

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
FINANCE COMMITTEE MEETING

MINUTES

February 20, 2020
3:00-4:30 p.m.
SBS 405

MEMBERS PRESENT: Carly Marino
Jeff Kane
Dale Oliver
Jason Ramos

MEMBERS ABSENT: Harold Zald
Tom Jackson

OTHERS PRESENT: Kacie Flynn, SPF
Denise Bettendorf, Accounting
Sarah Long, Accounting

I. Call to Order

Carly Marino called the meeting to order at 3:00 p.m. Introductions were made.

II. Review 2nd Quarter Financial Statements

Denise Bettendorf of Financial Services presented the 2nd Quarter Financial Report ending December 31, 2019. For the first six months, the effective IDC rate was 11.4%, which is a 1-point decrease from the prior year. Thus far, SPF has earned 58% of their total budgeted operating income. If this trend continues, it would put the foundation on track to exceed the budgeted operating income goals for the year.

Invoiced and unbilled Accounts Receivables (AR) of the Research Foundation totaled \$12.4 million, which was a \$6.6 million increase from the prior year. This higher volume of receivables prompted SPF to withdraw \$750K from their Line of Credit for the first time. Those borrowed funds were subsequently returned once the cash flow stabilized. This is an early indicator that the current \$4M reserve policy may no longer be sufficient to maintain the level of growth SPF has experienced.

At the end of the 2nd Quarter, there were 512 active projects with a total award portfolio of \$92 million. Comparatively, at this point in FY 18/19 there were 469 active projects with a total award portfolio of \$75 million. Kacie Flynn presented the Pre-Award metrics with year to date comparative data on routed proposals and new awards. In the first six

months, the foundation submitted 113 proposals requesting \$24.7 million in funding. In that same time, SPF received 85 new awards totaling \$15.7 million.

Kacie noted the proposal pipeline is \$61.9 million strong, citing over the course of the next fiscal year there are: 133 "Pre-Routing Proposals" in the que totaling \$30.8 million in potential submissions, 20 "Routings approved but not yet submitted" in the amount of \$4.4 million, and 85 "Proposals submitted still waiting on notification" totaling \$26.7 million requested.

III. Bank of America & Wells Fargo Price Comparison

Sarah Long presented the price comparison analysis (Attachments B & C) provided to HSU by the CSU Chancellor's Office. The CSU System has recently entered into a master agreement with Wells Fargo that extends service and group pricing to include all campus auxiliaries. There would be significant cost savings to SPF if the Board chose to switch away from Bank of America. In addition to the financial benefits, there would be efficiencies gained for both internal Accounting staff as well as our customers. One major benefit would be the capability of processing reimbursement checks (travel claims, supply purchases) through Direct Deposit, which is not possible today.

Action Item: Jeff Kane m/s Dale Oliver "Motion to recommend switching from Bank of America to Wells Fargo under the new CSU contract." Motion carried unanimously.

IV. Discuss SPF's Business Service Agreement

The committee previously requested more time to evaluate and consider the current state of the Business Services Agreement before making a formal recommendation to the board. Having reviewed another quarter of the financial statements, the committee agreed there was significant evidence of improvement in the quality of service currently being provided. They also acknowledged there were cases of financial loss incurred as a direct result of the AR staffing shortage during the first half of the calendar year. Past due and/or incorrect billings resulted in \$42K of loss, with another \$49K in potential loss SPF is still attempting to collect.

The committee believes the corrective action now in place should prevent future loss. In good faith, they agreed the progress shown justifies lifting the cap previously instituted by the Board. As a compromise, they are recommending HSU credit the auxiliary for their losses. They would also encourage continued efforts to revise the 20% exchange of value methodology, which is currently under review by the Cost Allocation Working Group.

Action Item: Dale Oliver m/s Jason Ramos "Motion to recommend amending the FY 2019-2020 General Operating Budget, allowing payment of the proposed \$834K less the total actual loss SPF has incurred (between \$42- \$91K)." Motion carried unanimously.

*SPF Finance Committee Meeting
February 20, 2020
Page 3*

V. IDC Distribution Policy Review

Due to timing constraints, the committee was not able to fully discuss this topic and agreed to table it until the next meeting. In the meantime, they will endeavor to gather specific feedback for consideration at their April meeting.

VI. Adjournment

The meeting adjourned at 4:33 p.m.

Respectfully Submitted,

Carly Marino

DocuSigned by:
Carly Marino
F234A40D950F47C...