

CHICO STATE

ENTERPRISES

Board of Directors' Meeting Minutes

Thursday, December 2, 2021, 9:00 – 11:30 am

MEMBERS PRESENT: Anita Chaudhry, Dave Hassenzahl, Gayle Hutchinson, Bob Kittredge, Tom Lando, Debra Larson, Shane Mayor, Ben Seipel, Ann Sherman, Mary Sidney

MEMBERS ABSENT: Ahmad Boura, John Carlon, Bre Holbert, Angela Trethewey

ALSO PRESENT: Stephanie Bianco Amanda Bullock, Michele Flowerdew, Eli Goodsell, Kristin Gruneisen, Julie Jessen, Vance Kelly, Tod Kimmelshue, Rachel McBride-Praetorius, Dana Pitman, Amie Riesen, Janee Vue, Russell Wittmeier

I. Call to order – Larson called the meeting to order at 9:05 am.

II. Approval of minutes from September 13, 2021

Larson asked that September 13, 2021, minutes be amended to include Mayor and Chaudhry under members absent.

Motion to approve the minutes from the Board of Directors meeting on September 13, 2021 (Lando/Hassenzahl)

Motion carried (8/0/0)

Motion to approve the minutes from the Board Special Session on September 13, 2021

Approval of special session minutes from September 13, 2021

(Lando/Hassenzahl)

Motion carried (8/0/0)

III. Public Comments and announcements – None

IV. Reports

A. Board President's Report – Larson advised that Hutchinson would join the meeting later so the agenda will be revised to allow for the University President's Report to be out of order.

Larson reminded the Board of the Public Service Operating Agreement with CapRadio to provide management services to North State Public Radio (NSPR). Because Chico State

Enterprises (CSE) is the FCC license holder for NSPR, this is a hybrid arrangement. She noted that the FCC license was recently renewed for another eight years. Larson is a member of the CapRadio Board, representing NSPR, and provided some highlights about their most recent board meeting. Jun Reina, president of CapRadio, provided a comprehensive management report reviewing the CapRadio system which includes Humboldt State University, KHSU, and NSPR. He highlighted two of the programming innovations for NSPR, which included a conversation on race conducted by faculty member Dr. Lisa Johnson as well as a remembrance piece around the third anniversary of the Camp Fire. Larson further explained that CapRadio received a grant from the Center for Public Broadcasting to envision what it means to move into the digital transformation program. CapRadio is also doing an audience analysis and developing a business model around that. Larson noted that the partnership between CSE and CapRadio is a healthy and vibrant partnership that is bringing growth and strength to our NSPR markets.

Larson mentioned the status of the search for a Dean of the Libraries, noting that they are in the finalist stage.

Audit Committee Report – Kittredge stated that Kelly reviewed the yearly financials at the September Audit Committee meeting which was prior to the audit's completion. Kittredge noted that the audit went very smoothly this year. Per the Board's authorization, the financials presented at the last Audit Committee meeting became final after the audit. There were no management or internal control recommendations from the auditors. He noted that the audit ran more smoothly than any audit in the recent past. Following completion of the audit, Kittredge noted that the Audit Committee thought it best practice to send out a Request for Proposal (RFP) for auditing firms. Kelly will be submitting that RFP and the Audit Committee will either renew the relationship with Aldrich or select another firm. Hassenzahl suggested that there might have been a pre-set period that the current auditors would be retained. While Kittredge didn't recall a set time frame, he indicated that, in his experience, three to five years is standard practice for reviewing the relationship with a current auditing firm. Both Larson and Kelly concurred with Kittredge's recommendation, noting that it is considered good accounting practice to periodically review auditing firms and do due diligence to assure that the firm is the best fit for the organization. Larson also reminded the Board members of the September 13, 2021, Board meeting and the attorney that spoke about Board members' responsibilities.

Finance and Investment Committee (FIC) Report. FIC met on December 1, 2021, to review the first-quarter financials. Kittredge chaired the meeting in Kimmelshue's absence.

Kelly presented the financial statements covering the first four months of the fiscal year, through October 31, 2021. He noted that in general revenue and expense line items are

where he would expect them to be at approximately one-third of the way through the fiscal year. Expenses were reviewed line by line. Hassenzahl asked if the *Other* line item would be broken out further to help identify what revenue is included in the category. Kelly explained that he does provide verbal detail to the Board and Committee members and would be happy to provide additional detail when needed. Hassenzahl also asked why the *Wages and Salaries* line item was lower than budget. Kelly explained that it was due to staff turnover and that he expected those to level out once those positions are filled. Sidney also noted that, when there are vacancies, it is standard practice to hire replacements at a higher salary.

