

ADVANCEMENT  
**FOUNDATION**  
HUMBOLDT STATE UNIVERSITY

**MINUTES  
OF THE BOARD OF DIRECTORS MEETING**

**June 3, 2016  
The Claremont Hotel  
Berkeley, CA**

**Present:**

Heather Bernikoff  
Steven Brown  
Laura Fisher  
Alisa Judge  
David Kalb  
Emily McBride  
Heidi Moore-Guynup  
Jason Ramos  
Duncan Robins  
Lisa Rossbacher  
Gary Rynearson  
Craig Wruck

**Not present:**

Guy Aronoff  
Chuck Petrusha

**Guests:**

Lola Alto  
Erik Dryburgh (via phone)  
Alex Enyedi  
Joyce Lopes  
Kimberley Pittman-Schulz

The Humboldt State University Advancement Foundation Board of Directors meeting was held on Friday, June 3, 2016, in the Lanai Room at The Claremont Hotel, 41 Tunnel Rd., Berkeley, CA.

1. Call to order/Roll call

The meeting was called to order by Chair Heather Bernikoff at 8:30 A.M.

2. Visitor comments

HSU President Lisa Rossbacher introduced Dr. Alex Enyedi, HSU Provost and Vice President of Academic Affairs.

3. Approval of Minutes from the October 9, 2015 meeting

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

RESOLVED, that the Minutes of the October 9, 2015 meeting are approved.

#### 4. President's Report

HSU President Lisa Rossbacher reported that the University is now completing the first year of implementation of the Strategic Plan which will reduce and ultimately eliminate the achievement gap among students, enable the campus to become carbon neutral and then carbon negative, and ensure that students gain a strong sense of environmental and social responsibility.

Dr. Rossbacher noted that student success is the highest priority in the Strategic Plan and that an important element of student success lies in ensuring a safe and welcoming environment for the University's diverse student body. The University is working with local businesses and government and a new county-wide initiative called "Equity Alliance of the North Coast" to strengthen local relationships and ensure a support system is in place for students once they arrive on campus.

Dr. Rossbacher noted that the University is focused on being good stewards of its financial resources. She reported that, while progress has been made, the University has had an annual budget deficit and will again next year. The challenge facing the University is how to continue to make progress on deficit reduction while reallocating resources in support of the Strategic Plan priorities.

Approximately 60% of the University general fund budget comes from State appropriations. While it is fortunate that there was no faculty strike, the settlement negotiated by the CSU does not fully fund the increased costs. President Rossbacher encouraged Board members to engage in conversations with their colleagues, friends and families to encourage full funding by the Board of Trustees.

President Rossbacher thanked the Board members for their good work supporting the Foundation, the University and the students. Board Chair Heather Bernikoff thanked President Rossbacher for her focus on the long term vision and her support of the University and the students.

#### 5. Executive Director's Report

Executive Director Craig Wruck presented a handout summarizing the 2016 Humboldt Loyalty Grant proposals which were funded thanks to the generosity of thousands of Humboldt Loyalty Fund and Humboldt Parents & Family Fund donors. Humboldt Loyalty Grants were made available to support a range of programs across campus. Proposals were sought from the campus with up to \$20,000 available per project.

In addition to those projects funding was made available through the Provost's Office to support student travel and collegiate activities. Wruck explained that proposals are sought every spring from the campus community. Through the use of the Donor Voice project donors are able to weigh in and vote on their preference on the variety of projects seeking funding. This is an important part of the process. Experience has shown that donors step-up when they can see results of their giving.

The Board discussed ways in which they would like to have input for this project. The Board requested that future reports explain the process in greater detail.

Wruck presented the draft Operating Agreement between the California State University (CSU) and the Humboldt State University Advancement Foundation (HSUAF). The purpose of the agreement is to set forth the terms and conditions under which Auxiliary may operate as an auxiliary organization pursuant to State Law. In entering this agreement, CSU finds that certain functions important to its mission are more effectively accomplished by the use of an auxiliary organization rather than by the Campus under the usual state procedures. Next steps for the process are to seek authorization from the HSUAF Executive Committee and then present the document to the HSU President. Signatures from the HSUAF Executive Director, HSU President and CSU Office of the Chancellor Contracts and Procurement Department are required.

