The CSU, Chico Research Foundation
California State University, Chico
Minutes for the Board of Directors Meeting
Monday, May 26, 2016, 1:30 – 3:30 pm
BMU – Room 209

MEMBERS PRESENT: Interim Provost and VP Academic Affairs Michael Ward; VP Student Affairs Drew Calandrella; VP University Advancement Ahmad Boura; Faculty Member Eric Bartelink; Faculty Member Russell Shapiro; Community Member Dan Hunt; Community Member Mike Wiltermood; Student Member Crystal Vasquez

ALSO PRESENT: Catherine Thoma, Jessica Bourne, Tyler Donnelley, Russell Wittmeier, Jamie Visinoni, Dan Hicks, Kevin Hansen, Katie Skala, Jerry Fieldsted, Kathy Kinsey, Michele Flowerdew, Kevin Kelley, John Miner, Betsy Boyd, Stephen Cummins, Cindy Wolfe, Kristin Gruneisen, Stephanie Bianco, Randy Miller, Mike DeSpain

1. Call to Order – At 1:33 pm by Ward.

2. Public Comments – None.

3. Approval of the Minutes – Ward asked for a motion to approve minutes from the March 28, 2016 board meeting. Kelley mentioned Miner had been at that meeting, and was not listed as present.

   Move to approve the March 28, 2016 meeting minutes with correction (Shapiro/Calandrella)
   Motion carried (8-0-0)

4. Provost’s Report
   Ward has been acting as the interim provost for about two months.

   After reviewing the board bylaws, Ward proposed adding two deans, a community member with research experience, and another faculty member to the board structure to strengthen the board. Currently there are 10 board members, and adding four more would be within the 10-15 required by the bylaws. He has conversed with President Zingg, incoming President Hutchinson, and cabinet members.

   Discussion ensued, including the prospect of adding a staff member to the Board, concerns from the active community board members about Ward’s proposal in terms of an additional community member, and the positive contributions college deans could have on the Board.

   Ward said he would have something for the next meeting.

Business
a. Financial Report
   1. Budget
      Research Foundation:
      FY 2015-2016 Summary and 2016-2017 Projections: Bourne provided a financial narrative for the estimated fiscal year 15-16 and proposed fiscal year 16-17. The reports include operating funds and plant and bond funds.
Bourne explained the additional RF Admin facilities costs resulted from a greater need for office space than had been anticipated during the transition of accounting services from the AS to the RF.

Property & Projects: Bourne discussed that bonds had been issued by the RF in 2003, which has become uncommon for campuses and auxiliaries as they are more commonly held by the Chancellor’s Office. The bonds were refinanced through the Chancellor’s Office in August of 2014, which resulted in savings for the RF.

Custodial – Retirement and Vacation Accruals: A book gain of about $128,000 is recognized in FY15-16 to agree the post-retirement benefit liability to the actuarial valuation for the benefit.

Other Board Allocations: The RF currently holds College Park houses for campus, and it is estimated that campus will buy it back next year. The grant cost disallowance estimate has historically been recorded at approximately $450,000, but actual expenses have averaged approximately $15,000 per year. Flowerdew and Bourne will continue to research appropriately recording the estimate for the grant cost disallowance reserve.

Bourne proposed moving funds into a board designated category for the purposes of recognizing significant vacation accrual that is not currently reflected in the RF financials. Unrecorded vacation accruals are estimated to be approximately $300,000. Rather than accrue vacation benefits for grant and contract employees, those employees incur those expenses as they take vacation and sick time. There will likely be a shift from OMB and the Governmental Accounting Standards Board to be in line with the uniform guidance that accruing vacation would be required. The goal is to work to reduce the liability prior to the decision to recognize the liability.

Shapiro asked if the $319,000 increase included in the FY16-17 budget results from the property and projects. Bourne explained that when the College Park houses are sold back to the campus, the campus will buy them at the original purchase price and that will create a book gain for the RF.

RF Administrative costs are allocated to areas within the RF and to the UF on a cost reimbursable basis. Cost efficiencies are a continued discussion in the RF. Thoma said this is to maintain transparency and accountability to RESP and the UF.

Flowerdew referenced the budget reports for RESP. They are estimating about $60,000 more in revenues this year in indirect. Currently they are $40,000 above what was projected last year this time. Revenue for 25 Main from the university lease is included in the RESP budget. Those funds cover the cost allocations for the utilities and space used by state employees within RESP. The expenses for the 25/35 Main cost allocations for centers now appear under RESP. Kelley said the way rent is handled needs to be addressed with the appropriate administrators. Last year no rent was charged, and the year before some was. Some incentives were pulled from some colleges to make up the difference.
Kelley expressed concern regarding facility use fees paid to campus by RESP. Kelley surveyed 13 CSU campuses at a meeting in Long Beach, and nine of those were not charged or were charged very little; around $30,000. Ward and Lori Hoffman recently renegotiated the facilities fees charged to research. The campus is now charging $167,000 versus the $367,000 charged last year. Ward said the fee was adjusted from 13 to 6 percent. Costs associated with the fees include expenses for running the air conditioning over the weekend or additional custodial costs to put up and take down equipment would be real costs. However, many of the fees may go beyond actual costs for a project. A large project would be unfairly dinged a large amount because the formula and methodology is based on a dollar amount of the grants and contracts. Kelley added the premise has been that research and sponsored programs are ‘external’ activity of the university.