Kelly reviewed the CSE Statement of Net Position as of October 31, 2021 (Balance Sheet). He mentioned that the *Cash and investments* line item appears to have changed by \$15M but that amount relates to short- and long-term investments which are broken out into individual funds for audit purposes. Kelly also indicated that his department has been focusing on accounts receivable collections over the past couple of years to assure that invoices are being paid timely. The positive results of those efforts are shown on the balance sheet. Total assets are down by approximately \$1.2M as compared to fiscal year-end. Total liabilities have decreased by approximately \$1.6M since fiscal year-end, resulting in a total net position that had a positive impact of approximately \$300K.

Kelly reviewed the CSE Statement of Revenue, Expenses, and Changes in Net Position (Profit and Loss Statement) through October 31, 2021, beginning with Revenues and other support. He stated that grants and contracts are CSE's largest source of revenue. He reported positive auxiliary sales activity despite the loss of North State Public Radio (NSPR) income. He noted that most of the investment activity is unrealized gains. Total revenues and support stand at approximately \$14.6M. He reviewed expenses which totaled approximately \$14.3M. He briefly reviewed transfers, which always net to zero. He concluded that CSE's net position ending was approximately \$33.3M year to date. Larson asked if Kelly has any concerns. Kelly replied that, with the newest COVID variant, CSE could potentially be impacted by the inability to provide services or collect administrative revenue for those services.

He noted that a government budgetary shutdown would be a huge concern. Kelly also stated that it is currently an employee's job market based on increasing virtual options for employees, driving wages up to keep qualified talent. The minimum wage is increasing again at the beginning of the year as well.

Kittredge mentioned to Larson that the FIC is a five-person Committee and is currently short one committee member due to Annabelle Grimm's departure. Sherman replied that she and Seipel will arrange to meet with Sidney to discuss how best to fill vacant board and committee positions.

Larson expressed her appreciation to Kelly and his team for doing a great job cleaning

up the financials from where they were at CSE's inception.

Lando inquired whether former Committee member, Annabelle Grimm, would be able to participate as a community Board member despite her departure from CSU, Chico. Larson indicated that there are discussions taking place about that topic.

Lando asked that both a virtual and in-person option be available for all meetings going forward.

Larson noted that President Hutchinson has joined the meeting so the group will move to the University President's announcements agenda item.

Report of the University President - President Hutchinson thanked both veteran members and new Board members for their hard work. With the new Director of Enrollment and Admissions, Hutchinson has high hopes that enrollment will grow. This will be contingent upon how the university handles the pandemic and the newest Omicron variant. She indicated that the university is handling the pandemic very well, with a 98% vaccination rate for students and 97% for staff vaccinations. She noted that only 15-20 students were disenrolled for the fall semester due to a lack of vaccination. In the spring, she anticipates continuing to follow state and federal guidelines and staying in close touch with the health department. She expects a positive spring semester and hopes for 70% or more of course offerings to be in person. The pandemic management team is having discussions about summer programs and ways to bring people back on campus safely.

Hutchinson shared details about the ongoing national recruitment effort in search of a Vice President of Information Technology and Chief Information Officer, and today, she delivered a charge to hire a Vice President of Student Affairs where there has been an interim in this position for some time. Hutchinson expects to have that position filled by the spring semester, of 2022. Additionally, in the spring, there will be a search for a permanent Chief Diversity Officer. Organizationally, the Chief Diversity Officer position has recently changed, now reporting to the university president, with a dotted line to Student Affairs. Hutchinson believes that the successful candidate will be beneficial in helping the university to achieve its equity, diversity, and inclusion goals. She mentioned that Sherman has information about a search for the police chief position and hopes to fill that position soon as well. Hutchinson shared her enthusiasm and pleasure with the new and refreshed marks and identity of CSU, Chico, noting that CSE will follow the CSU, Chico identity framework.

Lastly, Hutchinson mentioned that the University will be pursuing the Seal of Excellencia, a process that assists institutions in truly serving their historically underserved student communities. That will serve as not only a positive admissions tool but a badge of prestige.

With the CSU and UC admission applications deadline being this week, Kittredge asked for anticipated admissions numbers for the fall semester. Hutchinson has a meeting scheduled with enrollment leadership scheduled to discuss admission numbers, noting that many CSU campuses are experiencing a decline in enrollment. Hutchinson is strongly encouraged that AVP of Enrollment Management, Jerry Ross, is working to improve processes to improve admissions yield. As a result of the pandemic, Hutchinson stated that it has really encouraged the university to be flexible with how we offer classes and activities. It has created opportunities for conversations about how the university can create different ways for students to pursue academic degrees, competencies, and credentials.