Wruck also communicated with the Board Members that one of the sustainability goals of the Board is utilize the Google Drive system in viewing and sharing documents instead of printing them. The goal of staff will be upload and archive all past Board documents to the Board share drive so that Members will have the ability to review past actions and meetings. The Members were in agreement that they would like to see less or even no hard copies printed out for future Board and Committee meetings. Members will have the option to notify staff if they want hard copies made available to them.

#### 6. HSU Real Estate Holdings (HSUREH)-Supporting Organization

The Foundation has acquired and holds several pieces of real estate in support of Humboldt State University. Some are retained for use by the University (e.g. Schatz Tree Farm and Natural History Museum) and others are held for future expansion (e.g. Annex and Samoa Boulevard).

As the owner of these properties the Foundation is responsible for costs, risk, and liabilities involved with these properties. In addition, changes in market value of these properties can have an impact on the Foundation's financial strength. Under some circumstances these risks and liabilities could jeopardize the ability of the Foundation to carry out its other charitable purposes.

The University anticipates an ongoing need for the Foundation to acquire and hold real estate that is not State property. In order to serve the University, the Foundation needs an

efficient mechanism to acquire, manage, and dispose of real estate that protects the Foundation from liability and preserves its ability to fulfill all of its charitable purposes.

At the request of the University President, the Executive Committee took action in December 2015, to authorize the establishment of a subsidiary organization to hold and manage real estate. Humboldt State University Real Estate Holdings (HSUREH) has been chartered as a separate California non-profit corporation. An application is in process for tax-exemption under Internal Revenue Code Section 501(c)(3). HSUREH is organized as a "supporting organization" under Section 509(a)(3) of the Internal Revenue Code. The HSUREH governing board is appointed by the Foundation and the HSUREH is allowed to make distributions only to the Foundation.

It is anticipated that the Foundation may transfer title to its existing real estate holdings to the HSUREH which will then hold and manage the properties separate from the Foundation. Future acquisitions and contributions of real estate will be made by HSUREH rather than the Foundation. After tax exemption is granted the University anticipates asking its other auxiliaries to transfer certain real estate holdings to HSUREH.

Alisa Judge, Vice Chair, noted that the Bylaws of the HSUREH had a few structural differences, such as length of tenure for Board Members and grammatical errors, than the Bylaws of the HSUAF. Wruck explained that the document was most likely drafted by the HSUAF Legal Counsel from a template. After the first HSUREH Board is appointed in October 2016, a Governance Committee will convene and these issues will be addressed.

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

RESOLVED, that the creation of the Humboldt State University Real Estate Holdings as a supporting organization of the Foundation is authorized.

## 7. Real Estate Matters

Wruck reported that in March 2016 the Finance Committee appointed a Working Group to explore the issues and potential resolutions for the pending principal payments and expiration of the leases related to the Annex and Samoa Boulevard properties. The Working Group consisted of Finance Chair Duncan Robins, Treasurer Jason Ramos, and Executive Director Craig Wruck. HSUAF Board Chair Heather Bernikoff also participated in the meetings. The Working Group completed an extensive review of the history and background of the acquisition of these properties and the Foundation consulted with its own legal counsel. They developed a recommended series of steps to resolve the issues associated with these properties and to better protect the Foundation from the financial and other risks involved. These recommendations have been reviewed

and endorsed by the Finance Committee and the Executive Committee as well as the University President's Cabinet.

Foundation legal counsel Erik Dryburgh joined the meeting via teleconference to address liability issues. Mr. Dryburgh discussed the distinction between the non-profit corporation and Directors as individuals and the duties of loyalty and responsibility that an individual has when taking actions in his or her role as a Director. The non-profit corporation holds the liability and risk for its actions. Individual Directors are not personally liable provided that the Director has acted with reasonable judgement in reliance on expert advice when making decisions. Dryburgh stressed the importance of a written record of deliberations and decisions as evidence of the Board's due diligence.

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

RESOLVED that the plan for disposition of the Foundation's real properties developed by the Working Group and recommended by the Finance and Executive Committees be approved and that the Board receive regular reports on progress implementing the plan.

#### 8. Bylaw Revisions

Governance Chair David Kalb, reported that the Governance Committee met in Sacramento, CA to review the Bylaws. It was noted that some of the Bylaws are obsolete and some provisions are contradictory. The Committee has drafted proposed re-organization and other changes to modernize and streamline the Bylaws and bring them into better alignment with CSU standards and State law.

Substantive changes include the delineation of "independent members" and "interested persons" (Article VI, Section 3) and changes to the quorum requirements (Article 8, Section 9). The definitions follow Internal Revenue Service standards and the quorum requirements are intended to ensure that both independent members and interested persons are represented when business is conducted.

