

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS**

Regular Meeting on Thursday, February 18, 2021

[Zoom Recording](#)

5:15 PM PST

MINUTES

The Humboldt State University Center Board of Directors met on the above date online via Zoom, consistent with the CA Governor’s Executive Order N25-20, suspending certain open meeting law restrictions. Vice Chair, Jourden Lamar, called the meeting to order at 5:20 p.m.

Directors Present: David Lopez, Jourden Lamar, Jeremiah Plata, Eboni Turnbow, Genevieve Marchand, Lynne Sandstrom, Casey Hague, Kintay Johnson, Steve Martin, Mark Rizzardi, Jeremiah Finley (arrived 5:40 p.m.), Marissa Miller (arrived at 5:46 p.m.)

Directors Absent: None

Others Present: Wendy Sotomayor, Bridget Nichols, Roy Furshpan, Sarah Long, Sherie Gordon, Amber Blakeslee, Dave Edwards, Mary McDowell, Linda Peirera, Heidi Chien, Iraida Venegas, Joan Tyson, Casey Park

SUBJECT: Approval of Agenda

MOTION: It was moved (Rizzardi) and seconded (Sandstrom) to adopt the agenda

ACTION: The motion was APPROVED unanimously.

SUBJECT: Approval of Minutes

MOTION: It was moved (Sandstrom) and seconded (Plata) to adopt the minutes dated [January 6, 2021](#).

ACTION: The motion was APPROVED unanimously.

SUBJECT: Public Comment
There was no public comment at this time.

SUBJECT Chair’s Report – Jourden Lamar reporting

Call for Names of Board Members Not Returning in 2021-22 – Lamar called for members to use Zoom indicators to share if they will be continuing to serve or intend to serve on the Board next year. Members clarified their term limits, which for administrative representatives is ongoing, faculty have two year terms, and students have ex-officio or elected positions.

Committee Re-Assignment – The [Committee Matrix](#) was presented and new members were asked to email the Chair to indicate which committee(s) they would like to be a part of.

SUBJECT: Executive Director’s Report – Wendy Sotomayor reporting

Operational Update- There are currently four employees on the UC payroll, one who works full-time and three who are serving part-time to ensure that the UC financial and records needs are met, and dual-controls are maintained.

Chancellor's Office Audit Report – The Audit Committee will be meeting on Thursday, March 4th at 11 a.m. to do an in-depth review of the report and anyone may reach out to Sotomayor regarding the audit and following the recommendations.

MOTION: It was moved (Sandstrom) and seconded (Martin) to accept the report

ACTION: The motion to accept was **APPROVED** unanimously.

SUBJECT: Executive Committee Report – Jourden Lamar reporting

UC Assets and Pension Obligations Update – The committee discussed the transition of assets and how to ensure that the pension obligations are met.

UC Bylaws Amendment Recommendations – The committee discussed the potential removal of the Business Enterprise Committee and Programs & Facilities Committee, and changing the way at-large students are nominated for the Board of Directors from election to appointment.

MOTION: It was moved (Sandstrom) and seconded (Marchand) to accept the report

ACTION: The motion to accept was **APPROVED** unanimously.

SUBJECT: Finance Committee Report – Lynne Sandstrom reporting

2020-2021 Mid-Year Financial Statements – Director Sotomayor presented the financial statements. These were unanimously accepted by the Committee.

Other Post-Employment Benefits (OPEB) Review – The Committee reviewed the [Actuarial Valuation of Retiree Health Liabilities June 30, 2020](#), the [Voluntary Employees' Beneficiary Association \(VEBA\) Trust Update January 31, 2021](#), and [VEBA Withdrawal for 2020-2021 Retiree Health Premiums](#). After review, the committee discussed the VEBA Trust and unanimously voted to fully fund the benefits from the VEBA Trust.

MOTION: It was moved (Martin) and seconded (Plata) to accept the report

ACTION: The motion to accept was **APPROVED** unanimously.

SUBJECT: Old Business

Termination of Operating Agreement Considerations

Investment Policy – Sandstrom and Sotomayor spoke to the history of the Investment Policy, which currently limits the UC to only investing capital in LAIF. The proposition is to expand this policy to allow for less conservative investments to occur outside of LAIF. Based on conversations in the Finance Committee, this policy revision would allow for the UC to invest money with a higher risk but a higher potential return which would be put towards the pension obligations. Sotomayor then read directly from the drafted policy, section by section. Sotomayor noted that in this revision to expand the options the UC has for investments, she took the opportunity to add in suggestions made by the Chancellor’s Office in their Audit. To consider the recommendation from the Finance Committee to revise the Investment Policy to empower the University Center to invest in endowments.

