

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 ANNUAL MEETING OF THE
BOARD OF DIRECTORS**

**October 7, 2016
UC Banquet Room
Arcata, CA**

Present:

Guy Aronoff
Heather Bernikoff
Laura Fisher
Alisa Judge
David Kalb
Emily McBride

Heidi Moore-Guynup
Chuck Petrusha
Duncan Robins
Lisa Rossbacher
Gary Rynearson
Craig Wruck

Not present:

Steve Brown
Jason Ramos

Guests:

Lola Alto
Alex Enyedi
Maria Forrest
Mark Hemphill-Haley
Nancy Jones, CLA (via telephone)

Joyce Lopes
Kyle Plitt, RVK (via telephone)
Frank Whitlatch
Travis Williams

The Humboldt State University Advancement Foundation Board of Directors annual meeting was held on Friday, October 7, 2016, 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 Heather Bernikoff at 8:40 A.M.

2. Public Comments

There were no visitor comments.

3. Approval of Minutes from June 3, 2016 Meeting

Upon discussion and motion duly made, seconded, and carried with one abstention, it was RESOLVED, that the Minutes of the June 3, 2016 meeting are approved.

4. Annual Financial Audit

Executive Director Craig Wruck introduced Nancy Jones, Principal with CliftonLarsonAllen, the Foundation's audit firm who joined the meeting via teleconference. Jones reviewed the audit for fiscal year ending June 30, 2016 and reported that the auditors did not identify any material weaknesses or significant deficiencies nor any compliance issues. The auditors recommended that the fair market value of real estate should be evaluated on a more frequent basis. It was noted that the Humboldt State University Real Estate Holdings (HSUREH) supporting organization would likely become the owner of the properties and would address this issue.

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

RESOLVED, that the annual financial audit for fiscal year ending June 30, 2016 is accepted.

5. Annual Investment Report

Finance Committee Chair Duncan Robins, introduced Kyle Plitt of RVK, Inc. the Foundation's investment consultant, who reviewed the Foundation's investment portfolio. For fiscal year ending June 30, 2016, the portfolio was valued at \$26,433,157 and produced a net total return of 0.0% after management fees. He noted that during the June 30 time period markets were suffering losses related to the BREXIT vote and that values have now recovered, that the seven-year total return is more than 8%, and that investment performance has added more than \$12 million to the fund since its inception in 2005.

Robins noted that RVK had been extremely helpful in developing the Foundation's green investment portfolio and continues to work with the Finance Committee to identify green alternatives that meet the Foundation's requirements. It was noted that HSU is a leader in Higher Education Institutions in divesting from fossil fuels.

6. Endowment Distribution Rate for Fiscal Year 2017-18

Executive Director Wruck presented a flow chart and explained the movement of unrestricted, restricted (endowment), and temporarily restricted funds through the Foundation noting the role of the endowment distribution in this process. He also reviewed the endowment distribution timeline.

Finance Committee Chair Duncan Robins reminded the Board that the objectives of the endowment are to provide a consistent distribution for charitable purposes while keeping pace with inflation, with the intention that the amount of charitable work supported by the endowment should not diminish over time. He noted the Board's mandates to the Finance Committee: 1) manage the investment portfolio prudently to provide the highest risk-adjusted net return possible, 2) propose the highest reasonable distribution rate given past returns and future expectations, and 3) implement the Board's Humboldt Investment Pledge while remaining true to the first two mandates.

The Finance Committee recommended a distribution rate of 4.4% for fiscal year ending 2018, along with continuing implementation of the Humboldt Investment Pledge and no other major changes in the investment strategy. Robins reminded the Board that the distribution rate is reviewed annually and may be adjusted in the future.

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

RESOLVED, that the Board of Directors approves distributions from its endowment funds for Fiscal Year Ending 2018 of 4.4% of the 12-quarter rolling average of market values through June 30, 2016.

7. Bylaw Revision

Governance Chair David Kalb presented the Committee's proposed revision of the Foundation's bylaws and reported that President Rossbacher has provided the required consent to make these changes. He explained that the Governance Committee reduced verbiage and eliminated redundancies and made numerous editorial and minor wording improvements and proposed significant and material changes including:

1. Article VI, Section 3: A clear distinction is made between "interested persons" and independent members.
2. Article VIII, Section 9: While the quorum requirement remains at 35%, it would be required that both independent members and interested members each achieve a quorum.
3. Article X: A delineation is made between "board committees," which must include only Board members but to which authority can be delegated, and

“advisory committees,” which can include non-Board members but can only make recommendations for Board action.

