

HUMBOLDT STATE UNIVERSITY FOUNDATION

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

JULY 17, 2020
9:00 AM
TELECONFERENCE MEETING

Present:

Robin Bailie
Gary Blatnick
Kurt Fraese
Kenneth Fulgham
Scott Hunt
Tom Jackson, Jr.

Dan Johnson
Jennifer Keller
DestinyMancilla
Gary Rynearson
Frank Whitlatch

Not present:

Jennifer Harris
Heidi Moore-Guynup
Manolo Morales
Eric Ramos

Guests:

Kyle Plitt-RVK, Inc., Jake Theno-RVK, Inc., Aashika Patel –CCS Fundraising, Julie Siebel-CCS Fundraising, Samantha Leveugle-CCS Fundraising.

HSU Personnel:

Deborah Rice, Connie Stewart, Sarah Long, Steve Kinder, Jamie Rich, Michal Mugrage, Stephanie Lane, Holly Hilgenberg, Maria Forrest, Peggy Mecham-Carlotti and Lola Alto.

The Humboldt State University Foundation Board of Directors annual meeting was held on Friday, July 17, 2020, via ZOOM teleconferencing.

1. Call to Order/Roll Call

The meeting was called to order by Gary Blatnick, Donor Intention & Fulfillment Chair at 9:00 A.M. Board Chair Manolo Morales and Vice Chair Gary Rynearson were unavailable at the beginning of the meeting.

2. Public Comments

There were no public comments.

3. Acceptance of Minutes from March 27, 2020 Meeting

It was noted that the date for the October 18, 2019 meeting was included and should have been amended to read “March 27, 2020”.

Upon discussion and motion duly made (Fulgham), seconded (Fraese), and unanimously carried, it was:

RESOLVED, that the Minutes of the March 27, 2020 meeting are accepted as corrected.

4. President’s Report

HSU President Tom Jackson updated the members on the current plans for the fall semester. Given the volatility of the COVID situation in California there is possibility of additional changes. The CSU has requested that classes be held primarily via virtual modality. HSU surveyed faculty and 25% of classes have a hands-on component. This is inspirational that HSU has a higher percentage of hands-on learning experiences for students but also emphasizes the need for masks, hand-washing and social distancing. HSU has been in consultation with the Health Department regarding the social responsibility of HSU toward the community as students are brought back onto campus. A recent survey confirms that a significant number of students never left the area when the campus switched from a face-to-face modality to a virtual one in March 2020.

President Jackson noted that HSU is seeing an increase in the number of transfer students from community colleges. These students are usually older and have already experienced college-level courses and expectations as they are coming in as juniors. There is a national trend of lower numbers of first-time freshman coming straight out of high school and into a four year university. There has been a focused effort on recruiting local graduating high school seniors. Local recruiting had not been utilized much in the past. Given the current COVID situation students are likely to stay local and HSU offers a strong higher education experience for them.

There are changes to the University Center dining, Clubs activities and student store. Parking on campus is challenging and the location of the current bookstore is not optimal. An off-campus retail location is being studied. The club activities will now be under Athletics and the dining services will be provided by a third-party vendor.

Declining enrollment and the budget deficient continue to be of concern. The university has offered an Early Exit Program (EEP) to staff and faculty in hopes of mitigating the impact of lay-offs. President Jackson thanked the Foundation members for continuing to advocate for the university and to help build strong relationships with Alumni, the community, new students and their families.

5. Executive Director's Report

Executive Director Frank Whitlatch noted that the Advancement Division was assigned an 18% reduction target for their budget. Even with these reductions the division continues to work toward building relationships and expanding fundraising opportunities. The Foundation, Development and Alumni Relation offices will be moved off campus to the Humboldt Bay Aquatic Center. This will be beneficial to donors with improved access to parking and space for face-to-face donor activities. He noted that the HSU Financial Services team are finalizing the end of fiscal year reports. There was a drop off of charitable giving in March, but several areas for celebration were the \$1 million gift from St. Joseph Foundation, several planned gifts received and the success of the \$50,000 Match for the Student Adversity Fund. Several gifts for new endowments and current use blended gifts are in the pipeline.

6. Fiscal Year 20-21 Budget

Sarah Long, HSU Associate Director of Auxiliary Accounting, presented the HSU Foundation Budget Proposal for FY 2020-21. The HSUF Finance & Investment Committee had reviewed the documents and requested that the 6/30/20 Actuals be included and the "Other Operating Expenses be revised from \$140,000 to \$180,000. The Other Operating Expenses was revised however the 6/30//20 Actuals are not yet available.