Bourne discussed the balance sheet by fund. Accounts receivable for RESP is always a little bit behind due to cost-reimbursable agreements. Included in the Sponsored Programs fund are quasi-endowments and university licensing funds. Removing those activities from the presentation of RESP would result in a negative cash balance of approximately $1.3 million. The unbilled grants and contracts of $24 million are offset by unearned grants and contracts in the liabilities section by $25 million. That gives a sense of what RESP is managing: $24 million in activity.

**Move to make the motion** (Calandrella/Shapiro)

**Motion carried** (8-0-0)

2. Chancellor’s Office Audit update
Thoma said the findings are being systematically looked through and worked on. Annabel Grimm has reached out, and Bourne’s responsibilities will be reassigned until the new Financial Director is on board.

Wittmeier said one of the audit findings was that the employee handbook needs to include that employees need prior approval for all overtime. The HR department is updating that as well as onboarding. There are also a lot of part-time employees who leave the RF without communicating this to the HR department. A process is being put into place to catch those individuals so the proper documentation is completed. Thoma said it is a challenge because part-time employees may end their work on one project and expect to continue on a different project. With the expense to onboard, it doesn’t make sense to keep offboarding and onboarding. The timing issue becomes a challenge.

b. Human Resources
Wittmeier distributed a handout of April and May highlights and items in progress. There is one position that did not meet the dollar standards under the Fair Labor Standards Act change. Wittmeier will give an update next meeting. HR will be working to meet the campus initiative of diversity as well as making sure existing employee needs are met. Thoma added that the RF staff recently had Safe Zone Ally training.

c. North State Public Radio
Cummins said they’re working on a plan to increase revenue for NSPR and repay that debt owed to the RF. He would like to discuss when it’s fully vetted as it may contain personnel information. Currently the debt is at $330,000, with a budget of $1.2 million. NSPR will be
negative this year. The plan is to pay off the debt within three years. Some reasons for the debt include a decrease in pledge drive revenue (despite an increase in members making monthly contributions to the station), and a precipitous decrease in underwriting (advertising) exacerbated by high turnover in the position (three people within three years). The staff of NSPR has mostly transitioned from state to RF employees. There is a three year MOU with the university that allows some operational costs to be supported by the university as those positions switched over. Further discussion of staffing changes resulted. Cummins ended saying a couple of technological advances in the future could save the station money.

d. Reserve update
   1. BCCER/BCEP
      Visinoni included an update in the board packet. Usage has nearly doubled in one year, and it’s now at 3,977. This is very similar to a few years ago. Records before 2012 are not reliable due to shoddy reporting.

   2. Eagle Lake Field Station:
      The Provost’s office and College of Natural Sciences paid for Modern Building to take a comprehensive look at Eagle Lake. Currently the station is at $160,000 in accrued deficit. The total to fix the issues at the station came up to $187,000. There is no longer a caretaker and Eagle Lake was not used last summer due to health and safety issues.

      Discussion about Eagle Lake followed, focusing on the waning interest in the station, a hopeful increase in such interest from new faculty, the potential of returning the property to the Bureau of Land Management, the possibility of a center that included Eagle Lake (among other Natural Sciences-oriented projects like BCCER/BCEP and the Gateway Science Museum), and fundraising opportunities.

e. Research and Sponsored Programs
   1. Research Update
      Kelley handed out last year’s fiscal year versus the current year through April. The number of planned proposals this year will surpass the current 340. The proposed F&A rate is at 17.5, better than last year thanks to more National Institute of Health/National Science Foundation-type awards. The most proposals are in the Colleges of Behavioral and Social Sciences, Natural Sciences, and Communication and Education.

      The Chancellor’s Office is promoting research and sponsored programs across all campuses. A new vice chancellor of research, Dr. Ganesh Raman, started in 2016. Some of the changes going on system-wide and at CSU, Chico are:
      - RSCA and other state-funded activities are now line items in the CSU budget;
      - For legislative and public affairs, reporting is ramping up across the CSU system;
      - CSU, Chico’s internal grant portal now has a reporting function where faculty can report their projects which will now be funneled to the Chancellor’s Office and all 23 campuses;
      - The Hispanic Serving Institute STEM. Chico State’s RESP is quite involved in supporting that grant. This is the first Hispanic Serving Institute program for Chico State in its history;
• The Chancellor’s Office has developed an intellectual property policy that they aren’t sharing quite yet, but Kelley hopes that in six months’ time some clarity will emerge on the new policy.

Reporting capabilities for RESP are subpar. The pre-award and contracts management software developed by Professor Jim Sager and his students was meant to be a stopgap measure during the tight times of years past, but was never remedied. Ward has been helping Kelley in negotiations with a specific package that links to the Sungard/IFAS system that is now in use and the impending software upgrade. Also, this year more than $300,000 in grants was invested in faculty, and $211,000 of that came from the Chancellor’s Office. 41 faculty were awarded RSCA funding. This fall, ten research simulation grants were awarded using provost capacity funding.

2. Special Set-ups
Miner discussed various project set-ups and agreements with the Board.

Move to make the motion (Hunt/Boura)
Motion carried (8-0-0)

6. Other Business
Ward mentioned the MOU the RF is refining with the Mechoopa tribe. There have been complications with who is communicating what with whom, and there has been differing versions of the MOU. Ward said he needs some time to review and make sure they have one MOU. He brings it as a good-faith gesture that the RF wants a good working relationship with the Mechoopa, and that we want to continue working with them to get it right and bring it back to the next board meeting.

7. Closed Session – Ward stated they would now move to the posted closed session and only board members could remain.

Report on closed session – Pursuant to the California Education Code Section 89923.

8. Adjournment – The meeting adjourned at 3:30 pm.

Respectfully submitted,

[Signature]

Jessica Bourne, Secretary