

HUMBOLDT STATE UNIVERSITY FOUNDATION

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS

**October 18, 2019
UC Banquet Room
Arcata, CA**

Present:

Gary Blatnick
Laura Fisher
Kurt Fraese
Scott Hunt
Dan Johnson

Alisa Judge
Manolo Morales
Heidi Moore-Guynup
Gary Rynearson
Frank Whitlatch

Not present:

Jennifer Harris
Eric Ramos

Guests:

Robin Bailie, Dr. Ken Fulgham, Jennifer Keller, Destiny Mancilla, Dr. Tom Jackson, Deborah Rice, Kyle Plitt, Amber Blakeslee, Travis Williams, Lindsay Righter, Michal Mugrage, Jamie Rich, Peggy Mecham-Carlotti, Stephanie Lane, Doug Edgmon, Thadeus Greenson, Lola Alto and Robert Yunker.

The Humboldt State University Foundation Board of Directors annual meeting was held on Friday, October 18, 2019, in the UC Banquet Room on the campus of Humboldt State University in Arcata, CA.

1. Call to Order/Roll Call

The meeting was called to order by Chair Alisa Judge at 9:04 A.M.

2. Public Comments

There were no public comments.

3. Acceptance of Minutes from June 6, 2019 Meeting

Upon discussion and motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that the Minutes of the June 6, 2019 meeting are accepted.

4. Audit Committee Report

Executive Director Frank Whitlatch thanked Audit Committee Chair Patrick Cleary and Committee Members John Dalby and Scott Hunt for their due diligence. He introduced Scott Hunt who recapped the audit process. The committee met with representatives from Moss Adams, the Foundation's audit firm. Scott Hunt reminded the group that the Board delegates to the Audit Committee the authority to review and accept the audit on behalf of the Board. The Audit Committee completed its review of the audit and, on September 9, 2019, accepted the audit for fiscal year ending June 30, 2019.

Moss Adams reported that the auditors did not identify any material weaknesses or significant deficiencies nor any compliance issues.

Upon motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that the Board of Directors affirms the acceptance of the annual financial audit for fiscal year ending June 30, 2019.

5. Annual Investment Report

Frank Whitlatch introduced Kyle Plitt of RV Kuhns, Inc (RVK), the Foundation's investment consultant, who reviewed the fiscal year 2019 investment portfolio which produced a net total return of 4.05% net of fees. He reminded the board that the portfolio is more conservative than some peers. Over the past ten years, the portfolio has generated higher returns with lower volatility than peers. In the upcoming months it was advised that the Foundation consider a potential change to the Large Cap US Equity portfolio. The objective would be to potentially improve the portfolio performance and further divest from fossil fuels. By implement this structure there is potential to increase the total "green" allocation from 26% to 38%. It was noted that HSU continues to be a leader in Higher Education Institutions in divesting from fossil fuels and concerning sectors.

HSUF's Investment Program Cornerstones are:

Diversification-an appropriate mix by asset class (traditional and alternative); an appropriate mix by investment manager (institutional quality) and ongoing implementation of Green/Divestment strategies.

Investment Operations-ongoing performance monitoring and due diligence, Periodic Investment Policy Statement review and Institutional custody of assets through Wells Fargo.

Risk/Return Expectations- Maximize return for a given level of risk, minimize risk for a given level of return and consistency with spending policy and expenses.

Fees-Investment manager expenses competitive with peers, best (i.e. cheapest) available fund share class and leverage of RVK relationships throughout the industry.

6. Endowment Distribution Rate for Fiscal Year 2020-21

The purpose of an endowment is provide a distribution each year that is both relatively consistent from year-to-year and that keeps pace with inflation. 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.

The Finance and Investment recommends that it is prudent to set the distribution rate for fiscal year ending 2021 at 4.4%.

After discussion and upon motion duly made, seconded, and carried unanimously, it was:

RESOLVED, that the Board of Directors approves distributions from its endowment funds for Fiscal Year Ending 2021 based upon 4.4% of the 12-quarter rolling average of market values through June 30, 2019.

7. Guidelines for Use of Discretionary Contributions and Revenue

Frank Whitlatch presented a red-line version of a proposed revision to the Guidelines for Use of Unrestricted Funds Policy which was adopted October 6, 2017. Changes to this policy clarify the two types of funds into gift and revenue. The Board requested that the document be edited to indicate that the Guidelines were in priority order. Highlights included:

Change from “Use of Unrestricted Funds” to “Unrestricted Gift Funds”.
Addition of new policy for Use of Revenue Funds.

