



**MINUTES  
OF THE  
FINANCE & INVESTMENT COMMITTEE**

**June 13, 2017**

**Members Present:**

Dan Johnson (via ZOOM)  
Heidi Moore-Guynup (via ZOOM)  
Jason Ramos  
Duncan Robins (via ZOOM)  
Craig Wruck

**Absent:**

Scott Hunt  
Chuck Petrusha

**Guests:**

Joyce Lopes-HSU VP of Financial Services  
Arne Jacobson-Schatz Energy Research Center  
Sylvia Shively-HSU Controller  
Chrissie Anderson-HSU Accountant  
Rhiannon Wood-HSU Accountant  
Lola Alto  
Jamie Rich

A meeting of the Humboldt State University Advancement Foundation Finance & Investment Committee was held on Tuesday, June 13, 2017 at 11:00 AM in Nelson Hall West 213 on the University campus.

1. Call to order

The meeting was called to order by Finance and Investment Committee Chair Jason Ramos at 11:14 AM.

2. Visitor comments

There were no visitor comments.

3. Acceptance of Minutes from the May 11, 2017 meeting

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

RESOLVED, that the Minutes of the May 11, 2017 meeting are accepted.

4. Fiscal Year 2017-18 Foundation Budget

Executive Director Craig Wruck presented an overview of the HSU Division of University Advancement budget to provide context for the budget discussion. University Advancement is a major business unit of the University and the Advancement Foundation is an independent nonprofit organization that accepts, manages, and distributes charitable contributions raised as a result of the efforts managed by University Advancement.

He reminded the Committee that the Foundation budget includes three fund categories: Unrestricted (funds available for discretionary use by the Foundation), Permanently Restricted (funds restricted to endowment with annual distribution determined by the Foundation) and Temporarily Restricted (funds where the donor has placed restrictions on the use of the money). The Committee reviewed the flow of each type of fund through the Foundation.

The proposed budget for the Unrestricted Fund, which includes the Foundation's operating expenses, recommends no changes to the 1.5% Endowment Service Charge and the 5% Contribution Administration Fee. Support to Philanthropy is a voluntary contribution the Foundation makes to the campus to support its fundraising efforts and the Business Services Agreement is a mandatory reimbursement to the University for services that it provides to the foundation.

Regarding the Permanently Restricted Fund budget it was noted that endowment contributions are notoriously variable from year-to-year and that a large estate distribution distorted the 2016-17 revenue. Projected investment revenue was budgeted based upon a conservative assumption of 2.5% although actual returns have been higher but quite variable.

Wruck reminded the Committee that the Temporarily Restricted Fund includes the majority of the Foundation's charitable distributions to the University. The proposed budget is based upon an assumption that 70% of restricted contributions are expended in the year received. He noted that unspent balances in the Temporarily Restricted Fund continue to be a challenge.

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

RESOLVED, that the Proposed Budget for fiscal year 2017-18 is recommended to the Board of Directors.

5. Comingle Hydrogen Demonstration Non-endowed Assets

The Schatz Energy Research Center (SERC) requested that the “Hydrogen Demonstration Non-endowed Assets” investment portfolio, which is a quasi-endowment fund of SERC, be comingled with the general endowment investment portfolio. The quasi-endowment has been managed as a separate investment portfolio since 2005. It is the only quasi-endowment that the Foundation maintains as a separate investment portfolio. As of March 31, 2017 the Hydrogen Demonstration Non-endowed Assets portfolio was \$2,020,302.

Incorporating the Hydrogen Demonstration Non-endowed Assets portfolio into the general endowment portfolio will allow the Foundation to review and monitor investment performance via a single consolidated investment report rather than monitoring a separate investment report for the Hydrogen Demonstration Non-endowed Assets as is currently the case.

As a practical matter, the Hydrogen Demonstration Non-endowed Assets portfolio is invested under the same policy and similar asset allocation guidelines as the general endowment portfolio and there have been only minimal differences in investment performance over time.

Upon motion duly made, and seconded, it was

RESOLVED, that the Finance and Investment Committee recommends that the Schatz Energy Research Center Hydrogen Demonstration Non-endowed Assets portfolio be comingled with the Foundations general endowment investment portfolio.

6. Preparation for June 16 Board of Directors Meeting

Wruck reported two special distribution requests from the College of Professional Studies. The first was a request for \$1,200 from the Alice Whitson Endowment to support a teacher’s summit in July of 2017. The proposed use would be in keeping with the purposes of the endowment. The reason for the special distribution is that the Whitson Endowment has not been in existence long enough to make its first regular distribution. The second request was to distribute \$60,000 from the Business Quasi-endowment for use in its programs.

It was discussed that the new Donor Accountability Committee should be involved in future requests to ensure that donor intent is met.

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

RESOLVED, that the Finance and Investment Committee recommend special distributions from the Alice Whitson Endowment and the Business Quasi-endowment as presented to the Committee.

7. Other Business

Wruck noted that the Finance and Investment Committee will consider asset allocations at the August 2017 meeting and that adjustments are likely due to the sale of the Annex property to Humboldt State University Real Estate Holdings.

The next Finance & Investment Committee Meeting will be August 17, 2017 at 10:30 AM

8. Adjournment

The meeting was adjourned at 12:03 PM.