

ADVANCEMENT
FOUNDATION

HUMBOLDT STATE UNIVERSITY

**MINUTES
OF THE
BOARD OF DIRECTORS MEETING**

**October 3, 2014
UC Banquet Room**

Present:

Guy Aronoff
Heather Bernikoff-Raboy
Gary Blatnick
Steve Brown
Ken Davlin
Judy Dvorak
Nick Frank
Dan Johnson
Alisa Judge
David Kalb

Joyce Lopes
Alistair McCrone
Chuck Petrusha
Jason Ramos
Duncan Robins
Lisa Rossbacher
Gary Rynearson
George Schmidbauer
Craig Wruck

Not present:

Jacob Bloom
Laura Fisher
Jenna Hanson
Lisa Klyce
Robert Snyder

Guests:

Peg Blake
Allison Hansberry
Mary Kay Hartman
Arne Jacobson
Nancy Jones, CLA (phone)
Carol Lorentzen
Brian Mitchell
Heidi Moore-Guynup

Annette Penny
Kyle Plitt, RVK
Kimberley Pittman-Schulz
Andrea Rosales
Frank Whitlatch
Nick Woodward, RVK
Jenny Zorn

1. Call to order and welcome by President Rossbacher

The meeting was called to order by Chair David Kalb at 9:02 a.m. President Lisa Rossbacher gave a brief welcome and thanked the Board members for their commitment and contribution to the Advancement Foundation.

2. Approval of Minutes from April 25, 2014 meeting

After a brief discussion and upon motion duly made, seconded and unanimously carried, it was RESOLVED, that the Minutes of the April 25, 2014 meeting were approved.

3. Annual financial audit

Steve Brown, a member of the Audit Committee, introduced Nancy Jones from the audit firm of CliftonLarsonAllen, the new auditor for the Foundation.

Nancy Jones presented the audit. The Foundation had \$35.8 million in total assets and \$2.8 million in total liabilities, leaving a net position of \$33 million for fiscal year ending June 30, 2014. The auditors did not identify any deficiencies that were considered material weaknesses.

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

RESOLVED, That the annual financial audit for fiscal year ending June 30, 2014 is accepted.

4. Public comments

There were several students, faculty and other members of the public present who addressed the Board on a variety of topics.

5. Investment report and update

Kyle Plitt and Nick Woodward of RVK explained the services they provide and talked about the Foundation's investment portfolio, which has more than doubled since the 2008 market collapse and has also outperformed its peers with a lower amount of risk. For fiscal year ending 2014, the portfolio produced a net total return of 15.5% after management fees, in line with the target allocation benchmark. It was the third best year since 2005. Future objectives to consider are the Green Fund investment and asset allocation review.

The RVK consultants also talked about the Green Fund research they had done. They indicated that the Foundation was cutting edge among RVK's clients – no one else is doing this.

6. and 7. Endowment distribution rate for FYE 2016 and SEROP investment options

Duncan Robins talked about the Finance Committee mandate issued by the Board of Directors: (1) Manage the investment portfolio prudently, e.g., providing the highest risk-adjusted net return possible, (2) propose the highest reasonable distribution rate, given past returns and future expectations, and (3) implement HSU's SEROP principles while remaining true to (1) and (2).

The Finance Committee proposed a 4.5% distribution rate for fiscal year ending 2016 with the caveat that any policy changes the Board makes to invest in Green Funds could reduce the distribution rate below 4.5%. The current rate is 4%, which provides around \$1 million in

distributions for the year. A rate of 4.5% would yield approximately \$1.2 million for fiscal year 2016. It was noted that the University relies on a steady distribution and it is difficult for programs when the rate fluctuates from year to year.

Duncan reviewed the SEROP principles and pointed out that the Foundation has continued its policy to make no direct investments in Concerning Sectors, with approximately \$1.97 million remaining invested in Concerning Sectors. However, the Foundation has also made mitigating investments in the amount of \$4.39 million in the Tree Farm and the Schatz Energy Lab, providing a net SEROP investment of \$2.42 million.

After some discussion and upon motion duly made, seconded and carried, with one abstention, it was

RESOLVED, That the Finance Committee is directed to create a new investment option, tentatively entitled the “SEROP Fund,” designed to attract new contributions from donors who are interested in blended investment approaches that consider both financial and social returns.

With another motion on the table, an amendment was proposed to that motion. After more discussion and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, That the phrase “with the goal of achieving this within twelve months after the adoption of the policy” be added at the end of the motion that was under discussion.

