reports, definitions of sustainable investments, and joint meetings between the Finance & Investment Committee and Real Estate Holdings to provide property updates from Mike Fisher, AVP Facilities Management.

8. Mutual support between Foundation & University

Frank Whitlatch presented a chart outlining the ways in which HSU supports the HSU Foundation and vice versa to address a commonly asked question about what each entity does for the other.

Discussion followed regarding where money that is taken out of endowed funds goes (into state trust accounts) and the process by which HSU staff and faculty spend funds.

9. Director's report

Frank Whitlatch provided updates on the following topics: Craftman's Mall, Samoa Facility, Boldly Rising Campaign, Marketing funds for polytechnic name change, and endowment fund management (e.g. online fund directory).

10. Adjournment

Without objection, the meeting was adjourned at 3:53pm.