

HUMBOLDT STATE UNIVERSITY FOUNDATION

MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

MAY 28, 2021
ZOOM TELECONFERENCE MEETING

MEMBERS PRESENT:

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

ABSENT:

Tom Jackson, Jr.
Heidi Moore-Guynup
Gary Rynearson

Guests:

Gary Blatnick, Robin Smith, Jack McGurk, Carin Kaltschmidt, Peter Lehman, Ph.D., Kyle Plitt, Julie Maybee, Sarah Long, Michael Fisher, Deirdre Clem, Deb Rice, Peggy Mechem-Carlotti, Jamie Rich and Lola Alto

A meeting of the Humboldt State University Foundation Finance & Investment Committee was held on Friday, May 28, 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 2:32 PM

2. Public Comments

There were no public comments.

3. Acceptance of Minutes from the March 4, 2021 meeting

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

RESOLVED, that the Minutes of the March 4, 2021 meeting are accepted as submitted.

4. Financial Statement Ending March 31, 2021

Sarah Long, HSU Associate Director of Auxiliary Accounting, lead the review of the HSUF Financials for the period ending March 31, 2021. Humboldt State University Foundation (HSUF) consists of three primary reporting segments: General Operations, Endowments and Trusts. General Operations consists of a single unrestricted fund. Endowment 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 7.1% over the prior year. Increases in contributions and the administrative fees contributed to an increase in the checking account balance. 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 March 31, 2021 was \$5,863,660.00.

Investments-The endowment pooled investments market value increased approximately 28% or \$7.9M from the prior year due to an increase in current year contributions and significant investment gains offset by the use of available cash to invest in real estate. The Endowment polled investment market value as of March 31, 2021 was \$35,888,528.00.

Note Receivable-In October 202 the Foundation purchased properties on St. Louis Road, in Arcata, California for \$4.08M. The properties collectively are referred to as the Craftsman Mall properties. In January 2021 the HSUF Executive Committee agreed to a resolution to transfer the properties to Humboldt State University Real Estate Holdings (HSUREH or REH) and establish a note receivable at 6.5% annual rate for REH for the total cost. HSUF will receive quarterly interest only payments on the note which will be invested into the endowment pool. As of March 31, 2021 the Note Receivable value was \$4,082,188.00.

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 by 22% over prior year due to an increase in contributions and ending market value of the pooled investments. As of March 31, 2021, HSUF has earned approximately 89% of the total fee revenue budgeted for the fiscal year. The total fee revenue for the nine months ended by March 31, 2021 was \$506,433.00.

Revenues-Non-Operating Revenue-The HSUF non-operation revenue consist of contributions to endowments and trust 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 March 31, 2021, HSUF received \$1.83M or 109% of the endowment contributions budgeted for this fiscal year. HSUF Received 101% of the budgeted trust contributions as of Q3 of FY 2021. This includes the annual distribution from endowment earnings of \$848K and the transfer from available operation revenues of \$450K. Total contributions increased approximately 65% from the prior year primarily due to the final \$1.0M to the St. Joseph Health Nursing Endowment, \$883K to the HSU Catalyst trust fund, and several

other large endowment contributions. Total contributions for the nine months ended March 31, 2021 were \$4,807,547.00.

Expenses-Operating Expenses-HSUF incorporated the previous year's Business Services Agreement and Support to Philanthropy budget line items into a newly designated budget line item called Support to Advancement Division. This budget line item allows for more resources and flexibility to support HSUF's mission including current fundraising efforts. Supplies and Services/Other Operation Expenses are at approximately 61% spent to budget, a result of the reduced activity on campus during the pandemic closures. Other Expense increased from prior year due to \$450K from available reserves being transferred to the HSU Catalyst Fund to support the fundraising campaign. Total operation expenses are at approximately 142% spent to budget. Total Operating Expenses for the nine months ended March 31, 2021 was \$903,186.00.

Expenses-Non-Operating Expenses-HSUF utilized charitable funds from endowments and trusts totaling approximately \$2.75M as of Q3 of FY2021, a decrease of \$289K or 9% from the prior year. Total funds utilized as of Q3 of FY2021 are 69% spent to budget. During FY2020 HSUF implemented a Committee Fund Review process whereby it reviews, at random, five funds per month to ensure all donations received were utilized as intended by the donors. Total Utilization of Charitable Funds for the nine months ended March 31, 2021 was \$2,754,221.00.

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

RESOLVED, that the HSUF Finance & Investment Committee accepts the 3rd Quarter (January 1 through March 31) Financials and Endowment Report.

5. FY 2021-2022 Budget

An extensive review and discussion for the FY 2021-22 was lead by Sarah Long, HSU Associate Director of Auxiliary Accounting. Highlights included:

- Operations
 - Total Revenue projected to be \$996,863.00
 - Total Expenses project to be \$646,000.00
- Required Reserves
 - \$484,500.00
- Endowments
 - Contributions and Additions projected to be \$3,000,000.00
 - Distributions and Reductions projected to be \$801,528.00
- Trusts
 - Contributions and Additions projected to be \$3,497,080.00
 - Distributions and Reductions projected to be \$3,095,000.00

6. Closed Session

The committee entered the closed session at 3:25 PM. The members discussed an asset allocation issue. The committee returned from the closed session at 3:45 PM. No action was taken.

7. Closed Session

The committee entered the closes session at 3:45 PM. The members discussed a property issue. The committee returned from the closed session at 4:12 PM. No action was taken.

8. Adjournment

Without objection, the meeting was adjourned at 4:13 PM