

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 MEETING OF THE
BOARD OF DIRECTORS**

**June 16, 2017
Nelson Hall East 106
Arcata, CA**

Present:

Gary Blatnick
Steve Brown
Jenny Harris
Mark Hemphill-Haley
Alisa Judge (via ZOOM)
David Kalb (via ZOOM)
Emily McBride

Heidi Moore-Guynup
Jason Ramos
Duncan Robins
Lisa Rossbacher
Gary Rynearson
Craig Wruck

Not present:

Laura Fisher
Scott Hunt
Dan Johnson
Chuck Petrusha

Guests:

Lola Alto
Chrissie Anderson
Peg Blake
Alex Enyedi

Tawny Fleming
Maria Forrest
Joyce Lopes
Kimberley Pittman-Schulz

Travis Williams
Rhiannon Wood
Robert Yunker

The Humboldt State University Advancement Foundation Board of Directors meeting was held on Friday, June 16, 2017, in the Nelson Hall East Conference Room 106 on the campus of Humboldt State University in Arcata, CA.

1. Call to order/Roll call

The meeting was called to order by Chair Duncan Robins at 9:00 A.M.

2. Public Comments

There were no visitor comments.

3. Approval of Minutes from February 17, 2017 Meeting

Upon discussion and motion duly made, seconded, and carried with one abstention, it was

RESOLVED, that the Minutes of the February 17, 2017 meeting, as amended, are approved.

4. President's Report

Humboldt State University President Lisa Rossbacher reported on the Spear Road incident which resulted in the death of HSU student David Josiah Lawson. Many students left the area before the legal process was completed. Misunderstandings resulted due to confusion of what due process and legal processes look like. The University is working on visible support systems for returning students. Due to retirement of Vice President of Student Affairs Peg Blake in August 2017 an Interim VP will be chosen as a national search is conducted. This will allow for continuity in support of students.

Rossbacher briefed the Board on the University's Climate Action Plan which has 50 action steps completed and the achievement of the Gold Star ranking that the University received on the Sustainability, Tracking, Assessment and Rating System (STARS) which is conducted every three years. The program measures sustainability performance in all aspects of higher education.

The University's projected fall enrollment is down and the budget issues continue. Over the past eight years a structural deficit has grown to several million dollars and is not sustainable. Humboldt State University's cost per student is among the highest in the CSU and the challenge for the University is to resolve the budget deficit while moving ahead with student-centered strategic initiatives.

Board Chair Duncan Robins, excused himself from the room and Vice Chair Alisa Judge assumed leadership of the meeting. Extensive discussion ensued about Robins' position as both Board Chair and Interim Athletic Director. Discussion included setting a precedent of a HSU employee heading the HSUAF Board and the appearance of conflict of interest. The HSUAF bylaws are silent in this area. University and HSUAF legal counsel found no issues with an individual serving as Chair while employed at the University. It was determined that as the election of officers take place at the October Board Meeting it would be acceptable for Robins to retain his current position as Chair at this time. The Governance Committee would look into this topic in greater detail and continue discussion at the October 6, 2017 Board Meeting.

Duncan Robins returned and resumed leadership of the meeting.

5. Executive Directors Report

Craig Wruck reported on a recent article in the San Francisco Chronicle about excessive spending at UC Regent activities. Wruck presented an overview of recent spending for HSUAF Board Meetings. He noted that the HSUAF has recently saved significant amounts by implementing ZOOM technology so that out of area members could

participate in meetings without having to incur travel expenses. The Board will continue to meet face-to-face annually in October with ZOOM option meetings in February and June. The Board felt it is important to have this face-to-face contact and that they will be mindful of locations and/or level of perceived extravagance in the future.

6. Financial Review

Craig Wruck reported that through diligence and hard work the HSU and HSUAF teams are closer to resolving real estate issues which will reduce the risk profile for the Advancement Foundation while protecting the Endowment. He noted that the financial advisor from R V Kuhns will be talking to the Board about Asset Allocation at the October 6, 2017 Meeting. Divesting from fossil fuels remains a high priority. He also noted that the Endowments are looking good and healthy.

Highlights for the quarter ending March 31, 2017 included the Endowment investment market value has recovered with \$1.0 million net unrealized gains year-to-date versus \$1.2 million loss for fiscal year ending 2016. Net contributions include \$900,000 in new endowment additions. Current assets increases about \$300,000 over prior year to date due largely to payoff of the Alice Louise Whitson promissory note. Long Term Assets increased \$2.6 million over the prior year mainly due to positive changes in the market and additions to endowment accounts. Total Net Position increased about \$2.7 million over prior year mainly due to positive changes in the market and additions to the Endowment.

