

CHICO STATE ENTERPRISES
California State University, Chico
Board of Directors' Meeting Minutes
Wednesday, April 29, 2020, 1:30pm
<https://csuchico.zoom.us/j/96380668915>

MEMBERS PRESENT: Debra Larson, John Unruh, David Stachura, Ben Seipel, Bob Kittredge, Ahmad Boura, Sandy K. Parsons-Ellis, John Carlon, Ann Sherman, Angela Trethewey, Gayle Hutchinson

MEMBERS ABSENT: Tom Lando, Trevor Guthrie, Tod Kimmelshue,

ALSO PRESENT: Mary Sidney, Annabel Grimm, Vance Kelly, Natalie Carter, Caitlin Cathy, Marianne Paiva, Julie Jessen, Russell Wittmeier, Jeni Kitchell, Kristin Gruneisen, Stephanie Bianco, Tracy Johnson, Tom Wilder, Julie Jessen, Tim Sistrunk, Rick Ford, Betsy Boyd, Eli Goodsell

I. **Call to order** – Larson called the meeting to order at 1:35 PM.

II. **Approval of minutes from December 9, 2019**

Motion to approve the minutes from the Board of Directors meeting on December 9, 2019 (Kittredge/Unruh)
Motion carried (10/0/0)

III. **Public comments and announcements** – none

IV. **Reports**

A. **Provost's report** – Larson shared that 3800 sections of courses were converted to the virtual environment, including 1000 faculty. There were tremendous efforts to support the faculty and students in this. Larson shared her appreciation for CSE's work to make this transition seamlessly. She reminisced about the Coffee and Kudos in January that recognized CSE.

Trethewey shared her appreciation for Deb recognizing efforts of the faculty.

B. **President's report** – Hutchinson shared about her experiences while the campus has been operating virtually, she recognized the challenges, and expressed her appreciation for the Campus community coming together to ensure that the student experience remains.

In March opened the EOC in response to COVID-19. Summer classes will be delivered virtually. Summer orientation fees have been waived and orientation will be conducted virtually. Operations will remain virtual through the Summer with only essential employees on site. The plans for Fall 2020 are still being determined, a decision is not expected until the end of May. We will continue to work together with the State and local agencies to rise to this monumental challenge.

C. **Audit Committee report** – Sidney shared that the Audit committee had not met, and plan to meet in May.

The audit response for **FY18-19 CAP** has been completed, bringing closure to the Audit findings. She recognized that Annabel Grimm aided in the completion of the Corrective Action Plan or CAP. The CAP has been accepted. Sidney the actual CAP and documentation for the Board. Carlon asked if the finding had any effect with regards to repercussions to funders. Sidney shared that she was not aware of any. Larson shared examples of items included in the CAP, and recognized the significance of the work and the valuable outcome. Sidney shared that the benefits are already being noticed.

Audit Extension Request – Sidney shared about the rationale behind the request, including staff vacancies, and working remotely due to COVID-19. A plan of how the work would be completed has been requested. She shared that the federal code allows for an extension however the key issue is the impact a delay would have to Chico State since CSE's numbers roll up into the University's annual audit. CSE is hoping to keep the extension to 30 days. Kittredge shared that the remote nature of the Audit also made the extension desirable. Larson summarized, and asked that Sherman has been identified as the liaison with the Chancellor's Office to explore the extension.

- D. Finance and Investment Committee report** – Kelly presented the updated budget report. He shared that this was the first remote close for the quarter ending in March. Kelly identified that we are a bit ahead of schedule on indirect cost recovery but that a dip is expected. He continued that the investment portfolio experiences some losses, and this should be monitored going forward. Kelly shared that the presentation of financials had been changed. He noted that we are currently beyond expected expenses for insurance, but a refund or dividend from the insurance provider is expected. Vance shared that we are on track, and improving the budget in the system to improve reporting. Kelly shared that the costs associated with the reorganization were a bit unknown, but that it looks good.

Kelly referenced the Statement of Net Position, he pointed out that cash and investments combined have resulted in a he also noted that unbilled revenue was reduced significantly. He also discussed unearned revenue for which CSE must have cash available. He shared that he was pleased with collection efforts within AR to reduce outstanding balances. Larson asked about Campus Program Funds. Kelly shared that these funds included regional and continuing education (RCE). There is slight discrepancies as a result of manual adjustments that are made after the report is generated. Sidney shared that improvements in OneSolution will resolve this.

Statement of Revenue shows that we are on target. He commented on the significant expenses associated with payroll and benefits. Kelly also shared about the Transfers category and identified that they should total to zero. Kelly addressed the need to make financials user friendly / understandable for all interested parties. Sidney shared that this was a good task for the FIC. Larson asked to carve out time at a future meeting to learn about reading financial statements Larson summarized that progress has been made in clarifying the financials, resolving issues in unbilled revenues, and other improvements, and over all that significant progress has been made since Fall 2019. Sidney agreed that this will be important to do and will get it on a future agenda. Sidney shared about the benefits of collaborations with Sponsored Programs, Kelly shared an example that the aging report identified a funder with an outstanding invoice since 2018, which was able to be collected

by Sponsored Programs staff. He also shared about improvements in the timing of payments and deposits. Larson shared her confidence in CSE, the team, and in Sidney's leadership.

