

HUMBOLDT STATE UNIVERSITY FOUNDATION

MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

April 21, 2020
Virtual ZOOM Meeting

Members Present:

Robin Bailie
Dr. Kenneth Fulgham
Scott Hunt
Dan Johnson
Manolo Morales
Frank Whitlatch

Absent:

Heidi Moore-Guynup
Jason Ramos

Guests:

Gary Rynearson, Kyle Plitt, Jake Theno, Dr. Peter Lehman, Allison Hansberry, Deborah Rice, Sarah Long, Jamie Rich, Peggy Mecham-Carlotti and Lola Alto.

A meeting of the Humboldt State University Foundation Finance & Investment Committee was held on Tuesday, April 21, 2020 at 3:00 PM via virtual ZOOM technology due to 'Shelter in Place' COVID-19 guideline orders from, the Centers for Disease Control (CDC) State of California, and the Humboldt County health agencies.

1. Call to order

The meeting was called to order by HSUF Board Chair Manolo Morales at 3:03 PM. Manolo noted that agenda Items 4 and 5 were listed as Action Items, however if it was determined that if no action was needed then the items would stand as informational only.

2. Public comments

There were no public comments.

3. Acceptance of Minutes from the March 5, 2020 meeting

Upon motion duly made (Fulgham), seconded (Rynearson) and with 1 abstention (Morales), it was

RESOLVED, that the Minutes of the March 5, 2020 meeting are accepted.

4. Endowment Earnings

Kyle Plitt, RVK Principal Consultant, reported that in the time between the Finance & Investment Committee meeting on March 5, 2020 and Friday, April 17, 2020 there had been improvements in the market. Through Thursday (4/16/20) the Fund's estimated value has declined from \$32.7 million ((12/31/2019) to \$28.9 million. This is up from the \$26.1 million reported three weeks ago on March 5, 2020.

Kyle reminded the members of steps being taken to rebalance the portfolio. At the March 27, 2020 Board of Directors meeting, the Board had approved the recommendation of the Finance & Investment Committee to rebalance the portfolio in a three phases in order to mitigate the impact to the portfolio during the current volatile nature of the market. The approval was for the termination of INTECH and Vanguard then invest in Brown Sustainable Growth Fund. Kyle reported that Phase 1 transactions will be completed by April 23, 2020, followed by Phase 2 (4/30/20) and Phase 3 (5/7/20).

5. FY 20-21 Distribution Rate

Kyle Plitt, RVK Principal Consultant, reminded the committee that RVK, Inc. doesn't make recommendations about the distribution rate, however they assist the Foundation by leading discussions and providing perspective. He noted that at the October 18, 2019 Board of Director's meeting the Board approved the distributions from its endowment funds for Fiscal Year Ending 2021 based upon 4.4% of the 12-quarter rolling average of market values through June 30, 2019.

Concerns were expressed that with only a 4.06% earnings for FY 2018-19, plus the recent market downturn, that consideration of the approved distribution of 4.4% should be reconsidered. Discussion followed.

RVK, Inc. conducted internet research to determine if other foundations in our peer group had made changes to their distribution rates due to market volatility caused by the COVID-19 health situation which has also impacted the national unemployment rate. At this time, no peer reductions were discovered. The committee noted that reducing the rate would affect students at a time in which the funding of scholarships could be at an even greater level of need. It was discussed that there would be no change in the distribution rate at this time and therefore no action was required.

6. Other Business

There was no other business to discuss.

7. Adjournment

Without objection, the meeting was adjourned at 3:40 PM