

HUMBOLDT STATE UNIVERSITY FOUNDATION

MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

JANUARY 15, 2021
ZOOM TELECONFERENCE MEETING

Members Present:

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

Absent:

Heidi Moore-Guynup

Guests:

President Tom Jackson, Robin Smith, Carin Kaltschmidt, Jay Bower, Peter Lehman, Kyle Plitt, Jake Theno, Sarah Long, Peggy Mecham-Carlotti, Jamie Rich and Lola Alto.

A meeting of the Humboldt State University Foundation Finance & Investment Committee was held on Friday, January 15, 2021 at 2:30 PM via ZOOM Teleconference.

1. Call to order

The meeting was called to order by Finance & Investment Committee Chair, Ken Fulgham, Ph.D. at 2:31 PM

2. Public comments

HSU President Tom Jackson updated the Committee on the optimism and support of the CSU, students and community as HSU builds new and different type of polytechnic university that is focused on sustainability. HSU continues to work toward changes in degrees and improving student services. Dr. Lehman noted that this is the most exciting development in his 40 years at HSU and congratulated President Jackson on taking this action.

Executive Director Frank Whitlatch introduced board members Robin Smith and Carin Kaltschmidt who have been serving on the Campus Campaign Planning Committee. Both noted that there has been great progress in creating a roadmap to secure the talent and leadership for the success of the campaign. The step-by-step

approach has moved forward quickly and has positioned HSU into a positive future.

3. Acceptance of Minutes from the October 2, 2020 meeting

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

RESOLVED, that the Minutes of the October 2, 2020 meeting are accepted.

4. Financial Statement ending Sept. 30, 2020

Sarah Long, HSU Associate Director of Auxiliary Accounting, lead the review of the HSUF Financials for the period ending September 30, 2020. She reminded the committee that the Humboldt State University Foundation (HSUF) consists of three primary reporting segments: General Operations, Endowments and Trusts. General Operations consists of a single unrestricted fund. Endowments consists of over 200 individual funds and are reflected at fair value using quoted market prices when available. Endowment funds include true endowment funds, restricted and unrestricted quasi-endowments, and term endowments. Trusts consist of over 240 individual funds established for a variety of purposes and may be unrestricted or restricted.

Cash-Each of the three reporting segments maintain a cash balance. Total cash across all segments increased 12% primarily due to increased community and donor outreach results. Approximately \$4.7M of total cash is currently held in the Local Agency Investment Fund (LAIF) which earns interest on a quarterly basis. Total cash as of September 30, 2020 was \$6,636,763.

Investments-The endowment pooled investments market value increased approximately 6% from the prior year due to a significant current year contributions to endowments. Additionally, the pool saw year to date unrealized gains of approximately \$576,000. The pooled investment market value as of September 30, 2020 was \$33,754,774.

Revenues-Operating Revenue-The 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 a quarterly market value of the endowment pooled investments. The total fee revenue increased 47% vs. prior year due to an increase in contributions and ending market value of the pooled investments as a result of the final payment of \$1.0M to the St. Joseph Health Nursing Endowment. As of September 30, 2020 HSUF has earned approximately 36% of the total fee revenue budgeted for the fiscal year. The total fee revenue for July 1 through September 30, 2020 was \$203,794.

Revenues-Non-Operating Revenue-The HSUF non-operation revenue consist of contributions to endowments and trusts as well as an annual transfer of endowment earnings to trusts. Endowment earnings are also distributed to scholarships which are held on the Campus books and not reflected in the report. As of September 30, 2020, HSUF received \$1.13M or 67% of the endowment contributions budgeted for this fiscal year. This was primarily due to the \$1.0M donation received to the St. Joseph Health Nursing Endowment. HSUF received 485 of the budgeted trust contributions in the first quarter of FY2021. This included the annual distribution from endowment earnings of \$846, 000. Total contributions for July 1 through September 30, 2020 was \$3,533,378.

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

RESOLVED, that the HSUF Finance & Investment Committee accepts the 1st Quarter (July 1- September 30) Financials and Endowment Report.

5. Portfolio Review-Period ending December 31, 2020

Kyle Plitt, RVK Investment Manager, reviewed the HSUF Endowment Portfolio through December 31, 2020.

The Fund's estimated market value had increased from \$33.8 million on September 30, 2020 to \$37.9 million on December 31, 2020. The fiscal year to date estimate of return was 17.5% and the calendar year to date estimate was 13.0%. There was an update on the morning of January 15, 2020 that the fiscal year to date estimate of return was now 21%. There had been a rebalance of transactions due to the Craftsman Mall property purchase. The target allocation of real estate was 18%.

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

RESOLVED, that the HSUF Portfolio Review from RVK was accepted as presented.

6. Other Business

Frank Whitlatch, Executive Director, noted that there has been progress on the Campaign and thanked Ken Fulgham for his leadership as Chair of the Finance and Investment Committee.

7. Adjournment

Without objection, the meeting was adjourned at 3:22 PM