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

RESOLVED, That the Finance Committee be directed to amend the investment policy in order to shift up to 10% of the existing endowment portfolio into reputable, proven “Green Funds” or assets and to work with RVK to identify, model, and test potential opportunities, with the goal of achieving this within twelve months after the adoption of the policy.

After more discussion and upon motion duly made, seconded and carried with one opposed vote, it was

RESOLVED, That in light of a potentially significant change in investment strategy, the endowment distribution rate for fiscal year June 30, 2016 shall be 4.4%.

Duncan next introduced the Humboldt “Green Challenge:” For each \$500,000 donated to Humboldt’s “Green Challenge” Fund, the Foundation will shift an additional 10% of its endowment investments away from any and all carbon-based companies, e.g., companies in the energy or utilities industries.

After discussion of the “Green Challenge” and upon motion duly made, seconded and carried, with one abstention, it was

RESOLVED, That the Finance Committee work with the Development Committee to execute the Humboldt “Green Challenge,” and that the Finance Committee be directed to amend the

investment policy in order to allow for the shifting of additional funds from the existing endowment portfolio into reputable, proven “Green Funds” in a ratio of 10% for every \$500,000 of new funds donated to the Green Challenge Fund.

8. President’s Report

The President gave a brief report and talked about moving the University forward into the next century. She pointed out that the groundwork for moving forward had already been laid by her predecessors, Alistair McCrone and Rollin Richmond.

9. Executive Director’s report

The Executive Director reported on the financing related to the I-5 bus accident. Approximately \$55,000 was received in scholarship money, most of which came from internet contributions, and the Foundation made a \$45,000 matching contribution. Craig talked to an alumnus from New Zealand who had a modest gift history. The alum made a contribution as a result of the bus accident and will now make a larger donation as well.

He also talked about the Voluntary Support of Education (VSE) Report for fiscal year ending June 30, 2014. The Foundation had a very good year, as evidenced by the Gift Income Summary portion of the VSE, which showed a grand total of approximately \$7.5 million in income, more than double the amount from five years ago.

The University has contracted with CliftonLarsonAllen (CLA), the auditors, who will review scholarship funds connected to Athletics and report back. As an independent third party, CLA, can provide credibility and accountability.

The Annex building has been secured to discourage people from entering the building. Administrative Affairs and Advancement are looking at a long-term resolution for the site. They need to determine the steps to be taken to transfer the building to the University. Craig will continue to report back to the Board on the progress of any resolution.

KHSM radio station achieved the on-air requirement by June 30, and has a permanent antenna. The license is owned by the Advancement Foundation, therefore the Board will need to appoint a General Manager, who should probably be the Executive Director. There would be no cost to the Foundation, since KHSM has already accrued the funds.

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

RESOLVED, That the Advancement Foundation appoint the Executive Director of the Foundation to serve as General Manager of radio station KHSM, and approve the General Manager’s delegation of the day-to-day operation of the station to radio station KHSU’s General Manager and Engineer, who will function as the KHSM Station Manager and Director of Operations and Technology, respectively.

10. Committee Reports

Governance Committee Report

Chair Alisa Judge gave the Report. She discussed the Committee's work in recruiting new Board members. Staff did outreach to a small pool of candidates. Due to timing and changes, the Committee was not as involved as they hoped to be.

Development Committee Report

Chair Judy Dvorak gave the report. She noted that the fundraising for Applied Learning and scholarships, which were part of the Centennial fundraising activities, have performed well, but the Green & Gold Room and the Centennial Grove initiatives have not been so successful and there are no University resources available to advance them. These latter projects failed to secure lead donors in the six figure range, necessary for any success. The Development Committee is working with the Executive Director and Kimberley Pittman-Schulz, Executive Director of Philanthropy, to develop feasible campaigns for future projects.

11. Acknowledge Board appointments

Members of the Board of Directors are appointed by the President of Humboldt State University. The Board of Directors formally acknowledges these appointments at its annual meeting each year.

Independent members are appointed to serve a term of three years and may be reappointed to serve a second three year term. In order to re-establish a regular rotation, in 2013 several independent members were appointed to special terms of one or two years. As we continue to transition toward a regular rotation, the President has appointed six current independent members to an additional one-year special term and is appointing one new member for a regular three-year term.

In addition, the President appoints faculty, staff and student members for one-year renewable terms.

