

HUMBOLDT STATE UNIVERSITY FOUNDATION

MINUTES OF THE FINANCE & INVESTMENT COMMITTEE

October 8, 2019

Members Present:

Scott Hunt (via ZOOM)
Dan Johnson (via ZOOM)
Heidi Moore-Guynup (via ZOOM)
Frank Whitlatch

Absent:

Manolo Morales
Jason Ramos
Duncan Robins

Guests:

Alisa Judge, Peter Lehman, Kyle Plitt, Deborah Rice, Doug Edgmon, Peggy Mecham-Carlotti and Lola Alto.

A meeting of the Humboldt State University Foundation Finance & Investment Committee was held on Tuesday, October 8, 2019 at 9:07 AM in Nelson Hall West 213 on the University campus.

1. Call to order

The meeting was called to order by Executive Director Frank Whitlatch at 9:07 AM.

2. Public comments

There were no public comments.

3. Acceptance of Minutes from the May 29, 2019 meeting

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

RESOLVED, that the Minutes of the May 29, 2019 meeting are accepted.

4. Review of Financial Statements through June 30, 2019

The unaudited financial statements for the fourth quarter were reviewed and discussed. Executive Director Frank Whitlatch noted that the Financial Services team was working to produce new forms which would aid in the review process.

The HSU Real Estate Holding properties were broken out from the HSUF for a clearer understanding of those expenditures. Financial Services noted that HSUF is on target overall.

5. Endowment distributions for FYE 2021

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.

After discussion the Committee agreed that it was prudent to set the distribution rate for fiscal year ending 2021 at 4.4% reserving the ability to review the payout percentage should circumstances warrant.

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

RESOLVED, that a recommendation to the HSUF Board be that the endowment distribution amount for fiscal year ending 2021 shall be based upon a rate of 4.4%.

6. Contribution Administration Fee Policy

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 Finance & Investment Committee recommend to the Executive Committee and the Humboldt State University Board of Directors to 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”.

7. Guidelines for Use of Discretionary Contributions

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. 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 Finance and Investment Committee recommend to the Executive Committee and Board of Directors to approve the revisions to the Guidelines for Use of Discretionary Contributions and Revenue Policy.

8. Associated Students Special Exemption

The Humboldt State University Associated Students (AS) provided the AS Resolution #2018-19-09 passed at their March 11, 2019 Board of Directors meeting. This resolution requested that the HSUF exempt student fundraising activities from the current 5% Contribution Administration Fee on all charitable donations.

The committee acknowledged the key role that students take in soliciting charitable donations to support their club activities. The committee would like future discussions with students and requested that the Executive Director approach the AS and offer other means of support, including workshops, that can help educate students on the ways that the Contribution Administration Fee supports the campus.

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

RESOLVED, that the Finance & Investment Committee declined the request of the AS request to waive Contribution Administration Fee at this time and encourages future discussions and education in ways to support the AS.

9. HSU Real Estate Holdings

Frank Whitlatch reported that the escrow on the four HSUSPF closed and the titles have been leased to HSUREH. The Samoa Boulevard property has been leased to HSU. The property is no longer for sale and long range plans for its use

are being explored. He noted that HSUREH has entered into a month-to-month lease agreement with Baypark Properties to secure two townhouses for use when new employees, faculty and administrations are transitioning to HSU employment. The two townhouses are currently vacant and the lease agreement will be reviewed periodically.

10. Other Business

Frank Whitlatch that the Moss Adams audit was clean and will be reported at the October 18, 2019 Board of Directors meeting.

11. Adjournment

Without objection, the meeting was adjourned at 10:36 AM

DRAFT