4. Article X, Section 4: The structure, membership and authority of the Audit Committee is strengthened to make it consistent with State law and to ensure a strong and independent committee.
5. Article XI, Section 4: Provides for the full use of electronic communications.

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

RESOLVED, that the Board of Directors approves the revisions to the Humboldt State University Advancement Foundation bylaws as recommended by the Governance Committee and authorizes the necessary filing of the document.

8. President’s Report

President Rossbacher expressed appreciation for the leadership of the Board in raising, managing, and stewarding charitable resources for the University. She complimented the Board for maintaining its focus on the “Big Picture” for student success.

The President reported that the University working the Western Association of Schools and Colleges (WASC) self-study for accreditation, reported on the Graduation Initiative 2025 (GI 2025) which aims to eliminate the achievement gap faced by traditionally underrepresented students, first-generation students, and low-income students, and highlighted the University’s goal to be carbon-negative by the year 2030.

Budget issues continue to be concern as the University works to resolve a structural budget deficit that has persisted for the past several years while moving ahead with student-centered strategic initiatives.

9. Executive Director’s Report

Executive Director Craig Wruck reviewed the Voluntary Support of Education (VSE) Report for fiscal year ending June 30, 2016 noting that, while the number of donors has decreased slightly, the dollar totals remain level resulting in a higher average gift size. The Philanthropy goal of raising \$6 million was exceeded.

He reported that the Foundation, as a service on behalf of the University, maintains charitable solicitation registration in all states where required and noted that many states require registration if any monetary request is made, even via a website or via email. He notes that states have been increasing the enforcement of registration requirements.

Wruck reported that the Foundation will be move toward electronic delivery of documents and video conferencing for upcoming meetings but that members would still be asked to attend one face-to-face meeting on campus in the fall. He said that the benefits include significant savings in travel and meeting costs and providing an opportunity for the full board to meet on a more regular basis.

10. Real Estate Matters

Executive Director Wruck reported that the Humboldt State University Real Estate Holdings (HSUREH) held its organizing meeting. A bank account has been opened and arrangements for accounting services have been made with the University. Application has been made to the Internal Revenue Service for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. He noted that HSUREH is permitted to begin operations as a tax exempt nonprofit while its application is under review.

The Finance Committee recommended that the Board of Directors authorize the Executive Committee to implement the next steps in the plan for the disposition of real estate which was adopted at the previous meeting and begin the process of negotiating the transfers of the Annex and Samoa Boulevard properties to HSUREH.

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

RESOLVED, that the Board of Directors authorize the Executive Committee to negotiate with Humboldt State University and the Humboldt State University Real Estate Holdings to transfer the Annex and Samoa Boulevard properties to the Humboldt State University Real Estate Holdings.

11. Committee Reports

Governance Committee Report

Chair David Kalb indicated that information regarding the Governance Committee had been reported earlier with the Bylaw revision item.

Finance Committee

Chair Duncan Robins asked Wruck to explain the issues regarding disposition of contributions of securities. Wruck noted that, when a charitable organization receives a contribution of securities, standard practice is to sell the securities at market price for cash as soon as possible. This practice helps minimize the vagaries of market prices and ensures that funds are immediately available to pursue the charitable purposes and fulfill the donor's intentions. The Foundation does not have a policy regarding the disposition of contributions of securities.

The proposed policy recommended by the Finance Committee would grant the Executive Director the authority to order the sale of contributed securities upon receipt but recognize that in certain unusual situations it may be advisable to hold contributed securities for a period of time. The proposed policy would have no impact upon other securities transactions related to the endowment fund investments.

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

RESOLVED, that the policy proposed by the Finance Committee regarding the sale of contributed securities is adopted.

Robins reported that the Executive Committee had previously approved a special distribution from the Schatz quasi-endowment fund of up to \$550,000.00 for a capital expansion project at the Schatz Energy Research Center (SERC) and that the project has expanded requiring \$350,000 in additional funds (for a total of \$900,000). Expenditure of principal from quasi endowment funds requires approval of the Board of Directors. The Finance Committee considered this request and recommended approval. Wruck reported that the University Office of Academic Affairs was supportive of the proposal.

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

RESOLVED, that the recommendation of the Finance Committee to distribute from the Schatz quasi endowment \$350,000 in addition to the \$550,000 distribution previously approved by the Executive Committee (a total of \$900,000) for the Schatz Energy Research Center construction project is approved.

Philanthropy Committee Report

Chair Laura Fisher reported on the status of the Board's Go Green Fund Campaign and the Steve Brown challenge match. Fisher thanked Craig Wruck for reaching out to the University leadership for donations. She reported that \$15,000 in recent contributions were eligible for the Brown challenge match and noted that there is still \$5,000 to be raised before the end of the calendar year. Fisher reported 100% Board participation in this campaign.