CEO Report – Sidney asked Board members to discuss their meeting format preferences: virtual, in-person, or a hybrid model. Hassenzahl noted that, if we intend to go with a hybrid model, it might be beneficial to have someone who is trained in this meeting method help run the first few meetings, noting that CSU, Chico faculty received extensive training to enable them to lead classes and meetings in the hybrid format. Seipel offered to assist with this as he has undergone the training. He will meet with Sidney to discuss this further. Larson agreed that Seipel’s assistance would be beneficial and that securing a suitable meeting room would be important as many meeting rooms are poorly suited for hybrid meetings. Seipel mentioned that there are meeting rooms that could work but will have space limitations. Kendall 103 may be an option. Because these meetings are open to the public, Hassenzahl mentioned that it would be important to be aware of space limitations for future meetings where members of the public may attend. Larson recommended that, if suitable rooms aren’t available for a hybrid meeting environment, fully virtual meetings would be her preference. Mayor noted that the new science building has beautiful facilities for this purpose. Hutchinson mentioned that some of the rooms have high technology, where the cameras follow the speakers as they speak. Larson suggested the possibility of using residual HEERF funds to outfit meeting space with the appropriate technology for hybrid meetings. It was concluded that Board meetings will be held remotely for the time being and that hybrid meeting options will be researched further. No vote was held on this topic.

As a follow-up information item, Sidney referred to the Directors and Officers liability coverage worksheet provided in the Board packet. She noted that all auxiliaries in the CSU system have insurance coverage through CSU RMA (Risk Management Association). The policy provides coverage for errors and omissions as well as wrongful acts with a coverage limit of \$50M.

Sidney invited Wittmeier to provide an update about recent changes to the CSE employee benefit plan structure. Wittmeier briefed the Board and shared slides that illustrated the concerns that many employers have around benefit offerings, specifically health insurance benefits. He noted healthcare costs have increased annually with all insurance carriers. After considerable research of available options and bids from

several companies, a self-insured model was selected. Wittmeier noted that self-insured plans are not a new idea and several large employers in the area offer them. Self-insured plans provide employers the opportunity to control healthcare costs and perhaps even reduce premiums and share cost savings with plan participants. There are premiums for standard coverage, pooled risk, and reinsurance over a specific dollar amount. He anticipates that this model will reduce premiums for employees without decreasing employee benefits. Wittmeier said that coverage enrichment is also a possibility. If our human resources team discovers that there are claims that aren't consistently being covered under the current plan, it's possible to modify the plan in the next plan year to include additional benefits. The self-insured program allows the employer to be much more proactive about customizing the plan. This was a necessary step to retain and recruit new employees. Wittmeier explained that the risk pool is spread out over a very large pool, which disburses larger claims over a wider group, mitigating risk.

Sherman commented that Associated Students (AS) was self-insured for a time, but had some catastrophic claims, requiring that they revert to a traditional health plan. Sidney stated that the plan will be monitored due to the dynamic environment. Referring to the Associated Students' self-insured plan, Wittmeier said that CSE avoided that plan after learning about the challenges that AS experienced. Sidney offered to provide updates to the Board at future meetings as the new plan and associated data unfolds. Larson asked about the options for revision to the plans. Wittmeier explained that any changes must be done annually. He also noted that it could take time to realize cost savings in the self-insured model, perhaps a five-year horizon.

Sidney apprised the Board of the Chancellor's auxiliary audit taking place in January 2022. In this audit, the two primary areas under examination will be compliance and internal controls. They will review operating agreements, board minutes, budget, and risk management, amongst other areas. Kelly is the liaison to the Chancellor's office and will make any requests needed.

Sidney touched briefly on a new program development opportunity. Governor Newsom announced a \$15B funding opportunity that involves mitigation of climate change and building climate resiliency. Sidney noted that the opportunities cross many colleges, departments, and capabilities within the Chico State campus community. Strategic planning meetings have been and continue to be held to determine plans of action. She also noted that she is connected to the Chancellor's Office of the Chief Research Officers across the CSU system, so there is coordination not only at the local level but at the CSU system-wide level as well. She will keep the Board apprised as this project progresses.

