



**MINUTES
OF THE
FINANCE COMMITTEE**

June 1, 2016

Members Present:

Duncan Robins (Chair)
Heidi Moore-Guynup
Jason Ramos
Craig Wruck

Absent:

Chuck Petrusha
Guy Aronoff

Guests:

Peter Lehman (Schatz Energy Lab)
Mike Burghart-HSU Director of Finance/Risk Management
Joyce Lopes-HSU VP of Admin Affairs
Lola Alto-HSUAF Board Coordinator
Kyle Plitt-RVK

A meeting of the Humboldt State University Advancement Foundation Finance Committee was held on Wednesday, June 1, 2016 at 2:00 PM in Nelson Hall West 213 on the University campus.

1. Call to order

The meeting was called to order by Committee Chair Duncan Robins at 2:00 PM.

2. Visitor comments

There were no visitor comments.

3. Approval of Minutes from the May 25, 2016 meeting

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

RESOLVED, that the Minutes of the May 25, 2016 meeting are approved.

4. Investment Update & Proposed Reallocations

Kyle Plitt from RVK presented the Committee with the Investment Performance Report for the quarter ended March 31, 2016 and, at the request of the Committee, discussed potential changes in asset allocations in light of proposed changes in the Foundation's real estate holdings.

Since 2008, the endowment has maintained an investment in the University Annex as a fixed income investment yielding 8%. If approved by the Board of Directors, a proposed sale of the Annex to a new supporting organization could reduce the yield to 4% and reduce overall allocation to real estate. Under these circumstances RVK would suggest increasing the allocation to existing real estate manager RREEF America II and adding positions in PIMCO Total Return and Vanguard Total Bond Index. In order to maintain proper diversification and moderate fees, RVK would suggest maintaining both PIMCO and Vanguard at equal weights.

Plitt provided additional review and commentary regarding overall asset allocations noting that the impending changes might require modifications to the Investment Policy.

5. Sponsored Programs Line of Credit

HSU Vice President of Academic Affairs, Joyce Lopes outlined the history of the Humboldt State University Sponsored Programs Foundation (HSUSPF) which currently has \$4 million in reserves and a line of credit from Bank of America which they have never had to draw upon. The HSUSPF has asked HSUAF to consider issuing a private line of credit to HSUSPF. The Finance Committee had requested additional information in order to make an informed decision.

Concern was expressed that given the impending real estate issues before the HSUAF, it may not be prudent to commit to a line of credit at the same time. The Committee asked to review the actual documents for HSUSPF's current commercial line of credit in order to better understand how the arrangement is structured.

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

RESOLVED, that the Finance Committee table discussion of a line of credit for HSUSPF until the Foundation has resolves its real estate issues, most likely after January 1, 2017.

6. Other Business

Dr. Peter Lehman, Schatz Energy Research Center (SERC), reported that after finalizing plans for their building expansion project the estimated cost had increased substantially and that SERC was requesting an additional distribution from the quasi-endowment fund

to pay for the project. It was observed that since this request was not included in the publicly noticed agenda it should not be acted upon at this meeting. The Committee suggested that upon request from SERC the Committee would take up the item and make a recommendation to the Board of Directors which has the authority to make special distributions from quasi-endowment funds.

7. Adjournment

The meeting was adjourned at 3:47 P.M