Line of Credit – Kelly shared that at this time our cash flow is strong and a line of credit is not needed. Kelly shared that the fees and costs associated with securing a line of credit, including fees for unused funds. He shared his recommendation not to secure a line of credit at this time. Carlon asked if other institutions were explored. Kelly shared that only this bank was consulted and that this had been a preliminary exploration. Carlon shared the benefit of having a financial safety net, and the possibility that better terms may be available. Carlon recommended setting up a line with a bank, where payments are only made when funds are used. He continued that an uncollateralized line of credit is difficult to secure when it is needed due to financial need. Carlon offered to continue the discussion with Kelly offline. Kittredge shared that he did not feel a line of credit was necessary at this time, and suggested not using resources exploring a line of credit at this time. Larson suggested that this remain an open item for FIC.

5-minute break

E. Ad-Hoc Committee on Governance Report – No meeting to report on. A meeting is planned for May. Kittredge asked about the agenda of the group. Sidney shared they are updating the Bylaws.

F. Chief Executive Officer's report – Sidney shared

1. Operations Update

- a. Update of Operations, Pre-COVID-19** – Sidney shared departmental updates. She said that business was at a steady volume with some spikes. For Pre-Award side Sidney noted that outreach to campus occurs on an ongoing basis, and shared that internal data was being reviewed to inform planning and communication with campus. In Sponsored Programs staff are working to resolve a significant backlog. In Finance, Sidney shared that operations have made significant improvements. In HR & Payroll work is being done to re-evaluate Independent Contractors to ensure compliance with recent legislation. Sidney shared about the continuing implementation of OneSolution to identify and prioritize issues through interdepartmental collaboration. Sidney shared an update on Human and Animal Subjects Administration, that policies/procedures are undergoing revision and review. Sidney shared that 25/35 Main St. buildings need significant work, and she shared that there is a need for additional office space for central administration. Larson shared about plans to split the Human and Animal Subjects Chair appointment, one Chair for Human Subjects, and one for Animal Subjects. This action was recommended by the current Human and Animal Subjects Chair. Sidney shared that the Animal Subjects position was posted.
- b. Operations in Response to Covid19** – Sidney shared that Russ Wittmeier is serving as the primary CSE representative for the Emergency Operations Center (EOC)

- a. **Shift to virtual operations** – Sidney shared that staff was able to successfully transition to virtual delivery, implementing revised processes and procedures to continue to offer services remotely. She shared that essential personnel have limited access to the office. She shared details of departmental transitions to virtual operations, and the CSE held a virtual town hall to allow for questions from programs. Sidney also shared about positive employee engagement during virtual operation.
- b. **Impacts of shift to virtual operations** - Sidney shared the pre-award activity slowed initially, but is now increasing. Program activity has remained steady and Analysts are working with programs to explore exceptions and extensions resulting from COVID-19. HR and Payroll activity has been significant as it relates to loss of work due to COVID-19, and hiring activity has slowed, but continues for essential functions. Sidney shared COVID-19 impacts on operations updates for Passages, NSPR, the Rural Sim Center, and Gateway Science Museum. Larson shared about increasing faculty interest in and pending plans for resuming research.

c. Technology Update

- i. **OneSolution (Accounting)** – Sidney shared that staff had been working to identify and prioritize issues with OneSolution, with the help of a contracted vendor, Koa Hills. She shared that progress tracking and an identified timeline have aided in the process, and that the first top priority issues were expected to be completed soon.
- ii. **Cayuse (Pre-Award)** – Sidney shared that Cayuse implementation is being approached cautiously to ensure implementation is successful and that OneSolution remains a priority.

d. Office Space – Sidney shared that CSE Central Admin needs additional office space, and that the reorganization resulted in some staff becoming separated from their files, and some sharing small office spaces.

e. Exploring programs to be relocated – Education for the Future, CLIC – Both programs have been asked to relocate, and have been presented with potential office spaces having comparable rent rates. Move out dates have not been finalized. Kittredge asked how much space CSE Central Admin needs. Sidney explained the both spaces would be used, by Admin staff, ITSS staff, centers requesting additional space, improved meeting spaces.

2. Human Resources Update - Wittmeier shared about recent hiring activity, including a new Contracts Officer, and new Accounting staff.

a. Finance Director Search – Sidney shared that the first round of interviews had been completed, and that a series of zoom meetings with the finalists is the next step. She shared that the process should be complete by the June

board meeting.

b. Controller Search – Sidney shared that the Controller job has been posted.

