

# HUMBOLDT STATE UNIVERSITY FOUNDATION

## MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

**June 18, 2020**  
**Virtual ZOOM Meeting**

**Members Present:**

Dr. Ken Fulgham  
Scott Hunt  
Dan Johnson  
Manolo Morales  
Frank Whitlatch

**Absent:**

Robin Bailie  
Heidi Moore-Guynup  
Jason Ramos

**Guests:**

Gary Rynearson, Kyle Plitt, Jake Theno, Dr. Peter Lehman, Douglas Dawes, Deborah Rice, Jamie Rich, Peggy Mecham-Carlotti and Lola Alto.

A meeting of the Humboldt State University Foundation Finance & Investment Committee was held on Thursday, June 18, 2020 at 2:00 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.

Prior to the start of the meeting HSUF Board Chair, Manolo Morales announced that Dr. Ken Fulgham had accepted to serve as the Finance & Investment Committee Chair for this fiscal year. Manolo thanked Dr. Fulgham for taking this leadership position.

1. Call to order

The meeting was called to order by Finance & Investment Chair, Dr. Ken Fulgham at 2:03 PM.

2. Public comments

Dr. Peter Lehman noted that the Pacific Gas & Electric Company (PG&E) asked the Schatz Energy Research Center to help write the guidelines for PUC community micro grids.

3. Acceptance of Minutes from the April 21, 2020 meeting

Upon motion duly made (Hunt), seconded (Morales), it was

RESOLVED, that the Minutes of the April 21, 2020 meeting are unanimously accepted.

#### 4. Endowment Investments and Asset Allocation

Kyle Plitt, RVK Principal Consultant, reported that the portfolio had gained 12% since March 31, 2020.

Kyle Plitt provided asset allocation analysis for the Target Portfolio. He reminded the committee that RVK makes recommendations, however it is up to the Finance & Investment Committee and Board of Directors to make the final decisions.

RVK lead the discussion the following three areas:

- Removing the International Small Cap Equity Allocation (DFA) which has underperformed its benchmark while also investing in “concerning sectors”.
- Increasing the Equity and Real Estate, including Green Strategies. The proposed target increases allocation to capital appreciation and real estate allocations.
- Decrease Fixed Income and TIPS which have historically low interest rates. This will provide limited yield, well below real estate, going forward.

The proposed target of Green Allocations to the Endowment would increase from the current level of 38% to 41%. When the Foundation was created the target rate for Green Allocations was 10%.

Discussion regarding the effects of the current health pandemic on manufacturing and the concept of deglobalization. The committee asked that RVK research fair market value of the real estate in the RREEF America II portfolio which currently makes up 10% of the Endowment portfolio. RREEF has done well, however a periodic review of managers is appropriate.

Kyle Plitt noted that changes to the HSUF Investment Policy need Board of Directors approval. He will provide a red-line and clean copy for the upcoming July 17, 2020 meeting.

Upon motion duly made (Hunt), seconded (Morales), and unanimously approved it was:

RESOLVED, that the Finance & Investment Committee recommend to the HSUF Board of Directors to accept the Target Portfolio recommendations provided by RVK, Inc.

#### 5. Financial Review & FY 20-21 Budget

The Foundation’s Lead Accountant had an unexpected issue arise and was unable to attend the meeting. Executive Director Frank Whitlatch lead the committee through the budget provided. Frank noted that the Foundation was looking ahead

for growth which may include the need for travel. A goal is to grow a fundraising program to support philanthropy and Advancement division. There was discussion about the need for the full board to discuss the purpose of the reserves and possible uses instead of building those amounts such as distribution to scholarships, building the development department.

The committee discussed the possible need to hold workshops to aid college Deans and Dept. Chairs to know what charitable funds they have available and how to properly utilize those fund especially if the department has had change in leadership roles and institutional knowledge may have been lost.

The committee discussed raising the “Other Expenses” currently at \$140,000 to \$180,000 in anticipation future face-to-face encounters with donors once the current health pandemic is resolved. The committee also asked if the document could be amended to show 6/30 Actuals.

The committee decided to table the Financial Review until our HSU Lead Accountant is available to discuss in detail.

Upon motion duly made (Fulgham), seconded (Hunt), and unanimously approved, it was:

RESOLVED, that the Finance & Investment Committee recommend to the HSUF Board of Directors to accept FY 20-21 preliminary budget, with the Other Expenses amount increased from \$140,000 to \$180,000, and possible adjudications prior to the Board of Directors Meeting.

6. Other Business

There was no other business to discuss.

7. Adjournment

Without objection, the meeting was adjourned at 3:34 PM