



**MINUTES OF THE
FINANCE AND INVESTMENT COMMITTEE
February 21, 2018**

Members Present:

Scott Hunt (via ZOOM)
Dan Johnson (via ZOOM)
Jason Ramos (via ZOOM)
Duncan Robins
Craig Wruck

Absent:

Heidi Moore-Guynup
Chuck Petrusa

Guests:

Doug Edgmon-HSUAF Asst. Controller
(Peter Lehman-Schatz Energy Research Center)
Jamie Rich-HSUAF Budget Analyst
Lola Alto

A meeting of the Humboldt State University Advancement Foundation Finance and Investment Committee was held on Wednesday, February 21, 2018 at 10:30 AM 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 10:32 AM.

2. Visitor comments

Dr. Peter Lehman, Schatz Energy Research Center, informed the Committee about a \$5 million grant from the California Energy Commission for a solar energy project at the Humboldt County airport.

3. Acceptance of Minutes from the August 31, 2017 meeting

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

RESOLVED, that the Minutes of the August 31, 2017 meeting are accepted as corrected.

4. Financial Review

Executive Director Craig Wruck reviewed a flowchart tracing contributions through the Foundation, explaining the three fund types included in the Foundation financial statements:

- Unrestricted Funds – funds over which the Foundation has discretion to spend for purposes and at times it sees fit
- Temporarily Restricted Funds – contributions where a donor has imposed restrictions as to the purpose or timing of use; the Foundation’s responsibility is to ensure that the money is used as the donor intended
- Permanent Funds – those where a donor has indicated that the contribution is to be used to provide a permanent source of funding for a charitable purpose; the Foundation’s responsibility is to invest and manage the funds in order to make consistent distributions that keep pace with inflation over time

He noted that the majority of contributions are Temporarily Restricted Funds and that the Foundation’s annual operating budget comes from the Unrestricted Fund.

Doug Edgmon, Humboldt State University Assistant Controller, reviewed the second quarter financial statements for FYE 2018 noting that the Board relies on the Finance and Investment Committee to review the statements and report to the Board.

Committee members asked about the Administrative Services fee. Committee Chair Duncan Robins reiterated his request that development of operating budget for FYE 2019 include an analysis and projection of the impact of this expense on the Foundation.

Wruck reviewed several of typographic errors in the FYE 2018 budget that was presented to the Board on June 16, 2017. Although totals were not affected by these errors, some of the individual items in the FYE 2018 budget formally approved by the Board differed from the budget recommended by the Committee. At the next Board meeting staff will advise the Board of these errors and seek a formal revision of the FYE 2018 budget so that it coincides with the budget originally recommended by the Committee.

5. Investment Matters

The Committee discussed firearm investments. Investment consultant Kyle Plitt from RVK reported that the Foundation has no direct investments in firearms or ammunition manufacturers or sellers. He reported that the institutional funds held by the Foundation have an allocation of less than 0.009% to firearms. Plitt discussed the difficulty in selecting institutional funds on the basis of exclusions. RVK’s recommendation is to not make changes at this time, but they will they will continue to monitor this matter.

Wruck reported on the Foundation's participation in the United Nations Principles for Responsible Investing ("PRI"). The Foundation became a signatory to the PRI more than two years ago and is one of only four universities in North America to do so. The first report is due to the PRI later this year. RVK will lead the reporting process.

6. HSU Real Estate Holdings (REH)

Wruck reported that the Humboldt State University Sponsored Programs Foundation (SPF) has proposed to contribute three residential properties adjacent to campus to REH and that the University has recommended acceptance. Under its standard procedure, REH is conducting due diligence on these properties. Assuming a favorable analysis, REH expects to accept the properties prior to the end of the fiscal year.

He also reported that REH has been notified by the University that it may be in a position to exercise its right to purchase the Annex property. This transaction would involve REH paying off the 4% promissory note that it owes to the Foundation.

Wruck reported that the Samoa Boulevard property has been listed for sale for the past six months and that there has been only one purchase offer which was subsequently withdrawn. The property is leased to the University through June 2022 under terms that are financially neutral to REH.

Finally, he indicated that future plans would transfer ownership of the two remaining Foundation properties, the Natural History Museum on G Street property and the Schatz Tree Farm in Maple Creek to REH.

7. Other Business

The Committee was reminded that the Foundation Board of Directors Meeting will be held on Friday, February 23, 2018.

8. Adjournment

The meeting was adjourned at 11:36 AM