3. Real Estate

a. Possible purchase – 300-350 Salem St – Sidney shared about the potential of purchasing a property at 300-350 Salem Street. Sidney shared that the property is currently occupied, and that its proximity to campus could make it a useful asset. Sidney shared the rent roll for the property. Sidney asked for input and discussion from the Board. Kittredge shared that the property was of interest due to its proximity to campus. Hutchinson shared that the property was of interest as a sound and meaningful long-term investment for the University and CSE, as the property is in good condition, and has available parking. She added that there were ongoing discussions with the City and a private property owner relating to the future use of the 25/35 Main property. Sherman added that in the past the University has considered the purchase of this property, and that the current owner approached the University/CSE knowing of the previous interest in the summer of 2019 and discussions were had with regard to opportunities for use of the property and next steps. Sherman added that there is a steady income stream from the existing tenants if they were to continue occupying the property. Boura asked about how the property fits in to the master plan, and he expressed a need to create a plan for the property if acquisition is to go forward. Hutchinson asked about the City's progress on a feasibility study on the 25/35 Main property. Sherman shared that the item is pending City Council review. Larson suggested that an assessment be conducted to determine if the current owner is still interested in disposition, explore an appraisal, and evaluate the potential of acquiring the property and retaining the current tenants. Boura expressed concern about the optics of acquiring an additional property, as well as the use of staff resources. Sherman suggested the exploration of an arrangement securing the right of first refusal, or similar. Larson suggested that the acquisition of the property for the purpose of generating an income stream could provide improved optics. Sherman shared that Sara Rumiano had previously worked on the exploration of this property.

Motion to task a domain expert or consultant to pursue a range of alternatives that would enable us to determine if we want to pursue an interest in this property. Sidney and Sherman to explore this possibility at an upcoming Board meeting.

(Sherman/Hutchinson)

Motion carried (9/0/2)

b. Proposed sale – 6th and Cedar Railroad Property (lot) – Sidney shared about the vacant lot referred to as the Railroad Property in previous minutes located at 6th and Cedar. She shared that the property does not appear to have the needed proximity to the university for use either by CSE or CSU Chico. She shared that there are significant recurring maintenance issues with the property. Sidney shared her recommendation that the lot be sold. She shared that the lot was purchased in 2003, with the market

value of \$120,000.00, and that it was purchased for \$76,500.00. She shared that a potential buyer has been identified. She asked for the Board's feedback. Kittredge asked how the property was acquired and for what purpose. Hutchinson shared that was an adjacent property the University was interested in, but that she does not see it as being very useful now. She expressed her support in pursuing the sale of the property. Sherman shared that a land lease had been explored previously, as a way of generating an income. Wittmeier shared that there was an interested party. Hutchinson asked that if a land lease is going to be considered it would be helpful for the board to have a greater understanding of the property, its footprint, potential square footage, etc. Boura shared that originally the property was purchased with the intent of building something for the college of engineering, and that the plan was to buy additional adjacent property. Kittredge expressed interest in exploring disposition of the property. Larson added that the recent master planning process completed by Chico State considered this property, but that a use was not identified in the plan. Boura added that unless there is a plan for the property it is a liability, and shared his preference to have cash in the bank. He asked that the property be offered first to an adjacent property owner who is a supporter of the University and had been interested in the property previously. Larson recommended transparency and caution in the pursuit of a sale, considering the University's involvement, and that a realtor may be needed to allow greater participation from interested parties. Wittmeier shared challenges with the property due to its small size, required set-back from the railroad, and zoning. Trethewey expressed interest in disposition. Sherman asked about possibilities to use CSE assets, like this property, for long-term benefit. She asked that any funds from the sale of the property have a pre-identified use, and if there is an advantage to an immediate cash influx as opposed to developing an income stream. Wittmeier clarified that the potential buyer currently identified is a developer that does not have a relationship with the university.

Motion to proceed with exploring disposition of the property, considering both short- and long-term income potential.

(Sherman/Kittredge)

Motion carried (11/0/0)

- G. Eagle Lake Field Station Disposition** Goodsell shared that Sara Rumiano, Rachel McBride and Eli have been working. Had a meeting with Susanville Rancheria. There has been a bit of a snag with BLM to identify the Rancheria as a Federal agency. Relationship with the Rancheria is strong. Timeline may now be extended. Need to determine plans for patrols over the Summer to resolve trespassing issues. Carlon asked if the objective was to gift or sell to the tribe. Goodsell shared the original plan was a sale, following appraisal. BLM may now require purchase of the patent from BLM based on appraised value. More conversations to come. Hutchinson asked if there was legal council on the project. Goodsell shared that counsel had been secured. Hutchinson asked if the BLM interpretations was

local, and Goodsell shared that it was and that the discussion is being elevated.

V. Closed Session at 4:14pm

VI. Adjournment to next meeting scheduled for Monday, June 8 2020, 1:30-3:00pm at 5:03pm.

Respectfully submitted,

Mary Sidney

Mary Sidney, Secretary