Lastly, Sidney mentioned a real estate development exploration with the City of Chico. Sherman noted that Chico State was approached about 2 ½ years ago regarding the parking and office space for the 25/35 Main Street locations. Wittmeier shared that the

City of Chico is interested in the possible redevelopment of the area between the 25/35 Main Street, from Esplanade to Sierra Central Credit Union, nicknamed Lost Creek. A cooperative has been formed and will begin in January 2022 to submit Requests for Qualifications (RFQ) for potential firms wishing to help with the planning and design concepts. Proposals will be due by March-April 2022. The intention of this development is to clean up the downtown area and develop the area to improve the downtown Chico experience.

Hutchinson shared that she is excited about this project. Tom DiGiovanni brought plans to President Hutchinson for a similar idea that was done 10-15 years ago. Hutchinson met with Mark Orme, Chico's City Manager, and mentioned that the city, the downtown businesses, and the University have been looking at these properties and their footprint for several years. The city has always had a plan to create a border to the downtown area and to beautify it. Hutchinson's encouragement to the Board is that the Lost Creek area is one of the most beautiful areas of Chico and has never been celebrated as such. This is an opportunity to celebrate that area of Lost Creek. She suggested that it is important for this assembled group to think about the vision for CSE and CSU, Chico, and how we might utilize a newly designed space to accommodate our interests in research development, creative thinking, etcetera. She believes this is an outstanding opportunity to partner with the city and the downtown businesses. She acknowledged that there will be some challenges, also noting that it would be beneficial to get a design for the project as it has been a long time in the making. Sidney relayed CSE's excitement about this project as well and noted that CSE is postponing any significant building improvements given the impending development of 25/35 Main properties. Because these are community improvements, Hutchinson suggested that there may be funds available that the city and downtown businesses could apply for to assist with building improvements. Sherman indicated that the funding will be solely from the developer with the possibility of a land lease agreement for the 25/35 Main properties. The financing would be covered by the developers with a timeframe on the lease, which typically runs between 30-50 years. There would be no financial outlay by CSU, Chico, or CSE other than the initial proposal development. Hutchinson indicated that, while a land lease is a good option, she would like to keep other options open as well. Larson mentioned that there will be expenses incurred in relocating CSE and the functions included within those buildings. Hutchinson suggested that the group needs to think strategically about the possibilities. There may be room for CSE in the new development and she encouraged further meetings with Larson and Sidney to discuss.

Wittmeier noted that, with the current pandemic, this is a great opportunity for CSE to pivot because it is incurring overhead that it may not require in the future. Current building occupancy is at approximately 10-15% because of remote work due to the pandemic. Hutchinson agreed that this could be a way to reduce overhead expenses and encouraged further collaborative conversations. Wittmeier suggested having a retail space for the community services that it offers. He mentioned a farmer's market-type of

interior space where the Chico State Farm or the meat department, as examples, might have their products, and where visitors could visit and view/purchase wares. The Board will be apprised as this further develops.

Sidney introduced Stephanie Bianco, Associate Professor in the Nutrition and Food Science Department, as well as one of the directors at the Center for Healthy Communities (CHC). Bianco introduced her associates and co-presenters, Kristin Gruneisen and Amie Riesen, who shared a detailed presentation for the Board about CHC. Gruneisen discussed CHC's current priority areas and strategies. Riesen reviewed CHC's operating budget and contracts and explained that CHC holds the primary contract for low-income college students, teaching college students how to purchase and prepare healthy foods. Bianco reviewed CHC's CalFresh outreach contract activities, partnerships, and impact. CHC has helped California generate at least \$133.4M in economic activity. Larson thanked Bianco and her team for their excellent presentation and for helping the campus to understand the extensive and critical services that CHC provides to our student population.

Hassenzahl noted that, when he was a student, he was unaware of how many students dealt with food insecurity issues. He expressed appreciation for Bianco and her team and the critical services they provide to students. Chaudhry agreed that the work CHC is doing is incredibly important and the economic impact is grossly underestimated. She mentioned that there are faculty in the Economics department who could help, and she offered to introduce Bianco to those resources. Hutchinson asked if CHC has been able to find suitable office space on campus. Hassenzahl indicated that they may have found space and will communicate with her and Bianco on that topic. Larson wants the Board to recognize that, with CSU, Chico's help, Chico State Enterprises is now an organization that is operating in a strong and much more functional manner than the previous organization, thereby enabling the excellent work that CHC is doing. Bianco sincerely thanked Sidney for her leadership and expressed her sincere appreciation for the help that she has provided to CHC.

Non-Board members were excused for a closed session.

The public portion of the Board meeting adjourned at 11:17 am.

The next Board meeting will be held on March 10, 2022.



Mary Sidney, Secretary