The FY 2020-21 Proposed Budget includes:

Operations:

Beginning fund balance is \$1,002,681.
Operating Revenue total is \$642,306.
Operating Expenses total is \$621,000.
Net Operating Income is proposed at \$21,306.
Ending fund balance is \$1023,987.

Reserves:

Total Required Reserves is \$465,750.
Balance above the Required amount is \$558,237.

Endowments:

Beginning fund balance is \$32,735,772.
Total Contributions and Additions are \$2,680,000.
Total Distributions and Reductions are \$785,310.
Ending fund balance is \$33,521,083

Trusts:

Beginning fund balance is \$4,414,493.
Total Contributions and Additions are \$2,955,115.
Total Distribution and Reductions are \$2,770,000.
Ending fund balance is \$4,599,608

The members would like to address the required Reserve amounts and how the balance above the Reserves could be utilized.

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

RESOLVED, that the HSUF Board of Directors approves the Finance & Investment Committee's recommendation to accept the FY 2020-21 Proposed Budget which reflects the increase in the Other Operating Expenses from \$140,000 to \$180,000.

7. Asset Allocation & Revisions to Investment Policy

Kyle Plitt, RVK, Inc. Senior Consultant, Principal, updated the members with positive news. The Endowment ended the quarter with a 12% return - net of management fees. This resulted in a 2% positive fiscal year return with has been the best in the history of the Foundation.

Kyle highlighted three proposed changes to the Target Portfolio's Asset Allocation. They are:

1. Remove the International Small Cap Equity Allocation-DAF has underperformed its benchmark while also investing in "concerning sectors". At this time RVK does not recommend a replacement International Small Cap mandate but will continue to evaluate options.
2. Increase Equity and Real Estate, Including Green Strategies-Proposed Target increases allocation to capital appreciation and real estate allocations.
3. Decrease Fixed Income and TIPS-Historically low interest rates will provide limited yield (well below real estate) going forward.

Kyle provided a red-lined and clean copies of the Investment Policy with proposed changes and updates to the name of the Foundation from HSU Advancement Foundation to HSU Foundation.

Finance & Investment Chair Ken Fulgham requested that in the future each item coming from the Finance & Investment Committee receive a separate agenda item number so that they can be acted upon independently.

Upon discussion and motion duly made (Fulgham), seconded (Fraese), and unanimously carried, it was:

RESOLVED, that the HSUF Board of Directors accepts the Finance & Investment Committee's recommendation to approve the Target Portfolio recommendations provided by RVK, Inc. and accept changes to the Investment Policy as indicated by RVK, Inc.

8. CCS Fundraising

Community Counseling Services (CCS) consultants Aashika Patel, Julie Seibel and Samantha Leveugle presented their findings on the initial feasibility and planning studies related to the upcoming campaign.

CCS conducted a capacity analysis of the entire Raiser's Edge database used by HSU's University Advancement division. The analysis included 119,029 records of alumni, donors, friends and community leaders. It was determined that there are 12 people with the capacity to donate at the \$5 million plus level and 34 people in the \$1-5 million level. Overall there were almost 30,000 people with the capacity to donate \$20,000 or more per year.

CCS conducted personal, one-on-one conversations with Advisory Task members and other influential donors, students and community members. 132 invitations were extended to potential participants to engage in one-on-one conversations. 45 total conversations were scheduled and completed. CCS also distributed an E-Survey to 15,978 additional people. 632 surveys were completed for a response rate of 4%. Most reported a positive experience with HSU. CCS advised that building stronger relationships with young alumni would play an important role.

CCS reported that next steps are the Planning and Fundraising Relationship Building periods. These steps will be focused on recruiting chairs for committees and volunteers. CCS suggested a "road trip" model in which a regional leader would "host" a larger event and the Development team would plan one-on-one meetings with prioritized, prospective donors. Due to current COVID conditions they suggested continuing the momentum, gained through the one-on-one conversations, via teleconferencing technology until face-to-face meetings and gathering can safely occur. They also suggested that the Foundation continue to receive profession council, such as CCS, to monitor the progress and to guide and mentor staff. The final step would be a Celebration at the completion of the campaign.

9. Other Business

Frank Whitlatch reminded members of upcoming meetings on Oct. 23, 2020 and March 26, 2021. Both will likely be held via teleconference. He also noted that the Foundation and Development, Foundation and Alumni Relations office would be relocating to the Humboldt Bay Aquatics Center by the end the year. This will allow for better parking and social areas for donor events.

10. Adjournment

Without objection, the meeting was adjourned at 10:45 AM.



Frank Whitlatch
Executive Director & Secretary
HSU Foundation

10/21/20
Dated