Wruck noted that amendments to the Bylaws require prior approval by the University President before they can be adopted by the Board and that final changes must be filed with the California State University. With the consent of the Board of Directors, the Governance Committee will complete a final draft, proceed with necessary reviews, and seek approval of the President to bring proposed amendments to the Board at the October 2016 meeting for consideration.

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

RESOLVED, That the Governance Committee is directed to proceed with the necessary steps to bring proposed amended Bylaws the Board at the October 2016 meeting.

## 9. Budget 2016-17

Wruck reported that on a quarterly basis the Finance Committee reviews the financial condition of the Foundation. Year-to-date actual income and expense statements are compared to budget and projected year-end, and the statement of financial position (balance sheet) is reviewed.

Annually the Finance Committee develops and recommends budgets for the Unrestricted Fund (including Foundation operations), the Permanently Restricted Fund (the endowment) and Temporarily Restricted Fund (non-endowed contributions). The Finance Committee recommended the adoption of the proposed budget for fiscal year 2016-17.

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

RESOLVED that the proposed budget for fiscal year 2016-17 is approved.

## 10. Philanthropy Committee Report

Philanthropy Committee Chair Laura Fisher, updated the Board on the Go Green Campaign. The goal of this Board campaign is to raise a total of \$100,000. The first phase is a "silent phase" of one-to-one conversations with prospective donors in order to discover whether or not they are willing and able to support this campaign. This is a Board campaign with staff assisting to find and develop contacts and Board members carrying out the contacts that will drive the campaign.

Emily McBride, Student Representative, talked about her experience as a PhoneJack on how to start the conversation when calling donors. She encouraged the members to start the conversation with broad, open-ended questions. She demonstrated the "Casemaker" blog ([casemaker.blogspot.com](http://casemaker.blogspot.com)) used by the HSU PhoneJacks. The blog capsulizes information about happening on campus and how they support the mission of the University and the students. The Board was encouraged to access this blog when engaging with their peers and potential donors. McBride also reviewed the HSU Giving sites and updated the Board on improvements that have been made over the past year to make it easier to navigate and donate to HSU.

Kimberley Pittman-Schulz, Executive Director of HSU Philanthropy, was asked to discuss strategies for initiating contact and developing relationships with donors. She distributed handouts to would assist board members with conversations about discovering philanthropic interest. She encouraged members to ask for meetings with donors.

Each board member was given a list of donors to contact with interests tailored to similar to their own. The members were asked to call, email or write thank you notes to the

people on their lists. Note cards, envelopes and stamps were provided. Members were asked to complete the contact by the first of July and to report back to staff so that results could be entered into the database.

Stephen Brown generously offered a personal contribution of up to \$20,000 to the Go Green Fund to be used as a match for Board Member's contributions and fundraising. He will work with Pittman-Schulz to formalize the pledge and details.

#### 11. Governance Committee Report

Governance Committee Chair David Kalb recapped the Committee's work on bylaws revisions and said that the Committee would finish its work and complete the necessary reviews and approvals in time to present amended bylaws to the Board at its next meeting.

#### 12. Finance Committee

Duncan Robins, Chair of the Finance Committee reported that the recent focus of the committee has been, and will continue to be, the better understanding the budgets, financial and investment oversight, unwinding the real estate issues, determining how to proceed with more divestment in a prudent manner.

#### 13. Audit Committee

Stephen R. Brown noted that he had sat with auditors from CliftonLarsonAllen (CLA), when they came to the Humboldt State University campus to begin their initial work in preparation for the annual audit. Brown noted that he was satisfied with the quality of work from the people from CLA. The audit is due to be completed by September 2016 and a full report will be presented at the October Board Meeting. He thanked Joyce Lopes and her staff for the opportunity to observe the process.

#### 14. Other Business

E-mail authorization forms were distributed to members. It was suggested by legal counsel to have on file a document which lists email addresses which we should use to communicate with members.

Heather Bernikoff thanked all members and staff for their service during her tenure as Board Chair.

The next Board meeting is scheduled for Friday, October 7, 2016 on the campus of Humboldt State University, in Arcata, California.

#### 15. Adjournment

The meeting was adjourned at 3:10 P.M.

  
\_\_\_\_\_  
Craig C. Wruck  
Secretary and Executive Director  
HSU Advancement Foundation

10/7/2016  
Date