After discussion and upon motion duly made, seconded and carried unanimously, with amendments, it was:

RESOLVED, that the Board of Directors approves the revisions to the Guidelines for Use of Discretionary Contributions and Revenue Policy as recommended by the Executive Committee, with the amendment that the Guidelines are in order of priority.

8. Contribution Administration Fee Policy Revision

Frank Whitlatch presented proposed changes to the Contribution Administration Fee Policy. The highlight was to clarify confusion when donors made an additional gift to cover the existing Contribution Administration fee on their original gift. In the past there was a fee charged on the additional gift which resulted in a “fee on the fee”.

Upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the Humboldt State University Board of Directors approve the revision to the Contribution Administration Fee Policy, originally approved at the August 6, 2015 Executive Committee meeting. The revision includes the acknowledgement of the change of the organizational name for Humboldt State University Advancement Foundation to the Humboldt State University Foundation as well as the addition of Policy Item B which states “When a donor increases a gift, or makes an additional gift, to cover the Contribution Administration Fee, the amount increased will not be subject to the Contribution Administration Fee”.

9. KHSU License Transfer

Frank Whitlatch reminded the Board that HSU holds all KHSU licenses, with the exception of the KHSM license. The Foundation just held the license and they didn’t make decisions for, or on behalf of, KHSU. The University would like to hold all licenses. This license is not a commercial license. KHSU is currently providing state and national news only.

After discussion and upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the Board of Directors accept the recommendation of the Executive Committee to transfer KHSM license to Humboldt State University.

10. President’s Report

President Tom Jackson joined the meeting via ZOOM. He acknowledged and expressed appreciation for the leadership of the Board in raising, managing, and stewarding charitable resources for the University.

He noted his impression made during his first 100 days was that there is a common theme in his conversations with the community and University that HSU is strong and focused on building relationships. He emphasized that we can enhance this theme by continuing to share positive stories with the alumni, staff, students and community. HSU has a distinctive and unique qualities especially in the area of the sciences. There is a need to focus on Education in the future given that HSU was founded as a teachers college in 1913. The community is filled with pride to have HSU located in this beautiful area.

Key areas of focus will be:

- Providing a positive, meaningful educational experience to every student. The goal continues to be focusing on student success.

- Enrollment and Retention. We need to have innovative resources to grow. There is a shrinking pool of local students to recruit. Approximately 85% of our students come from outside of Humboldt County. Once students are here one of our biggest challenge is how to keep them. We are increasing our scholarship partnerships especially with the Humboldt First Scholarship Fund, and the Dan and Cindy Phillips Fortuna Scholarship and the Student Adversity Fund. Local Tribal Councils are strengthening their recruitment efforts. We need to provide an enriched experience and improved housing on campus.
- There is an expectation that there will be an increase in transfer students over the next few years given that many California community colleges are offering free to reduced tuition for the first two years.
- Increase partnerships between the campus and the community. We need to look beyond nursing and look to bring back non-football athletics programs.

The HSUF Board of Directors offered help by supporting the University and President Jackson by focusing on a “Foundation Forward” presence. Raising funds to support students, creating a robust group of Directors, reassure donors that their contributions are used correctly and as intended

11. Executive Director’s Report

Executive Director Frank Whitlatch reviewed several items:

- Community Outreach Fund-Foundation funding has been set aside with the goal of attending thirty community dinners. This will help with the Foundation Forward presence and build community relationships.
- Foundation Forward-asking the board members to take the lead and help make the HSUF more visible. In the past the board has operated in the background. This new model will help elevate the Foundation’s presence and importance on campus and in the community.
- Consultants-Two consultants were hired to review and evaluate the readiness of HSU to have a campaign. One consultant was from the Chancellor’s Office and the other was a private firm. Both found the need to hire additional, experienced gift officers. These positions will be at the management level. Internally the Development department has reassigned administrative staff to other areas which allowed reallocation of funds toward additional gift officers salaries and perhaps an Athletic major gifts officer.
- Department name change-The department name has been changed from Philanthropy to Development. This follows other successful CSU models.
- Investiture-The Presidential Investiture has been rescheduled to January 15, 2020.
- Memorial Grove Update-The original \$16, 000 raised was not enough to cover the costs of the original design plans. The original site would require work that could damage the existing landscape and redwood grove. Facilities Management is looking for an alternative site. There is a revised plan being considered that is smaller in scale.

Memorials would be free to anyone rather than the original plan of attaching a donation. The plan is to make the area Zen-like, artistic and quiet for reflection.

