



**MINUTES
OF THE
FINANCE & INVESTMENT COMMITTEE**

June 04, 2018

Members Present:

Scott Hunt (via ZOOM)
Dan Johnson (via ZOOM)
Heidi Moore-Guynup (via ZOOM)
Chuck Petrusha (via ZOOM)
Duncan Robins (via ZOOM)
Craig Wruck

Absent:

Guests:

Lola Alto, Amber Blakeslee, Doug Edgmon, Laura Fisher (via ZOOM),
Dr. Peter Lehman, Peggy Mecham-Carlotti, Kyle Plitt (via ZOOM),
Jason Ramos (via ZOOM), Jamie Rich and Sylvia Shively.

A meeting of the Humboldt State University Advancement Foundation Finance & Investment Committee was held on Monday, June 04, 2018 at 1:00 PM in Nelson Hall West 213 on the University campus.

1. Call to order

The meeting was called to order by Executive Director Craig Wruck at 1:05 PM.

2. Visitor comments

Dr. Peter Lehman, Schatz Energy Research Center (SERC), reported that their new building dedication was held on May 4, 2018.

3. Acceptance of Minutes from the February 21, 2018 meeting

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

RESOLVED, that the Minutes of the February 21, 2018 meeting are
accepted.

4. Review of Financial Statements through March 31, 2018

The unaudited financial statements for the third quarter were reviewed and discussed.

5. Foundation Budget for FY 2018-19

The proposed budget for fiscal year 2018-19 was presented. A mathematical error noted in the Contribution Administration Fee on the Unrestricted (Foundation Operations) table. The error will be corrected before presentation to the Board of Directors.

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

RESOLVED, that the proposed budget for fiscal year 2018-19, incorporating the correction to Contribution Administration Fee on the Unrestricted (Foundation Operations) table, be recommended to the Board of Directors.

6. Administrative Services Agreement Expenses

At the direction of the Committee, staff reviewed the expenses for the Business Services Agreement between the Foundation and HSU. Under the Business Services Agreement, the Foundation reimburses the University for the cost of services that the University provides to the Foundation. For fiscal year ending 2018 the reimbursement was \$279,000 and for fiscal year ending 2019 it will be \$284,500.

State law and California State University policies require that the University be reimbursed for the cost of services it provides to any auxiliary organization or self-support operation. The policy recognizes that activities performed by auxiliaries and self-support entities provide both tangible and intangible benefit to the University and allows the required reimbursement to be discounted by the value of the tangible and intangible benefits provided to the University. These exchanges of value must be well documented and clearly benefit the overall education mission of the University.

The University has elected to apply a flat 20% discount for intangible exchange of value for all of its auxiliaries and self-support entities. This 20% discount reduces the Foundation's required reimbursement for fiscal year ending 2019 to \$290,000. In addition, the University has chosen to phase in certain cost increases over two years, which further reduces the Foundation's required reimbursement slightly to \$284,500 for the coming year.

There was general discussion that the sole purpose and function of the Foundation is to accept and distribute charitable contributions for the University, that all of the Foundation's funds are held solely for the benefit of the University, and that the majority of charitable contributions received are donor restricted to specific purposes

at the University with less than \$250,000 per year contributed to the “Loyalty Fund” for use at the discretion of the Foundation. It was observed that in the case of the California State University Foundation the dollar value of charitable contributions received is treated as tangible exchange of benefit resulting in a discount that eliminates any required cost reimbursement. The consensus was that the Foundation should work with the University to develop a model that more accurately recognizes the tangible value provided by the Foundation and that policies and practices should be reviewed in order to assure that as much unrestricted money as possible is made available to the University for use in accordance with the Foundation’s Unrestricted Funds Guidelines.

7. HSU Real Estate Holdings-

Wruck reported that the Annex property had been sold to the University for \$1.675 million in cash, that the Samoa Boulevard property has been withdrawn from the market as the University is in discussion with the California Department of Transportation about possible uses, and that the University and the City of Arcata are negotiating the potential purchase of 600 acres of forest land in the Jacoby Creek area which HSUREH may be asked to accept.

8. Other Business

There was no other business.

9. Adjournment

The meeting was adjourned at 2:28 PM.