The CSU, Chico Research Foundation
California State University, Chico

Minutes for the Board of Directors
Wednesday, December 10, 2014, 2:30 – 4:30 pm
BMU Room 209

MEMBERS PRESENT:
Interim Provost, Susan Elrod; President Paul Zingg, VP Student Affairs; Drew Calandrella, VP/Business & Finance
Lorraine Hoffman; Community Member, Dan Hunt; Faculty Representative, Russell Shapiro; Community Member,
Mike Wiltermood

ALSO PRESENT: Research Foundation (RF) staff Catherine Thoma, Jessica Bourne, Gina McAmmon, Michele
Flowerdew, Patti Chezek

1. Call to Order – at 2:35 pm by Interim Provost Susan Elrod. Elrod requested introductions from around the
table and gave background on herself.

2. Public Comments – None

3. Approval of the Minutes
Interim Provost Elrod asked for a motion to approve two sets of minutes: the September 29, 2014 regular
Board Meeting, and the Annual Board of Director’s meeting. Motion was made and seconded for the Annual
Meeting.
Move to approve and accept the Annual Meeting minutes from September 29, 2014 (Wiltermood/Hoffman)
Motion carried (6-0-1)

Discussion on Regular Board Meeting minutes - Russell Shapiro voiced concern over grammar in Section 6a,
Software Update. Wording will be corrected. Elrod asked for vote to approve and accept the Regular
Meeting minutes:
Move to approve and accept the Regular Board Meeting minutes from September 29, 2014 (Hunt/Hoffman)
Motion carried (7-0-1)

4. University President’s Report – President Zingg
President Zingg stated he had 3 updates:

a) Zingg met with the Chancellor and other CSU Presidents along with a collective bargaining team. He
reported the faculty and staff compensation plan was approved by the Chancellor’s office and legal
counsel.

b) Zingg explained that every other year the CSU participates in the National Survey of Student Engagement.
This survey measures student involvement in their institution both in and outside of the classroom. This
year’s survey focused on “high impact” learning practices such as civic engagement, community service,
and research opportunities with faculty. Our students reported 16% higher than any other CSU.
c) Zingg reported the University Foundation voted to divest our investment portfolio in fossil fuels. Very few colleges across the country have done this.

5. Provost's Report – Interim Provost Susan Elrod
   During her first two months, the campus goal of research has emerged as one of her top priorities. She plans to meet with the RF Administration Office and the RESP staff to obtain a clear picture of the organization and its activities. She has been part of conversations about forming a broader taskforce to set goals and priorities to support research on campus. Elrod noted the RF needs to move forward with support of faculty research, scholarship and community engagement. One of the goals of the taskforce will be to look at the current model of providing incentives and other support back to the colleges, departments, and principal investigators.

6. Business
   a. Financial Report
   1. Fiscal Year 2015 - 1st Quarter Financial Report – RF Treasurer & VP, Business & Finance, Lorraine Hoffman deferred to Financial Director, Jessica Bourne. Bourne reported that RF is working to provide more comprehensive financial reports. More accounting work within the Foundation is necessary to recognize expenses more timely to give a clearer picture. Budget to actual financial information included in the board packet was discussed. Hoffman thanked Bourne for all of her hard work in gathering data, analyzing and preparing it for the Board.

   2. Omni Circular - Potential impact to accrued leave – Flowerdew spoke on behalf of E.K. Park.
   Bourne gave background of the Omni Circular, guidance issued by the Federal Office of Management and Budget. Changes resulting from the revised guidance may create challenges for the RF relating to the lack of accrued time off for employees funded through grants or contracts. A potential unfunded liability of $300,000 may need to be funded. This issue will be brought back to the Board with more information. Dan Hunt asked if there will be an additional cost. Thoma answered yes, the contracts and grants were done on a cash basis. Flowerdew added that paid time-off is currently funded by grants and that should employees reduce their hours of accrued time, the potential liability will decrease.

   3. Capacity Funding review – Flowerdew spoke on behalf of Park – Park is recommending to the board to hold off on disbursing the $50,000 until the next Board meeting. Hoffman gave background on incentive dollars: In 2007/2008 there were no incentive dollars allocated. Prior to that there was about $200K per year. In 2008/2009 Provost Flack moved those incentive dollars from $200K to $400K; $300K went back to the colleges and $100K went to Provost’s office for disbursement to other things that would promote contracts and grants. This amount was approved up until the most recent budget because the Board decided the budget could not endure this amount. Hoffman asked how much Provost Wei had spent. Bourne advised in 2013/2014 $100K was allocated and $50K was spent. In 2012/2013 zero (0) was spent. Hoffman stated there is $150K still available for incentives. The Board could decide to reallocate that $150K of unused incentive dollars back to the colleges and PI’s under a different methodology and she deferred to the Provost and Park; $50K could be allocated to Interim Provost Elrod. Other alternatives could be explored for the existing $200K. An information item will need to be on the next agenda to change the budget.