12. Humboldt State University Real Estate Holdings

Frank Whitlatch reported that the four HSU Sponsored Programs Foundation properties have been successful been transferred to HSU Real Estate Holdings (HSUREH). He reported that we entered into a lease agreement with Baypark Properties. The agreement is for two townhouse units which will be made available as corporate housing for new, out of area employees during their relocation period. There will be periodic re-evaluation to determine if there is significant need for the leasing agreement to be continued.

13. Committee Reports

Philanthropy & Advocacy: Chair Laura Fisher reminded members of their annual \$1,000 contribution commitment. She thanked member for their participation in calling donors to thank them for their \$1,000 or higher charitable contributions. She encouraged the board members to continue working on succession planning in order to build a robust board. She introduced Associate Vice President of Development Deb Rice who update the members on the new goal for the Humboldt Together Campaign which is now \$40-50 million over a five year period. She noted that the nursing program is receiving significant support and the 1913 Legacy Society website is featured on the Giving page.

Donor Intention & Fulfillment: Chair Gary Blatnick reported that Peggy Metzger, Director of Financial Aid attended their committee meeting. Peggy addressed the positive impact of scholarships for HSU students. She noted that many students are \$8,000 short even after they have received Pell Grants, State funding and personal loans. Many students who have an Estimated Family Contribution (EFC) of \$0 work 2 or more jobs to fill this gap. Holding multiple jobs impacts their ability to attend classes and study which impacts retention. Approximately 55-60% of HSU students fall into this category of need. Peggy noted the establishment of the Student Adversity Fund which aid students with financial means to take care of unexpected costs that would otherwise tip the balance of whether or not they stay at HSU. The average amount given is \$1,000 with the maximum being \$2,000.

Governance & Strategy: Chair Alisa Judge reported that new member recruitment has been successful. She encouraged more participation and recruiting new members with a wide body of knowledge and skills. The members discussed the need for a formal orientation to better aid incoming board members.

Finance & Investment: Chair Manolo Morales waived his time as the Finance & Investment Committee issues were addressed earlier in the meeting.

14. Acknowledge Board Member Appointments

Independent members are appointed to serve a term of three years and may be reappointed to serve a second three-year term, after which they must lead the Board for at least one year. In addition, the President is required to appoint at least one faculty, one staff, and one student member of one-year renewable terms.

Upon motion duly made, seconded, and carried unanimously, it was:

RESOLVED, that the appointment of the following individuals to the Board of Directors of the Humboldt State University Foundation by the President of Humboldt State University is acknowledged by the Board of Directors:

For a special one-year term:
Gary Rynearson

For a regular three-year term:
Robin Bailie
Ken Fulgham, Ph.D.
Jennifer Keller, J.D.

University faculty, staff, students for a one-year term:
Vacant (faculty)
Destiny Mancilla (student)

15. Election of Officers

The Officers of the Foundation are elected annually by the Board of Directors. Each Officer holds the office for a term of one year or until his or her successor has been elected.

Upon motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that the following individuals are elected as Officers of the Humboldt State University Foundation to serve for a term of one year or until a successor is elected:

Chair:	Manolo Morales
Vice Chair:	Gary Rynearson
Secretary:	Frank Whitlatch
Treasurer:	Jennifer Harris

16. Appoint and Authorize Executive Committee

The Board of Directors appoints an Executive Committee at its annual meeting. The Bylaws delegate to the Executive Committee certain powers to act on behalf of the Board of Directors.

Upon motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that the following individuals are appointed to the Executive Committee of the Humboldt State University Foundation:

Manolo Morales, Chair
Gary Rynearson, Vice Chair
Jennifer Harris, Treasurer
Gary Blatnick, Chair of the Donor Intention & Fulfillment Committee
Vacant, Chair of the Finance & Investment Committee
Vacant, Chair of the Philanthropy & Advocacy Committee
Vacant, Chair of the Governance & Strategy Committee
Frank Whitlatch, Secretary and Executive Director

FURTHER RESOLVED, that in accordance with the Bylaws, the Executive Committee is delegated authority to act on behalf of Humboldt State University Advancement Foundation, except for the powers to:

- (a) set the number of Directors;
- (b) elect Directors or remove Directors without cause;
- (c) fill vacancies on the Board of Directors or on any Board Committee;
- (d) fix compensation of Directors for serving on the Board or any Board Committee;
- (e) amend or repeal the Bylaws or adopt new Bylaws
- (f) adopt amendments to the Articles of Incorporation;
- (g) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- (h) create any other Board Committee or appoint the members of any Board Committees; or
- (i) approve any merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of this corporation.