There was clarification to if this policy properly identifies the signature authorities required for investments. Sotomayor replied that the Banking Authority Policy outlined the required signatories.

It was questioned if it is prudent for the Board to potentially allocate close to \$1.5 million dollars from the Reserves before the Board is certain of what’s going on with the assets and liabilities. A member followed up with asking if the University Center is collecting any student fees this semester. It was noted that the UC Board designed the budget for the year with the assumption the UC would be collecting student fees for the whole year. Sandstrom noted that these questions would be covered in later agenda items but did speak in support of providing funding to these former UC programs of Arts and Activities, and following through on the budgeted deferred maintenance projects, like the roof and elevator of the student union.

MOTION: It was moved (Sandstrom) and seconded (Rizzardi) to adopt the Investment Policy with minor formatting corrections.

ACTION: The motion to adopt was APPROVED (9 ayes, 0 nays, 2 abstentions)

Endowment Creation – Sotomayor shared that this draft was presented first to the Finance Committee and they supported moving the conversation forward. Since that Committee meeting, management found that potentially the creation of the endowment with the Foundation may need to be re-envisioned. Sandstrom presented The University Center Fund Quasi-Endowment Gift Instrument with the Humboldt State University Foundation which was drafted to cover the post-employment benefit obligations of the University Center and student scholarships. She explained that more research is needed if the Board is in favor of setting up a

quasi-endowment generally. Sandstrom shared that, with the University Foundation, it is reasonable to assume that there would be an average rate of 4.5% return. In this draft, the University assumed that the liabilities will reduce with time as no new retirees will be entering into the pension. With the Board having had conversations in the past wondering how they can continue to support the Arts and Activities, stateside accounting members put together this proposal to be a legacy for the University Center that continues to support those former UC programs. Sotomayor asked the Board members to express concerns or support to inform how much more work is put into the proposal of an endowment. It was related that since the time that the Executive Committee and Finance Committee were able to discuss this, the endowment would likely not be able to be housed within the Humboldt State University Foundation. Now, the question to the Board is if there is support for any endowment being created, no matter where the endowment is housed.

After question to what an endowment is generally, it was provided that instead of paying the pension liabilities up front, the UC could put some assets into an endowment, which would be invested in such a way that the endowment would get better returns than the comparatively conservative VEBA Trust. Endowment money would accrue earnings which would be used to make annual payments to the pensions and use the extra monies generated to support a scholarship or student programming.

A member asked what would happen if the endowment doesn't meet its minimum required investment return and the University Center comes up short on the annual payments to CalPERS? Is there insurance or assurance? It was responded that it would be possible to dip into the corpus, or the principal, to meet the annual payment to CalPERS. It was noted if the returns continued to not meet expected returns, corpus would eventually be spent down and no longer be available for scholarships. Vice President Gordon spoke to the goal of the University to help make the University Center made whole in its obligations. Gordon assured that the University would be taking on the liability of these pensions.

MOTION: It was moved (Sandstrom) and seconded () to approve using an endowment instrument.

A member clarified that this motion is just intended to support the conversation continuing, and not to approve this quasi-endowment specifically and that the motion allows for the details to not be solidified and requires that they come before the Board for approval.

A member of the public, who identified as a UC retiree, spoke in support of what staff and the Board are working to do, but cautioned the that the Board ensures that they fund post-employment benefits, not exclusive to pensions but inclusive

of other benefits, in case that the VEBA Trust does dip below its obligations for health premiums. Sandstrom responded that the quasi-endowment could be written to ensure that the language is inclusive of post-employment benefits, not just the pension.

ACTION: The motion was APPROVED (10 ayes, 0 nays, 1 abstention)

[VEBA Trust Funding of Future Retiree Health Premiums](#) – Sotomayor has reached out to the UC’s actuarial to ask if it would be worth it to generate a new evaluation as some employees have retired since the most recent report on June 30, 2020. As it happened historically, the Board would contribute. Last year was the first year that the Board approved using excess VEBA funds to supplement the operating budget. Now that revenue has changed, Sotomayor is asking the Board to commit to move forward with annually withdrawing funds to pay UC retirees and their dependents health premiums into the future until all existing obligations are fulfilled.

