The CSU, Chico Research Foundation
California State University, Chico

Minutes for the Board of Directors
Tuesday, April 15, 2013, 5:00 pm to 7:00 pm
BMU, Room 211

MEMBERS PRESENT:
Belle Wei, Paul Zingg, Lorraine Hoffman, Richard Ellison, Drew Calandrella, Tim Colbie
Russell Shapiro

MEMBERS ABSENT:
Jatinder Kullar, Alisha Patton

ALSO PRESENT:
Katy Thoma, Jessica Bourne, Gina McCammon, EK Park, Cindy Wolff, Stephanie Bianco-Simeral

1. CALL TO ORDER – Belle Wei
The Provost called the meeting to order at 5:03 pm. She requested introductions be made by attendees around the table.
Provost Wei asked for comments on the Agenda, Business at hand and Other Business. No discussion.

2. PUBLIC COMMENTS – none

3. MINUTES
In review of the 10/16/13 minutes, Rick Ellison requested an amendment to page 3 - bold at the bottom of 6B. Can a dean make a friendly amendment? He felt the wording should be changed. Lori Hoffman concurred; dean is not a member of the board. Wording should be changed to reflect that the dean suggested the wording and then was accepted by the board. Katy Thoma will have wording changed on 6B.

Lori Hoffman requested 6A be brought back. She asked to work with Tawnie Peterson to correct numbers as she did not have all the numbers in front of her at the last meeting. The two will get together to edit numbers in this section.

Motion to approve the minutes of 10/16/13. (Colbie/Ellison) Motion carried. (7-0-0)

4. FOUNDATION PRESIDENT’S REPORT- Belle Wei
Provost Wei commented that in this year we have 35 new faculty positions. The College of Natural Sciences Dean search is ongoing and candidates are visiting campus. Academic Affairs is currently working on renewing the Academic Plan. Sixty-one Possibility Conversations took place in Nov/Dec. of last year and many groups got
together to review reports from those 61 conversations. Tomorrow starts the second phase; this is an open forum and all are invited.

5. UNIVERSITY PRESIDENT’S REPORT - Paul Zingg
President Zing reported there is improving state financial support for the CSU. The Governor identified $142M increase for CSU system in the preliminary budget released in January. This is consistent with the 2013-14 provision. The Governor would support a 3 to 4% increase in exchange for a 2 to 3% increase in enrollments. CSU Chico is in line for that enrollment target as it is currently at 1.5 to 2% which is in line with our projections of slow, but sure enrollment growth.

Although $142M is the expected increase, trustees asked for $95M more. There is current lobbying and a case being made right now to obtain more funds. The final decision of the amount won’t happen until the budget is finalized at the end of June. President Zingg is cautiously optimistic that some of the $95M will come our way. Most certainly it will go primarily toward compensations. This year there was a general salary increase of 1.34%, which was the first increase in 7 years. This adversely affects our ability to recruit, retain and to provide a message of support to our faculty unless we turn that around.

President Zingg reported Choose Chico Week stating there were a record number of attendees which was 20% higher than any other attendance at this event. This was the most robust and diverse applicant pool that Chico State has ever accommodated; most academically strong incoming class, freshmen and transfers, in the history of the university. We may officially become a Hispanic Serving Institution - this is a federal term that recognizes institutions that have a 25% or more student body that are Hispanic or Latino. We are currently at about 24.6%. If the admission yields a higher count of Hispanic, we may cross that threshold. It is an important term that enables us to have access to various federal funds that support such institutions.

President Zingg reported staff is keeping campus advised of our response to help Humboldt State University in the aftermath of the terrible tractor-trailer bush crash last Thursday (April 10th) near Orland. We had an emergency operations center set up and it worked. Staff sprang into action, put the operations center in place and made life easier for our colleagues at Humboldt State. They did not have to worry about anything except their desire to check on the injured at area hospitals. The President thanked all the first responders. There were many folks involved across campus and that they did an amazing job. Some staff worked well into the night. The President of Humboldt State along with a few of his colleagues and the Chancellor came to Northern California for a few hours. The public view is positive regarding our response to this situation. Two students who were on the trip to Humboldt State, and were not involved in the accident, have been admitted to Chico State.
6. a. QUARTERLY FINANCIAL UPDATE
   1. Second Quarter Report

Research Foundation Finance Director Jessica Bourne was introduced to the Board by Executive Director Catherine “Katy” Thoma. Bourne has been with the Foundation about 100 days and is working on getting acquainted with the processes of the office and the financial data. She has been reviewing volumes of RF and UF information. The presentation of financial information for the quarter is consistent with the information that has been presented in the past. Bourne reported the Foundation Administration budget shows no alarming trend. We are in line with the proposed budget.