17. Appoint Committees

The Board of Directors appoints one or more committees at its annual meeting. The Executive Committee and the Audit Committee are delegated authority to take certain actions on behalf of the Board of Directors. All other committees are advisory committees and are limited to making recommendations for action by the Board of Directors.

Individuals who are not members of the Board of Directors may serve on advisory committees. The Board has delegated to the Board Chair the authority to appoint non-Board

members to advisory committees at any time, however members of the Board of Directors must be appointed to committees by action of the Board of Directors.

Upon motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that with amendments, the following individuals are appointed to the Humboldt State University Foundation Committees as set forth below:

Audit Committee

Patrick Cleary, Chair (non-board member)
John Dalby (non-board member)
Scott Hunt
Frank Whitlatch

Donor Intention & Fulfillment Committee

Gary Blatnick, Chair
Kurt Fraese
Duncan Robins (non-board member)
Frank Whitlatch

Finance & Investment Committee

Vacant, Chair
Robin Bailie
Scott Hunt
Dan Johnson
Heidi Moore-Guynup
Jason Ramos (non-board member)
Duncan Robins (non-board member)
Frank Whitlatch

Governance & Strategy Committee

Vacant, Chair
Manolo Morales
Frank Whitlatch

Philanthropy & Advocacy Committee

Vacant, Chair
Robin Bailie
Ken Fulgham
Jennifer Harris
David Kalb (non-board member)
Destiny Mancilla
Gary Rynearson

No Committee Assignments-Advocacy only:

Jennifer Keller
Eric Ramos

18. Authorize Signatures

At its annual meeting the Board of Directors grants to its officers the authority to sign legal and other documents on behalf of the Foundation. This resolution establishes the legality of these individual' signatures to bind the Foundation for actions which the Foundation for actions which the Foundation has approved and authorized according to its established policies and procedures. This resolution does not grant these individuals authority to act unilaterally or without the direction of the Board of Directors.

Upon motion duly made, seconded, and unanimously carried as amended, it was

RESOLVED, that the execution of contracts, assignments, certificates and other instruments of whatever nature, which have been authorized to be executed on behalf of the Humboldt State University Foundation, except in cases where the signing thereof is expressly delegated by the Board of Directors, the Bylaws, policies, or by statute to some other officer, officers, or agent of the Foundation, shall be signed by any of the persons listed below:

Manolo Morales, Chair
Gary Rynearson, Vice Chair
Jennifer Harris, Treasurer
C, Secretary and Executive Director

BE IT FURTHER RESOLVED, that, in addition to the above individuals, the individuals employed by Humboldt State University in the following roles are authorized to sign checks and similar duly authorized documents consistent with the operating contracts and agreements approved by the Board of Directors and consistent with Board policy:

Controller
Manager of Student Financial Services
Director of Contracts and Procurement

BE IT FURTHER RESOLVED, that the following limits are established for the authority granted to University employees to sign checks or similar duly authorized documents:

- (1) If the value of the transaction is \$15,000 or more, two authorized signatures, one of which must be the Executive Director, are required;
- (2) If the value of the transaction is \$100,000 or more, at least one of the authorized signatures must be by a member of the Board of Directors who is not an employee of Humboldt State University and the Executive Committee must be notified of the transaction; and
- (3) Under no circumstances may an individual sign a check or similar instrument if it is payable to himself or herself.

BE IT FURTHER RESOLVED, that this signing authority shall remain in effect until revoked or amended by the Board of Directors.

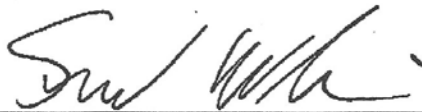
19. Other Business

Frank Whitlatch invited the members to attend the Humboldt Magazine release party that evening. The event spotlighted the people who were featured in the publication. He shared that HSU is renting the Redwood Bowl to local high school and football teams. He noted that a two year list of Board and Committee meetings was provided to each member. Upcoming 2020 Board of Directors Meetings are scheduled for:

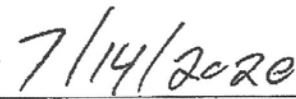
March 27, 2020 in the Los Angeles area
August 28, 2020 on the HSU campus
October 23, 2020 on the HSU campus

20. Adjournment

Without objection, the meeting was adjourned at 11:59 AM



Frank Whitlatch
Executive Director & Secretary
HSU Foundation



Dated