It was questioned if the UC’s contribution to its retirees could be more comprehensive. Sotomayor responded that retirees do receive the same plan as California State employees via CalPERS and that CalPERS has a particular set of plans for employees and former employees to choose from. A retiree on the call thanked David for his interest. They spoke in support of Sotomayor’s response but did ask if the University Center will continue to be eligible for CalPERS if its status may not continue as a public agency in the state of California.

MOTION: It was moved (Lopez) and seconded (Lamar) to table the withdrawal of VEBA funds and providing continued support until the Board has a new Operating Agreement with Humboldt State that would ensure the University Center would remain as a public agency with California.

Sotomayor asked for clarification for the concern presented in the motion to table. Lopez responded that if there is a possibility of the UC’s employees to no longer be eligible to remain with CalPERS. Sotomayor assured the Board that it is the complete intention of the UC to remain with CalPERS. She noted that this proposed funding to support retiree health premiums would not be exclusive to CalPERS, the UC would be committing to fund retiree health premiums no matter if those benefits were with CalPERS or another health premium agency.

Sandstrom added that if the Board would move forward with this motion, this would help solidify what would need to be included in an agreement with the University. In the past, the Board would fund CalPERS obligations from the VEBA Trust. This request is changing that practice to codify the practice of consistently pay health premiums from the VEBA Trust,

The motion was rescinded.

MOTION: It was moved (Lopez) and seconded (Martin) to approve the staff recommendation to move forward with the board's approval to withdraw funds (approximately \$240K) from the Auxiliaries Multiple Employer VEBA to reimburse the UC for insurance premiums paid for UC retirees and their dependents for health benefits for 2020-21 and to have available VEBA trust funds be used to pay UC retirees and their dependents health premiums into the future until all existing obligations are fulfilled on the VEBA Trust.

ACTION: The motion was APPROVED unanimously.

UC Reserve Allocations – Sotomayor spoke to the question posed earlier and confirmed that the University Center will not be receiving any student fee revenues this spring semester. She also spoke specifically to the approved maintenance projects on the student union which the Board approved in their revised budget. Sandstrom recalled back to the past Board meetings where members wondered how the UC Board could support former programs of activities and arts. The \$109,000 and the \$103,000 recommended allocations were calculated based on half of their operating budgets.

Rizzardi, a Finance Committee member, explained that when these reserves allocations were presented as part of the package deal, he was in favor of this reserves allocation. Now that the endowment, assets and liabilities, and this reserves allocation are separated, it now raises concerns to the over \$1 million allocation. It was noted that the University is receiving the student fee that the UC is not so the UC should maybe reconsider allocating out of the reserves at this juncture.

A member resonated with the idea of waiting to obligate this money until the University provides written and signed contract or agreement that the University will be taking on the obligations of the pension and other liabilities. Vice President Gordon commented that the University will be a partner in relieving the liability of the University Center on pensions. Gordon shared that the University has learned that the vehicles of the CenterActivities are rusted out due to salt exposure which would mean the University will need to invest to meet standards. Additionally, the University has identified costs associated with upgrading technologies. The Board has a few different pathways on the table tonight to consider.

Bridget Nichols, the CenterActivities Manager spoke to the needs of Activities on the stateside. In line with Gordon's example of the vehicles, Nichols spoke to the complications of not having a fleet of in-house vehicles, for instance having to compete with other University functions, and rental locations do not allow for towing to occur, which is necessary for Center Activities.

MOTION: It was moved (Sandstrom) and seconded (Rizzardi) to approve the \$109,000 of funds to Center Activities, and \$103,000 to Center Arts, and table the allocation

for maintenance projects on the student union service elevator and the student union roof.

ACTION: The motion was **APPROVED** unanimously.

Remaining UC Assets and Liabilities – Due to time, the Board did not object to moving forward to the Lease Agreement and the topic will table to the next meeting.

Lease Agreement with HSU for Use of UC Assets Beyond February 28, 2021–
The Board reviewed the [Agreement with a Second Amendment to March 31, 2021](#).

MOTION: It was moved (Sandstrom) and seconded (Johnson) to extend the existing lease through March 31, 2021

ACTION: The motion to extend the lease agreement was APPROVED unanimously.

SUBJECT: New Business

UC Bylaws Amendments – Due to time, the topic will table to the next meeting.

SUBJECT: General Board Comments

There were no comments.

SUBJECT: Announcements

There were no announcements.

SUBJECT: Adjournment

MOTION: It was moved (Sandstrom) and second (Martin) to adjourn the meeting

ACTION: The meeting adjourned at 7:20 p.m.

Minutes Submitted By:



Casey Park