The new appointees are Heidi Moore-Guynup, Curriculum and Instruction Coordinator for the Humboldt County Office of Education and Coordinator of Decade of Difference: 2020 Initiative, a community-wide initiative designed to strengthen Humboldt County's workforce and to provide students with 21st Century skills needed for success within the global economy; Annette Penny, an HSU senior, who is majoring in Environmental Science, with a minor in French, from Ft. Collins, Colorado; and Andrea Rosales, a Kinesiology major from Southern California, who as one of the Managers of the PhoneJacks, raises money for the Humboldt Loyalty Fund.

The Board of Directors Seniority List chart details the terms of each Board member.

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

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

For a special one-year term:

Gary Blatnick
Ken Davlin
Nick Frank
Dan Johnson
Alistair McCrone
George Schmidbauer

For a regular three-year term:

Heidi Moore

University faculty, staff, students for a one-year renewable term:

Guy Aronoff
Peg Blake
Joyce Lopes
Annette Penny (student)
Andrea Rosales (student)
Jenny Zorn

12. Elect officers

The Officers of the Foundation are elected annually by the Board of Directors at its annual meeting. 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 are elected as Officers of the HSU Advancement Foundation to serve for a term of one year:

Chair – Heather Bernikoff-Raboy
Vice Chair – Alisa Judge
Secretary – Joyce Lopes
Treasurer – Jason Ramos

13. Elect 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:

Heather Bernikoff-Raboy, Chair
Judy Dvorak, Development Committee Chair
Alisa Judge, Vice Chair
David Kalb, Immediate Past Chair and Governance Committee Chair
Joyce Lopes, Secretary
Jason Ramos, Treasurer
Duncan Robins, Finance Committee Chair
Craig Wruck, 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 with respect to:

- (a) The filling of vacancies on the Board of Directors or on any committee;
- (b) The fixing of compensation of the Directors for serving on the Board or on any committee, should Article V, Section 7, be amended to allow such compensation;
- (c) The amendment or repeal of Bylaws or the adoption of any new Bylaws;
- (d) The amendment or repeal of any resolution of the Board, which by its express terms is not so amendable or repealable;
- (e) The appointment of other committees of the Board or the members thereof; or
- (f) The approval of any self-dealing transaction, as such transaction is defined in Section 5233(a) of the California Nonprofit Public Benefit Corporation Law.

14. Appoint Committees

The Board of Directors appoints one or more Committees at its annual meeting.

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

RESOLVED, That the following individuals are appointed to the Humboldt State University Advancement Foundation Committees as set forth below:

Audit Committee

Patrick Cleary, Chair
Steven Brown
Jeff Leighton

Development Committee:

Judy Dvorak, Chair
Laura Fisher
David Kalb
Lisa Klyce
Gary Rynearson

Finance Committee

Duncan Robins, Chair
Guy Aronoff
Ken Davlin
Nick Frank
Dan Johnson
Joyce Lopes
Chuck Petrusha

Governance Committee

David Kalb, Chair
Heather Bernikoff-Raboy
Gary Blatnick
Alisa Judge
Alistair McCrone
Jason Ramos

15. Authorize signatures

At its annual meeting, the Board grants to its officers the authority to sign legal and other documents on behalf of the Foundation. Note that this resolution merely establishes the legality of these individuals' signatures to bind the Foundation for actions which the Foundation has approved and authorized, according to its established policies and procedures.

Upon motion duly made, seconded and unanimously carried, 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 Advancement 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:

Heather Bernikoff-Raboy, Board Chair
Alisa Judge, Board Vice Chair
Joyce Lopes, Secretary
Jason Ramos, Treasurer
Craig Wruck, Executive Director

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

16. Other business

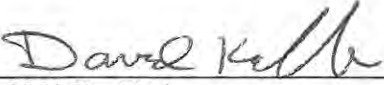
David Kalb was thanked for his exceptional service as Chair for the past three years. Ken Davlin was thanked for his many years of service as Chair of the Finance Committee, and Ken acknowledged his support for Duncan Robins as the incoming Chair of the Committee. Annette Penny thanked Duncan and the Finance Committee for all their hard work on establishing a Green Fund.

The next Board meeting is scheduled for Friday, March 27, 2015 in Newport Beach, California. Beginning in 2015, we will return to the practice of holding the winter meeting off-campus, rotating between southern and northern California. The Fall Board meeting is typically held on campus, but the date has not yet been determined.

The meeting was adjourned at 2:50 p.m.


Respectfully submitted by Mary Kay Hartman,

Approved:



David Kalb, Chair

Date 3/27/15



Joyce Lopes, Secretary

Date 3/27/15