Contribution highlights included \$2,995,180 total year-to-date contributions received compared to \$2,444,048 from the previous year. \$803,412 in contributions to Temporarily Restricted funds and \$81,546 in contributions to Permanently Restricted (Endowments) in the third quarter.

7. Finance and Investment Committee Special Recommendations

Finance and Investment Chair Jason Ramos reported that Dr. Peter Lehman, representing the Schatz Energy Research Center (SERC), had approached the Committee with a request to commingle the Schatz Energy Research Center Quasi-endowment investment portfolio with the general endowment investment portfolio. The quasi-endowment has been held by the Foundation as a separate investment portfolio since 2005. It is the only quasi-endowment that the Foundation maintains in a separate investment portfolio. As of March 31, 2017 the value of 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 quarterly 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 guidelines and asset allocations as the general endowment portfolio and there have been only minimal differences in investment performance over time.

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

RESOLVED, that the Board accept the recommendation of the Finance and Investment Committee to commingle the Schatz Energy Research Center Quasi-endowment investment portfolio with the general endowment investment portfolio.

Ramos presented two recommendations to the Board to make special distributions. The first is a special distribution of \$1,200 from the Alice Whitson Endowment and the second is from the Business Quasi-endowment for \$60,000.

The Alice Whitson Endowment is a new permanent endowment fund that will not make its first regular distribution until July 2018. The Department of English has requested a special distribution of \$1,200 to support a teacher's summit being held in July of 2017. This use of the distribution would be in keeping with the purposes of the endowment. The reason for the special request is that the fund has not existed long enough to make its first regular distribution.

The Business Quasi-endowment is a quasi-endowment fund created by the Department of Business some years ago from accumulated contributions. On behalf of the Department, the Dean of the College has requested a special distribution of \$60,000 to the Department for use in its programs. Under the Foundation's Quasi-endowment Fund Policy, special distributions, including distributions of principal, may be made at the request of the University upon recommendation of the Finance and Investment Committee and with the Approval of the Board of Directors.

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

RESOLVED, that the Board accept the recommendation of the Finance and Investment Committee to make special distributions of \$1,200 from the Alice Whitson Endowment to the Department of English and \$60,000 from the Business Quasi-endowment to the Department of Business.

8. Budget FYE 2018

Wruck reported that on a quarterly basis the Finance and Investment 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 and Investment Committee recommended the adoption of the proposed budget for fiscal year 2017-18.

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

RESOLVED, that the proposed budget for fiscal year 2017-18 is approved.

9. Real Estate Matters

Under the plan adopted by the Board of Directors on June 2, 2016, the Foundation will transfer ownership of the real estate properties at 1340 C Street ("Annex") and 1601 Samoa Boulevard ("Samoa Boulevard") to Humboldt State University Real Estate Holdings ("HSUREH"), a supporting organization that the Foundation created for this purpose. The Humboldt State University Advancement Foundation will also enter into a charitable pledge agreement with Humboldt State University. The Promissory Note will be held in the Endowment in place of the property.

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

WHEREAS the Humboldt State University Advancement Foundation is the owner of the property located at 1340 C Street, Arcata, CA ("Annex Property") and,

WHEREAS the Humboldt State University Advancement Foundation wishes to transfer ownership of the Annex Property to Humboldt State University Real Estate Holdings, a supporting organization of the Foundation and,

WHEREAS the transfer is in compliance with the requirements of Section 5912 of the Corporations Code of the State of California, to wit: the Annex Property is less than substantially all of the assets of the Humboldt State University Real Estate Holdings is the usual and regular course of the business of the Humboldt State University Advancement Foundation,

NOW THEREFORE BE IT RESOLVED that the Humboldt State University Advancement Foundation approves the transfer of ownership of the Annex Property to Humboldt State University Real Estate Holdings, and,

BE IT FURTHER RESOLVED that this Resolution of the Board of Directors shall be the Certificate of Compliance pursuant to Section 5912 of the Corporations Code of the State of California, and,

BE IT FURTHER RESOLVED that the Executive Director of Humboldt State University Advancement Foundation is authorized to execute such documents as necessary to complete transfer of the Annex Property to Humboldt State University Real Estate Holdings.