Carol Sager, Director of RESP reported that RESP is at 75% of the year, Budget-to-Actual and expenses shows 67% of budget as is income. Budget was submitted in June 2013 for indirect income at $2.750M with expectation of the impact of sequestration. The Research Foundation moved forward with a budget of $2.9M. RESP is running about $180K less on indirect income than last year. Certain federal agencies are starting to reinstate some monies, but most programs won’t see it until next year. It is uncertain which programs will experience some of that money. Sager reported they are hoping that Passages will benefit from the reinstatement of monies next year - Dept. of Ed is still up in the air. Those were the biggest cuts due to sequestration.

Provost Wei asked Sager for clarification – we have 3 months left of current fiscal year (25%), but we are at 67%, not 75%. Carol explained the difference is in the indirect. If we had budgeted more at $2.75 we would be closer to the 75% mark. RESP knew they were predicting a 5.2% decrease in most federal programs. They looked at their federal indirect, did calculations and projections, then Sager recommended that we look at a cut of about $200K. This time last year we had an indirect of about $180K because we realized there would be cuts due to sequestration. This was expected.

Further discussion from President Zing asking for clarification that we are behind projections for spending: Reviewing both budgets, 75% of the year through, we have expended RESP 67% and Foundation Administration 70%, which suggests we will expend less. Sager confirmed stating some of the gap will be made up by continuing to manage expenses.

Bourne continued with the financial reporting stating she will present a the 14/15 fiscal year budget. The budget overall looks to be in line, some incurred expenses may need some further quantification on RF and UF side.

2. Audit of the 403b plan

Bourne report the 403b Audit was completed in February, 2014 though she was not present during the activity of the audit. Recommendations for correction came back from Matson & Isom (audit firm), which are included in the Management Comment Letter included in the board packet.

   Accuracy of Census – Interim HR Director Gina McCammon and Bourne will work to check into accuracy items with outside providers.
Deferrals exceeded the IRS Contribution limit for calendar year 2012. McCammon and Bourne are reviewing to adjust the excess deferral for one employee in particular. They will work with the compliance consultant to make sure this does not happen in the future.

Hardship withdrawal – Research Foundation internal policy states that an employee may not contribute to their plan until 6 months after a hardship withdrawal. One individual was allowed to contribute after just 4 months.

6.  3. **25/35 Main Street – Bond Refinance Resolution**
Research Foundation Treasurer Lori Hoffman presented a Bond Refinance Resolution requesting board approval for the refinancing of 25/23 Main Street with the Chancellor's Office. The Research Foundation currently owes $3.875M on the current bond. Staff proposed the University pay off the soccer field stadium improvements completed in 2003 which totals $662K. This will result in closing down a single bond that is held directly by the Bank of NY for the Research Foundation. The Research Foundation will roll the balance into a CSU system-wide revenue bond which does not require a reserve amount. Since 2003 there has been $310K sitting in a reserve account in the Bank of NY which will used to pay against the bond. The Research Foundation will refinance $2.9M.

Review Appendix 1 – shows numbers run by Chancellor's office in Nov. 2013; At that point there was no significant present value cost savings. The interest rates have now dropped by 50bp. Appendix 2 dated March 12, 2014 shows cost savings of $94K/yr.

Provost Wei asked when the refinance should take place. Hoffman said the Resolution will go to the Board of Trustees at their May, 2014 meeting for consideration. Funding depends on Orick & Harrington, the Bond council as well as Barclay's Bank who will run the financing. The Research Foundation will not be the only campus in this pool. There are a series of campuses presenting to the Board of Trustees.

**Motion to Allow Executive Director to enter into agreement with CSU Chancellor to refinance Bond for 25/35 Main Street.**
(Colbie/Ellison) Motion carried. (7-0-0)

6.  b. **Board of Directors Nominations – Wei/Thoma**
Thoma stated Mike Wiltermood, CEO at Enloe Medical Center has agreed to sit on the board, subject to board Approval. He understands non-profits on a large scale. He would be a tremendous addition to the Research Foundation Board.

Ellison questioned if there might be any joint grants in conflict regarding Enloe. Hoffman said we had a contract with Enloe, but that is over; nothing in place that would mean exchange of money. If something comes up he might have to recuse himself, but no problems seen immediately.
Motion to Accept Mike Wiltermood as a community board member.  
(Hoffman/Ellison) Motion carried. (7-0-0)

7. Other Business
   a. Software Business – Thoma
      The Research Foundation has entered into an agreement with the AS. The AS is currently in contract negotiations with Sungard/Bi-tech software. Procurement Officer Sara Rumiano was been very helpful with review of the contract. The Research Foundation Staff attended a software demo today and the reaction was positive. Dates for roll-out are not firm. When the contract is signed, there will be a sense of a conversion date. Hoffman stated the software is much more user friendly and will be a huge improvement.

   b. Special Set-Ups Report – EK Park
      Nothing at this time

   c. BCCER – Hoffman/Thoma
      Thoma presented that the recommendations as made by the Oversight Committee have been approved by the Chancellor’s office. (After the deck failure in October 2013, the Provost and the President put together an oversight committee consisting of the President’s Chief of Staff Karla Zimmerlee, Lori Hoffman, VP of Business, and Finance and Katy Thoma Executive Director of the Research Foundation). This committee reviewed the programs, the usage, and risks associated with the Reserve.