   Bourne clarified that budgeted allocated funds in prior years were not identified in the general fund or transferred to a board designated fund. These funds have remained in the general fund.
Spending of prior years’ budgets will be unbudgeted expenses in this current fiscal year. Future board approved allocations will be transferred to a board designated account. Dr. Zingg stated that when he discovered that we were in arrears by two years, he asked the Provost to put this as a high priority item. The funds needed to be allocated as incentive funds for faculty. Funds need to be monitored that have a specific purpose and need to be expended to that purpose.

Another point of clarification from Bourne – the $50K allocation to the Provost was to be reviewed at this meeting per the September board meeting. This was “approved upon review in December” in the September meeting.

Hoffman noted there seem to be more dollars available than originally realized for allocation. Were Park at this meeting, he could present that rather than the $50K we actually have $150K in unspent funds that can be additionally allocated with the correct motion and Board approval. After further discussion Hoffman made a Motion that of the $150,000 from the 2012/2013 and 2013/2014 approved budget allocations, that $100,000 be allocated back to the colleges and PIs, to be distributed as the Provost and the Vice-Provost for Research deem fit, and that $50,000 go to Interim Provost Elrod for the distribution for this year. We will wait on the additional $50,000 until Park is in attendance at the next Board of Director’s meeting in March 2015.

Mike Wiltermood seconded.

Interim Provost Elrod asked for discussion. Zingg spoke to the June meeting where a non-balanced budget was presented for approval and the hesitancy to do so. This will be corrected. There needs to be a solid understanding of where funds that have a specific purpose are located and should be distributed. Elrod asked for further comments on the motion. Being none, she asked for a vote.

**Motion to approve** (Hoffman/Wiltermood)

**Motion carried** (7-0-0)

Dan Hunt asked if there is a correlation between incentives and what they drive back to the University and Research Foundation. The Provost said she did not have a direct answer. The question is duly noted. She will be doing analysis to answer that question. Discussion ensued. Elrod will review “return on investment” and “how we currently distribute incentive dollars.” She is putting together a task force who will review and report on these items.

4. Accounting Services Proposal – Bourne/Thoma
   At the September board meeting, Thoma requested to the Board to prepare an in-depth analysis of the possibility of assuming accounting responsibilities provided by the Associated Students. RF management believes significant costs savings and efficiencies may be realized.

Hunt asked why UF did not contract directly with the AS rather than contracting with the RF, and whether there may be concerns the UF would terminate the services agreement with the RF. Thoma responded not that the RF is aware of. This change will be advantageous to the UF as well. Elrod suggested the accounting coming in-house will reduce the complexity and confusion for the PI's for accounting related questions. The processes will be simplified. Hunt asked if the new
process will help Bourne produce a balance sheet. Bourne confirmed that by consolidating all financial management within the office she will gain control of the general ledger. She continued explanations supporting changes and savings.

Zingg asked if the AS has been given “one last chance?” Thoma answered that this has been under discussion for the past 5 years; the AS has known this was coming. Bourne also noted that due to the complex and fiduciary financial responsibilities of the RF, dividing accounting tasks has resulted in challenges. Elrod added that compliance is an important factor and that separating duties puts the RF at risk of non-compliance. Thoma added there are some serious disconnects; the AS is far removed from the customer. Efficiencies have been realized in the RF office as a result of recent process and systems review and modification.

Mike Wiltermood made a Motion to accept the proposal. Drew Calandrella seconded

Discussion – Hoffman acknowledged Elizabeth (Betsy) Boyd from gallery. She asked about efficiencies; will everyone (all accounting) be housed in one area and could they communicate with each other easily? Bourne answered yes. Secondly she asked about IT and the cost of new software. Hoffman answered using the AS as an example. Last year the AS hoped to contract with Sungard to install software. This was going to cost approximately $700,000. Yesterday David Buckley presented a cost for software of under $200K to the AS Board of Directors. It is so much less than last year because the AS will not have to purchase the Grants and Contracts software. The RF will have to purchase that software. Thoma and Bourne have asked for 18 months lead time and may be looking at PeopleSoft. The cost could be minuscule if the RF uses the University PeopleSoft package with modifications. RESP has concerns about the Grants and Contracts module as they feel it is underdeveloped for their needs. The PeopleSoft Grants and Contracts module is at the top of the review list. Boyd asked about proposed savings being eaten up by the cost of the software.

