

THE CSU, CHICO RESEARCH FOUNDATION

California State University, Chico

Minutes for the Finance & Investment Committee

Friday, December 8, 2017, 10:00 – 11:30 am

BMU 203

COMMITTEE MEMBERS PRESENT:

David Hassenzahl, Eric Bartelink

MEMBERS ABSENT:

none

OTHER BOARD MEMBERS PRESENT:

Debra Larson

ALSO PRESENT:

Jessica Bourne, Amanda Bullock, Stacey Corona, Richard Tafalla, Kevin Hansen, Jason Schwenkler, Amy Riesen, Stephanie Bianco.

1. **CALL TO ORDER** – Hassenzahl called the meeting to order at 10:04 am and asked for introductions.
2. **PUBLIC COMMENTS** – None.
 - a. Hassenzahl and Bartelink agreed to establish Hassenzahl as Committee Chair.
3. **Finance and Investment Committee Charter** – Bourne shared the charter and clarified that the purpose of the Finance & Investment Committee is to provide Research Foundation management with financial guidance and make recommendations to the Board about financial decisions. The committee will review financial documents before presentation to the full Board. Committee members do not have to be Board members. Hassenzahl asked about the budget timing for future reference and Bourne replied that the budget is historically presented to the Board around May 15th. Bourne added that this committee ensures the Research Foundation audits are clean and internal controls are being followed according to policy. Hassenzahl asked if meeting with the Audit Committee around audit time would be beneficial and Bourne replied that it would. Larson asked if committee recruitment should be added to the agenda for the December 11th Board meeting and Hassenzahl replied that it should. Bartelink clarified that committee responsibility entails reviewing presented material and overseeing rather than creating the material and ideas. Bourne replied that she would also like the committee to create standards and expectations with regards to financial information and reporting. Hassenzahl asked if training is available for members because the committee is brand new and Bourne agreed to look for resources.
 - a. **Investment Policy** – Bourne highlighted that the current Investment Policy was last updated in February 2001 and explained that while most of it is still applicable, it needs to be updated. This responsibility falls under the purview of the FIC. Bartelink asked if there is anything specific that needs updating. Bourne replied that some parts are no longer relevant and recommended moving endowment accounts to the University Foundation. Bourne recommended moving quasi-endowments in the Research Foundation to the University Foundation. Hassenzahl asked if there have been any

significant investing changes that should be reflected in the policy. Bourne replied that historically, she has seen money invested very conservatively which resulted in a loss after bank fees were charged and she would like to see more earnings in the future. Hassenzahl confirmed that the current policy is sufficiently conservative, and Bourne affirmed. Bartelink asked if the Board would need to adopt the new policy and Bourne confirmed that the FIC makes recommendations to the full Board. Tafalla asked if this committee would also have the purview to alter the Reserve Policies. Larson replied that the FIC could recommend alterations to the Reserve Policies to the Board. Hassenzahl asked about the \$16 million cash assets and how they change over time. Bourne shared that they are stable, and fluctuations are predictable relative to campus needs. Bourne clarified that investments are largely guided by whether funds held by the RF are restricted or unrestricted funds. The RF has more discretion with unrestricted funds, but restricted funds are funds held for others. Larson shared a portion of the Investment Policy, "Reserves are appropriations of unrestricted General Fund assets in accordance with the Foundation's Reserve Policy" and explained the Reserve Policy links back to the Board. She asked about bringing a recommendation to the Board to transfer the Research Foundation endowments to the University Foundation. Bourne agreed and will reviewed moving quasi-endowments to the UF.

Bourne asked if the committee would be interested in RF management preparing a revised version of the Investment Policy for review. Hassenzahl said yes and added that examples of other institutions' policies would be helpful for comparison. Larson asked about the Foundation's Policy on Project Cash Management and Loans mentioned on the 3rd page of the Investment Policy. Bourne replied that she was not aware of such a policy but would check into it.

Bourne brought attention to page 9 in the meeting packet which lists the Research Foundation cash and investment balances as of October 31, 2017. Bartelink asked about the effect of moving the checking accounts from Tri Counties and Bourne explained that those funds are not currently earning money.

4. **Meeting schedule** – Bourne presented the current Board meeting schedule and offered the option of having the committee meeting earlier in the same day. Hassenzahl expressed concern about not having enough time to process information before presenting it to the Board and offered having the committee meetings a week before the Board meetings. He asked about possible challenges in presenting the budget a week earlier than previously planned. Bourne responded that although difficult, it is doable. Larson asked why the May Board meeting can't be moved. After discussion, it was decided that the May 14th Board meeting will be changed to an FIC meeting and the Board meeting will be rescheduled for the end of May. Bourne continued that the next Board meeting is on March 12th and asked about the week before for the FIC meeting. Tafalla asked if providing the FIC agenda a week in advance is going to cause any challenges and Bourne responded that it wouldn't. Bartelink suggested March 7th and Hassenzahl agreed. Bourne asked if 1.5 hours would be sufficient and Hassenzahl said yes.
5. **Business**
 - a. **FY17-18 Financials through October 31, 2017**
 - b. **Banking transition update** – Bourne shared that all the Research Foundation managed accounts, except the Farm, are being transferred from Tri Counties Bank to Chase Bank. The target completion date is March 2018. The structure provided by Chase coincides

with necessary internal controls, such as the inability to spend from certain accounts and Positive Pay that only allows certain payments to process as well as electronic services.

- c. **403(b) investment review** – Bourne explained that management responsibility of the plan and investments are Jessica Bourne, the RF HR Director and the RF Assistant Financial Director. One area of concern is investment review. A meeting with the provider occurs twice a year to review returns and ensure that losing fund options are not being offered. Bourne references page 20 in the packet which lists 3 funds that are currently being watched. She continued that the 403(b) plan was moved to the Standard in July 1, 2017 who help alleviate some of the fiduciary responsibility from the Board.
- d. **FY16-17 Tax return, IRS form 990** – Bourne shared that the Research Foundation is working to file its tax return for the period ending June 30, 2017. Once prepared, it will be provided to the Board for review prior to filing. Hassenzahl asked for clarification on filing dates. Bourne explained that the University Foundation return should be ready to file before January 15, 2018 and the Research Foundation before May 15, 2018. Hassenzahl asked if the tax liabilities have changed from the prior fiscal year. Bourne replied that there are no significant changes, however, as a non-profit there are certain areas that are closely monitored as the revenue is subject to unrelated business income tax. Bartelink asked if the preparation is done internally or outsourced. Bourne explained that the task is currently outsourced but she would like to see it completed internally in the future with limited outside assistance.

6. Adjournment – 11:20 am

Respectfully submitted,



Jessica Bourne, Secretary