      The Research Foundation has entered into a 5-Year MOU commencing July 1, 2014 with Academic Affairs in which Academic Affairs will pay for use of the Reserve resulting in a stable, steady stream of revenue for the usage of the BCCER.

      The Provost added that since December there has been extensive work by the committee to review the existing operations and a proposal of how to improve and finance the operations. Summary: There would be three (3) staff positions. There would be funding for ongoing maintenance and support, and to ensure safe access to the property by users, faculty, and students.

      President Zingg stated the clarification of the committee findings and support of those were put to the task. They were the right three people and did their job well. The charge of the committee was to find out what happened. Findings were revealed and recommendations that needed to be addressed are as follows:

      1 – Steady State funding
      2 – Concrete steps to Safety
      3 – Access to the property
      4 – Educational Programs
      5 – Financial Stability
Management responsibilities will fall on the Director. Responsibilities for the outdoor education programs fall on the Outdoor Education Coordinator. Much misinformation had been given by others as the Reserve had never been closed, and continued to be open for use by faculty and students. We currently do not have an onsite Outdoor Education Coordinator so when schools use the facility they have to provide their own supervisors for their outings. The committee uncovered a lot of conditions and practices that gave room for concern on how to keep the property running safely with financial responsibility and with quality programs.

Russell Shapiro questioned Recommendations step c, Appendix C regarding restriction of access (hunt days). Rumors are providing misinformation/conflicting information. What are the requirements for faculty and staff? Is Appendix C available? Provost Wei answered the details are being worked out. Going forward the MOU, which has just been signed, will be the guiding document. Operational details are still to be worked out.

Access was discussed. Faculty access discussed. The Reserve has never been closed to Faculty, Staff or Students. It remains open. A posting will be set up for the Outdoor Coordinator staff on the Reserve.

d. **Eagle Lake Field Station – Associate Dean Jim Prince**

As of 12/31/13, John Crowe, who has run the field station for the last five years, is no longer running the station as a business. He was hired by College of Natural Science Interim Dean Mike Ward as a Research Foundation employee. John will be both the steward and the cook. Field Director Jay Bogiatto will be his supervisor and Interim Dean Ward has agreed to fund Crowe’s budgeted salary for a six month cycle ending on October 10, 2014. Efforts are being made to promote usage of ELFS on and off campus. The first group is coming to the station the first weekend of May. Zoo-Archeology summer course will also take place. UC Davis field school should be in this summer but this has not been finalized.

Associate Dean Prince is working to put together a consortium to provide funding. The consortium currently has two members who have joined the College of Natural Sciences. The College of Behavioral & Social Sciences has agreed to be a secondary member as well as Sacramento State. Associate Dean Prince reported other possible consortium members are leery as it is hard to push the idea of a consortium on a field station whose fate is uncertain. Dean Prince requested a three (3) year window to keep the station open with continuing efforts for acquisition of more consortium members. This will give members certainty of use. He reported If the board decides not to keep the station, there are two parcels that would go back to the BLM. These properties would require going back to their original state. This means tearing down and removing buildings, tanks, etc. Associate Dean Prince stated it would be a very expensive endeavor.

Hoffman thanked Associate Dean Prince for the presentation and then recapped the last board meeting’s agreement where the College of Natural Sciences would find three or four consortium members and former CNS Dean Fraka Harmsen said she would provide $10 or $15K toward the station. Hoffman reviewed consortium members
obtained and reminded the dean of the March deadline previously agreed upon by the board and the CNS. The station has $131K in debt sitting on the books. She asked how a three year window will be financed. Will the College of Natural Sciences pick up John Crowe’s salary for next three years? Associate Dean Prince said he would look into it. Hoffman offered that we cannot close the station with Crowe’s employment extended until October. Is there funding to keep the station open until October without going further into debt? Thoma answered, “Yes, the College of Natural Sciences will be paying for Crowe’s salary until October.” Associate Dean Prince stated that in order to keep the station running, Crowe needed to be hired.

President Zingg questioned resurrecting the project. He suggested it be monitored very closely. The length of the project is questionable.

Thoma questioned BLM usage as they had agreed to reserve a certain number of beds. Prince responded by stating that BLM staff will be located in Susanville.

Research Foundation Board Member Drew Calandrella suggested the need for a revised budget. Prince will provide a revised budget and try to get it to Thoma next week.

Research Foundation Board Member Richard Ellison questioned Prince about the possibility of obtaining grants and responded by saying there is nothing out there to help as needed.

8. Closed Session – no minutes

9. ADJOURNMENT
The meeting was adjourned at 6:40 pm.

Respectfully submitted,

Catherine “Katy” Thoma, Secretary