

# HUMBOLDT STATE UNIVERSITY FOUNDATION

## MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

AUGUST 18, 2020  
ZOOM TELECONFERENCE MEETING

**Members Present:**

Ken Fulgham, PhD.  
Scott Hunt  
Dan Johnson  
Frank Whitlatch

**Absent:**

Robin Bailie  
Heidi Moore-Guynup  
Jason Ramos  
Gary Rynearson

**Guests:**

Peter Lehman, Ph.D. Sherie Gordon, Allison Hansberry, Kyle Plitt, Jake Theno, Deborah Rice, Sarah Long, Amber Blakeslee, Jamie Rich and Lola Alto.

A meeting of the Humboldt State University Foundation Finance & Investment Committee was held on Tuesday, August 18, 2020 at 10:00 AM via ZOOM Teleconference.

1. Call to order

The meeting was called to order by Finance & Investment Committee Chair, Ken Fulgham, Ph.D. at 10:00AM

2. Public comments

There were no public comments.

3. Acceptance of Minutes from the June 18,2020 meeting

Upon motion duly made (Johnson), seconded (Hunt) and unanimously carried, it was

RESOLVED, that the Minutes of the June 18, 2020 meeting are accepted.

#### 4. Review of Financial Statements & Endowment Accounts through June 30, 2020

The unaudited financial statements for the fourth quarter were reviewed and discussed. HSU Associate Director of Auxiliary Accounting, Sarah Long lead the committee through the report.

Cash balance held, as of 06.30.20, was \$4,962,933. Cash decreased by 4% primarily due to increased utilization of general operations unrestricted funds for community and donor outreach as well as a decrease in charitable contributions to trusts from the prior year. Approximately \$4.7M of total cash held in Local Agency Investment Fund (LAIF) which earns interest on a quarterly basis.

The Endowment pooled investment market value increased approximately 4% for the prior year primarily due to significant current year contributions to endowments. Additionally, prior quarterly losses were recovered and the pool saw year-to-date gains of approximately \$797K as market began to rebound for COVID-19 conditions. The Endowment pooled investment, as of 06.30.20, was \$32,870,583.

HSUF General Operations generates revenue by earning a 5% contribution administration fee on all contributions received as well as a 1.5% endowment service fee on the quarterly market value of the endowment pooled investments. The total Fee Revenue for the twelve months ended June 30, 2020 is \$608,920.

Non-operating revenues consist of contributions to the various endowments and trusts as well as an annual transfer of endowment earning to trusts. Endowment earnings are also distributed to scholarships which are held on the Campus books. The total contributions for the twelve months ended June 20, 2020 is \$4,640,758.

HSUF Business Service Agreement and Support to Philanthropy are fixed annual amounts accrued on a quarterly basis and as such came right in line with budget. Supplies and Services/Other Operating Expenses exceeded the budget by \$162,000 due to utilization of unrestricted funds for community and donor outreach, CCS Fundraising consultants and support to Campus for the recruitment of three new positions. The total Operating Expenses for the twelve months ended on June 30, 2020 was \$728,991.

HSUF utilized charitable funds from endowments and trusts totaling approximately \$3.7M in the current year, a decrease of \$460K from the prior year. Total funds utilized reflect 75% of the total amount budgeted for the current fiscal year. During FY 2020 HSUF implements a Committee Fund Review process whereby it reviews, at random, five funds per month to ensure all donation received were utilized as intended by the donors. The total utilization of charitable funds, for the twelve months ended June 30, 2020 was \$3,690,539.

The committee also reviewed Endowment account balances as of 06.30.20.

Upon motion duly made (Hunt), seconded (Johnson) and unanimously carried, it was:

RESOLVED, that the HSUF Finance & Investment Committee accepts the 4<sup>th</sup> Quarter Financials and Endowment Report, subject to possible adjustments made by Moss Adams, auditors, in their Audited Financial report to Audit Committee on Sept. 10, 2020.

5. Endowment distributions for FYE 2022

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.

After discussion the Committee agreed that it was prudent to remain at the distribution rate for fiscal year ending 2022 at 4.4% reserving the ability to review the payout percentage should circumstances warrant.

Upon motion duly made (Johnson), seconded (Hunt) and unanimously carried, it was:

RESOLVED, that a recommendation to the HSUF Board be that the endowment distribution amount for fiscal year ending 2022 shall be based upon a rate of 4.4%.

6. Administrative Cost Recovery Fee

Frank Whitlatch presented the HSU Foundations Administrative Cost Recovery Policy which was last approved at the May 28, 2008 Board Meeting. The intent of this policy was to have in place a policy to address the cost of the Foundation activity costs.

The continued accumulation of reserves over the years was of concern. It was advised that an Ad Hoc group be formed to conduct a deeper study to address a better use of additional revenue which is above the required reserve baseline. It was advised that this should be an agenda item at the upcoming Board of Directors meeting on October 23, 2020. No further action was taken at this time.

7. Portfolio Update

Kyle Plitt, RVK Investment Manager, presented to the committee an informational update on the Endowment portfolio. The Endowment's market value at the Fiscal Year Ending 06.30.19 was \$32.9M. The HSUF Board of Directors approved the RVK recommended policy target allocation. The HSUF has submitted an additional \$750,000 commitment to real estate manager SES RREEF, which is expected to be called this fall.

8. Other Business

There was no further business to discuss.

9. Adjournment

Without objection, the meeting was adjourned at 11:04 AM