Fisher asked Travis Williams, Annual Giving Director, to highlight fiscal year 2016 Philanthropy successes. Williams reported reaching 500 "Loyalty Partners," donors who pledge to make sustaining contributions of a regular amount until further notice. He explained how the Office of Philanthropy is retooling its approach to focus on relationships and telling stories of the impact of philanthropy on students, departments and the campus community. These adjustments are designed to improve relationships and expand avenues of outreach as fewer people are responding to telephone and other solicitations.

12. Acknowledge Board Member Appointments

Members of the Board of Directors are appointed by the President of Humboldt State University with the appointment acknowledged by the Board of Directors.

After discussion and upon motion duly made, seconded, and carried with one abstention, 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 three-year term:

Gary Blatnick
Laura Fisher
Jennifer Harris
Scott Hunt
Dan Johnson
Alisa Judge
Gary Rynearson

For a one-year term:

Mark Hemphill-Haley (faculty)
Emily McBride (student)
Elizabeth Morgan (student)

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

RESOLVED, that the Board of Directors acknowledges the retirement of Guy Aronoff as a Director, effective as of the end of this meeting.

13. Election of Officers

Officers of the Foundation are elected annually by the Board of Directors at its annual meeting. Officers hold office for a term of one year or until a successor is 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 Advancement Foundation to serve for a term of one year or until a successor is elected:

Chair: Duncan Robins
Vice Chair: Alisa Judge

Secretary: Craig Wruck
Treasurer: Jason Ramos

14. 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 Advancement Foundation:

Duncan Robins, Chair
Alisa Judge, Vice Chair and Governance Chair
Heather Bernikoff-Raboy, Immediate Past Chair
Jason Ramos, Treasurer and Finance Committee Chair
David Kalb, Immediate Past Governance Committee Chair
Laura Fisher, Philanthropy Committee Chair
Craig Wruck, 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 with respect 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 of substantially all of the assets of this corporation.

15. Appoint Committees

The Board of Directors appoints one or more Committees at its annual meeting. In light of pending amendments to the Bylaws and an anticipated reorganization of the

Committee structure, minimal changes are proposed to Committees assignments at this time.

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

Philanthropy Committee:

Laura Fisher, Chair
David Kalb
Emily McBride
Gary Rynearson

Finance Committee

Jason Ramos, Chair
Heidi Moore-Guynup
Chuck Petrusa
Duncan Robins

Governance Committee

Alisa Judge, Chair
Heather Bernikoff-Raboy
David Kalb

16. Appoint Board Members for the Humboldt State University Real Estate Holdings (HSUREH)

Humboldt State University Real Estate Holdings (HSUREH) is a California nonprofit corporation created in 2016 by the Humboldt State University Advancement Foundation as a supporting organization under Section 509(a)(3) of the Internal Revenue Code in order to accept, hold, and manage certain real property on behalf of the Foundation and the University.

HSUREH is governed by a Board of Directors, all of whom are appointed by the Foundation. The originating members of the HSUREH Board of Directors of the HSUREH Board of Directors were: Duncan Robins, Jason Ramos, and Craig Wruck who were appointed by the incorporator. After discussion, the proposed slate included with the agenda materials was amended to substitute Gary Rynearson for Heidi Moore Guynup.

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

RESOLVED, that the following individuals are appointed to the Humboldt State University Real Estate Holdings Board of Directors for a term of three years or until their successor is appointed:

Jason Ramos
Duncan Robins
Gary Rynearson

17. 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. Note that this resolution merely establishes the legality of these individuals' signature to bind the Foundation for action 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 Board direction.

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:

Duncan Robins, Board Chair
Alisa Judge, Board Vice Chair
Craig Wruck, Secretary and Executive Director
Jason Ramos, Treasurer

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

18. Other Business

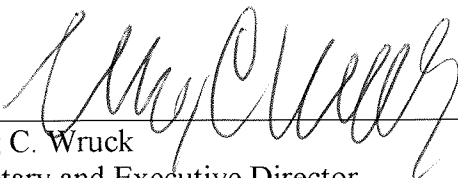
Wruck presented the Board with dates for upcoming meetings:

- February 17, 2017: 10 AM - 2 PM
- June 16, 2017: 10 AM – 2 PM
- Oct. 6, 2017: 9 AM – 3 PM

He noted that the February and June meetings would be available for electronic participation via video and telephone conferencing.

19. Adjournment

The meeting was adjourned at 3:11 PM



Craig C. Wruck
Secretary and Executive Director
HSU Advancement Foundation

02/21/17

Date