

A D V A N C E M E N T
FOUNDATION

H U M B O L D T S T A T E U N I V E R S I T Y

**MINUTES
OF THE
FINANCE COMMITTEE**

**February 23, 2015
Corbett Conference Room**

Present:

Guy Aronoff
Ken Davlin
Nick Frank
Joyce Lopes
Chuck Petrusha (via telephone)
Duncan Robins

Not present:

Dan Johnson

Guests:

Brian Frasher
Mary Kay Hartman
Peter Lehman
Brian Mitchell
Kyle Plitt, RVK (via telephone)
Jamie Rich
Craig Wruck

1. Call to order

The meeting was called to order by Committee Chair Duncan Robins at 1:33 p.m.

2. Visitor comments

Professor Peter Lehman noted that the California Energy Committee has awarded a \$5 million grant to the Schatz Energy Lab to develop a micro-grid at Blue Lake Rancheria. He also mentioned the Schatz Lab is expecting to add a 1,500 square foot annex to their existing building at a cost of approximately \$500,000. They hope to secure grant funding toward the cost, but might ultimately request a distribution from the quasi-endowment funds.

3. Approval of Minutes from the November 20, 2014 meeting

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

RESOLVED, that the Minutes of the November 20, 2014 meeting are approved.

4. Second quarter financial statements

Accountant Brian Frasher presented the financial statements for the second quarter of FYE 2015.

5. and 6. Portfolio rebalance and SEROP implementation

Kyle Plitt, RVK, presented asset allocation recommendations to implement green fund investments. RVK examined various approaches to estimating long-term performance expectations of green funds. Their analysis indicated little difference between the risk profile of large/mid-cap US equity green funds and other large/mid-cap US equities.

RVK highlighted additional trade-offs that should be considered: 1) Excluding a given sector or industry may result in a performance drag for one period but not for another. 2) The energy sector's relatively poor performance in recent times may unfairly suggest a performance benefit to excluding fossil fuel-related companies. 3) As interest in fossil fuel divestment gains momentum, energy and utility stocks may become more attractively priced as investors exit.

RVK recommended two green funds for consideration: 1) Parnassus Endeavor Mutual Fund has a \$2,000 investment minimum and 35 holdings. Its track record is quite good for a fund not invested in fossil fuels. It has an overweight allocation to tech and health care rather than energy. 2) Trillium Fossil Fuel Free Fund has a \$2 million investment minimum and 70 holdings. Performance is not as good as Parnassus and it has some utilities in the portfolio.

RVK recommended the Finance Committee interview the green fund managers. Once a manager is selected, RVK will be prepared to coordinate a restructuring of the equity portfolio. They will then research green alternatives for the fixed income portfolio.

There was considerable discussion as to what amount to invest. Upon motion duly made and seconded, it was

RESOLVED, that the Advancement Foundation invest 10% of equities in Parnassus Endeavor Mutual Fund.

Before the vote, Nick Frank proposed an amendment to the motion, which was seconded, which would have amended the motion to state:

RESOLVED, that the Advancement Foundation invest 20% of equities in Parnassus Endeavor Mutual Fund.

A vote was taken on the amendment. The amendment was defeated by a vote of three to two with one abstention.

A vote was next taken on the original motion, which passed unanimously.

7. Real estate holdings

The Advancement Foundation purchased the Annex at 1340 C Street in Arcata from endowment funds in 2008 and leased it to the University. The lease expires in 2018. The property has significant liabilities. The Committee will need to consider how to transfer ownership of the property to the University while still keeping the endowment whole.

The former IESCO building at 1601 Samoa Blvd., Arcata, was purchased by the Foundation in 2008 and leased to the University. The lease also expires in 2018. The building is 100% financed through CSURMA (the CSU insurance exchange) with interest only payments. The University made a \$535,000 principal payment on behalf of the Foundation in 2013, leaving a \$2 million balance due in 2017.

The properties were acquired by the Foundation at the request of the University, with the intention that ownership be transferred to the University at some point.

The Foundation would continue to hold two other properties, the Schatz Tree Farm and the building at 1242 G Street currently occupied by the Natural History Museum. Both of these properties are held for the use of the University and are subject to use agreements between the University and the Foundation.

8. Fees and funding

The Executive Director reviewed a chart from the CSU regarding campus fees. It was noted that the fees for the various schools were wide ranging.

9. Other business

There was no other business to come before the Committee.

10. Adjournment

The meeting was adjourned at 3:45 p.m.