Wiltermood asked a question regarding phase 1A – Is the start-up cost not in the budget; would it will be realized at the end of the year after cost savings payback. The payback was confirmed by Bourne. 2nd question – Under University policy is it required that displaced AS personnel be hired, or can RF hire whomever they want? Hoffman assured the RF could hire AS personal if they so choose, but it is not required. McCammon confirmed that because the AS and the RF are auxiliaries to the University, they are not governed under the CSU regulations and thus not required to hire or take on AS staff, though AS Staff will be encouraged to apply.

Hunt asked about termination costs. Hoffman explained the termination clause on page 26 of the Board packet. The clause regards early termination; asking for a prorated share for a partial year. This is not a request for damages.

Elrod asked for further discussion. Being none she called for a vote.

\textbf{Motion to approve} (Wiltermood/Calandrella)
\textbf{Motion carried} (7-0-0)

\textbf{b. Special Set-ups Report – E.K Park}
Flowerdew reported and recommended approval, on behalf of Park, 4 current projects under Special Setup requests for a total of $128,339: UC Berkeley -$88,367.64; California Dept. of Aging – $31,443.60; and NIH for 8,528.36 in costs through 11/30/14.

Hunt made **Motion to approve Special Set-ups request.**
Calandrella seconded

Discussion – Hoffman asked if Flowerdew expects any problems with the Set-ups. She did not.

**Motion to accept the Special Set-ups Report (Hunt/Calandrella)**
Motion carried (7-0-0)

7. **Other Business**

a. **Big Chico Creek Ecological Reserve Update**
   Thoma reported the Outdoor Ed Coordinator has been hired. New equipment (Kubota, hand tools, safety equipment) has been purchased for the Reserve. The open house planned for Friday afternoon has been postponed due to inclement weather. It will be rescheduled in the spring. Hunt asked if bathrooms are going to be built on the Reserve. Thoma answered yes.

b. **Eagle Lake Field Station Update**
   Thoma reported that she and Hoffman met with the BLM several times to discuss the possible transfer of the field station to the BLM. At one point the BLM was willing to take the land back including buildings despite the patent saying “you must return the property as you found it.” The BLM did due diligence and found formaldehyde in the soil behind the lab, asbestos in some of the buildings and a grease pit behind the kitchen. These findings must be remediated prior to the transfer. BLM agreed to take the conference center, one of the wells, one of the septic tanks and all of the power. The RF would be obligated to remove the remaining buildings and septic systems.

   Interim Provost Elrod met with the College of Natural Science Dean Hassenzahl and Associate Dean Miller to discuss level of faculty interest, and how they are integrating ELFS it into the educational programs. She challenged Dean Hassenzahl to come back with evidence that there is real faculty commitment in the station. If there is not, then ELFS should be transferred back to the BLM. Elrod is willing to give College of Natural Sciences one last attempt at keeping the field station. Russell Shapiro advised there is an ongoing search for an applied ecologist and each candidate has brought up Eagle Lake. With new faculty coming into the University there may be new interest.

c. **By-law Update**
   Thoma advised that at the last meeting she proposed a possible change to the bylaws to read “Community Members may serve two (2) consecutive three (3) year terms with a one (1) year break.”
   The second proposal she received from the AS President was to have two (2) students appointed; one (1) as a voting member and one (1) as a proxy. The next year the two would cycle off. This would give the students two years on the board and a good introduction for them to the RF. Shapiro asked for by-law review with the attorney regarding faculty. Thoma engaged an attorney to review these proposed by-law changes. Conversation timing caused a problem with the required deadline to make notification at least 30 days in advance of the Board meeting. Due to missing this timing requirement,
there is no official request for the by-law change at this meeting. Changes will be presented at the next Board of Directors meeting.

Zingg suggested furthering the discussion on additional representation on the board. Will additional representatives further the work of the RF? Are two students necessary with only one faculty member? A larger conversation is needed regarding representation aligned with purpose. Shapiro clarified his request was for a Center’s representative. He feels there is an overlap of different needs form the Center Directors. The Provost has a task force that may review this question.

8. Closed Session – Interim Provost Elrod stated they would now be moving to the posted closed session and that only Board members would remain.

Report on closed session – The result of the executive session was to change the range of the Executive Director’s salary to between $90K and $125,000.

9. Adjournment – The meeting adjourned at 4:45 pm.

Respectfully submitted,

Catherine Thoma, Secretary