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

WHEREAS the Humboldt State University Advancement Foundation is the owner of real property located at 1601 Samoa Boulevard, Arcata, CA, ("Samoa Boulevard") and,

WHEREAS the Humboldt State University Advancement Foundation wishes to transfer ownership of the Samoa Boulevard property to Humboldt State University Real Estate Holdings, a supporting organization of the Foundation and,

WHEREAS the transfer is in compliance with the requirements of Section 5912 of the Corporations Code of the State of California, to wit: the Samoa Boulevard Property is less than substantially all of the assets of the Humboldt State University Advancement Foundation and the transfer to the Humboldt State University Real Estate Holdings is in the usual and regular course of the business of the Humboldt State University Advancement Foundation,

NOW THEREFORE BE IT RESOLVED that the Humboldt State University Advancement Foundation approves the transfer of ownership of the Samoa Boulevard property to Humboldt State University Real Estate Holdings, and,

BE IT FURTHER RESOLVED that this Resolution of the Board of Directors shall be the Certificate of Compliance pursuant to Section 5912 of the Corporations Code of State of California, and,

BE IT FURTHER RESOLVED that the Executive Director of Humboldt State University Advancement Foundation is authorized to execute such documents as necessary to complete transfer of the Samoa Boulevard property to Humboldt State University Real Estate Holdings.

Upon discussion and motion duly made, seconded and carried with one abstention, it was authorized

The Humboldt State University Foundation ("Foundation") hereby pledges to contribute to Humboldt State University ("University") the lesser of \$1,800,000.00 or the net proceeds from the sale of the real property located at 1601 Samoa Boulevard, Arcata, CA ("Samoa Boulevard"). The contribution shall be paid by the Foundation to the University in a single payment due upon the closing of escrow for the sale of Samoa Boulevard.

The owner of Samoa Boulevard is Humboldt State University Real Estate Holdings ("HSUREH") a supporting organization of the Foundation. It is the intention of HSUREH to make best efforts to market and sell Samoa Boulevard with the expectation that it will be sold within five years. If, for any reason, Samoa Boulevard has not been sold within five years from the date of this agreement, this pledge shall

expire.

10. Board Committee Restructure

Craig Wruck presented the consolidated and comprehensive document outlining the restructuring of the committees to fulfill the purposes of the Foundation. The HSUAF supports and advances the mission of Humboldt State University such as steward, deploy and raise new assets, strategic alignment to provide commentary and feedback to the University and advocacy.

Extensive discussion focused on advisory and board members. The Audit Committee is made up of individual membership as defined in the bylaws. It was presented that the Finance and Investment Committee members would be limited to board members so that they could take timely action between board meetings. Board members decided that they would prefer for all committees, other than the Audit and Executive Committees, be advisory in nature being made up of both volunteers and board members. All committees can make recommendations back to the full board. If, in the future, the Board wishes to delegate power to take action to a committee then non-board members would have to be removed per California State law.

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

RESOLVED, that the Board adopt the proposal of all committees, with the exception of the Executive and Audit committees, be advisory in nature.

11. Go Green Fund

David Kalb reported that the total raised to date for the Go Green Fund is \$92,461. He gave special recognition to board member Steve Brown for revitalizing the campaign with his \$20,000 match challenge. He noted success with the partnering of Philanthropic Advisor Maria Forrest and board members to contact potential mid-level donors to close out the quiet phase of the campaign.

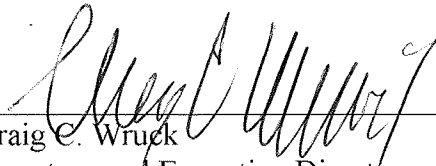
Director of Annual Giving Travis Williams reported on the final, public phase to close out the campaign using a crowdfunding platform. He reminded members that the final stage is based on a model that is very relational in nature. It is contingent on the board members taking ownership and become "Champions" by contributing themselves and guiding people that they have relationships with to the crowdfunding site. The crowdfunding page is slated to be available by mid-July 2017 and the goal is to close the campaign when classes start August 21, 2017. He noted that the first Go Green interns were slated to start Fall 2017.

12. Other Business

Wruck reminded the Board Members that the next HSUAF Board of Directors meeting will be held on the campus of Humboldt State University on Oct. 6, 2017. This is the annual meeting and in person attendance is encouraged.

13. Adjournment

The meeting was adjourned at 12:13 PM



Craig E. Wruck
Secretary and Executive Director
HSU Advancement Foundation

11/15/17

Date