



## Board of Directors Meeting Minutes

Tuesday, March 28, 2023, 1:30 – 4:30 pm

Kendall Hall Room 207

<https://csuchico.zoom.us/j/89595529258?pwd=Q1RPcHR6S0J2dGRTRk5WbHNkemVMdz09&from=addon>

Telephone: US: +1 669 900 6833

Meeting ID: 895 9552 9258

Passcode: 771859

**MEMBERS PRESENT:** John Carlon, Kristen Chatham, Anita Chaudhry, Dave Hassenzahl, Gayle Hutchinson, Bob Kittredge, Shane Mayor, Steve Perez, Ben Seipel, Ann Sherman, Mary Sidney, Angela Trethewey

**MEMBERS ABSENT:** Ahmad Boura, Tod Kimmelshue

**ALSO PRESENT:** Michele Flowerdew, Eli Goodsell, Julie Jessen, Rachel McBride-Praetorius, Dana Pitman, Liz Squire, Tom Wilder, Russell Wittmeier

- I. **Call to order** – Perez called the meeting to order at 1:34 pm.
- II. **Approval of minutes from December 15, 2022**  
**Motion to approve the minutes from the Board of Directors meeting on December 15, 2022 (Kittredge/Hassenzahl)**  
**The motion was carried unanimously (9/0/0)** Chaudhry and Seipel arrived after this vote took place.
- III. **Public Comments and Announcements** – None
- IV. **Reports**
  - A. **University President's Report** – Hutchinson shared that Choose Chico Day occurred on March 25. This is the first time that this event has taken place since 2019 due to the pandemic and it created an energetic feel on campus. Over 3,000 prospective students attended and over 1,000 students committed to enrolling at Chico State. 2018 had the highest enrollment at 17,800 students. As of today, we have just over 13,000 students enrolled. The Chancellor's Office will be taking state monetary allocations back if we don't increase enrollment over the next year, so narrowing that enrollment gap continues to be a top priority. Hutchinson welcomed our interim provost, Steve Perez, noting his impressive credentials as previous interim President of San Jose State and provost at Sacramento State. She also noted that the university has hired a new Chief Diversity Officer, Dr. Joseph

Morales. This is a new administrator position that sits on the President's cabinet. Lastly, VP, Ann Sherman will be departing the university in April. She has taken a new position in Colorado and Hutchinson wishes her well. There will be an interim VP of Business and Finance in place to help the university transition to the new incoming President and the person filling that position will be announced to campus next week.

**B. Board President's Report** – Perez began by noting that he feels exceptionally privileged to join the Chico State ranks as the interim provost. With the significant enrollment and budget challenges, the university faces multi-million dollar budget deficits and holes that will need to be filled in the coming years. He noted that the staff and faculty here seem to be willing to put in the hard work needed to overcome these challenges. He applauded Sidney's efforts, with the transition from the previous CSE organizational structure to the current one. He reiterated the enrollment and related budget challenges that Hutchinson referred to, noting that the plan is to funnel budget funds away from schools that are not meeting their enrollment targets to schools that are. Chico State's goal is to be successful at telling our story to prospective students around the state to encourage them to attend here. He also shared that there are over one million students north of Sacramento that have some college but never attained a college degree. Many of them cannot attend in person. We want to provide degree-completion options to those students. Chico State provides its graduates with the lowest average student loan debt compared to any other school in California and the fifth lowest across the country. Fundraising campaigns have been implemented to increase the revenue stream from that area. College deans are restructuring how courses are offered to provide excellent education and access, but also fit into the budget and he applauded their efforts.

**C. Finance and Investment Committee Report**

**1. Review of Year-end Financials through 01/31/2023** – Sidney noted that Kelly is unexpectedly unavailable, so it was decided to forego the presentation of the financials in his absence. Kittredge noted that the Finance and Investment Committee (FIC) met last week and had a robust discussion. He noted that there weren't any significant changes since the last board meeting. Trends and budget are on target for the period ending January 31, 2023, and there were no surprises in the reported financial statements.

**2. Financial Dashboard** – Sidney shared a Financial Dashboard that she has developed with feedback from the FIC as a quick visual tool for use by FIC and the Board. This dashboard is intended to allow members to quickly see how the organization is doing on important key metrics and trends. She will track this month-by-month, comparing that month to the same time, the prior year. She shared a chart called Direct Costs vs Indirect Cost Recovery, showing indirect cost recovery rate trends over the past 3 fiscal years in a downward trend starting in 2020. This chart illustrates direct vs indirect cost recovery (IDC) year-over-year for YTD 01/22 vs. 01/23, which showed an upward trend in the IDC recovery rate from 10.7% to 13.1%. This is good news and will be watched closely to see if it continues in that direction. For the purposes of IDC recovery rate analysis, Sidney noted that she uses 13% as the break-even amount (based on her prior research and communications with other sponsored program

auxiliaries). When we dip below that 13%, we are dipping below our actual costs of doing business. There was some discussion about the benefits of month-to-month vs. quarterly detail and how a monthly report might not show the bigger picture because of the variability of when grants/contracts, income, and expenses come in. Sidney shared that she is working on data for these same reports by college. Finally, she shared a Proposals/Awards (in \$M) chart that shows that awards increased \$15M, from \$30.5M to \$45.6M. These data visually illustrate that staffing levels must be increased to meet the workload demand. She noted that this is the first iteration of this dashboard and welcomes feedback on any additional detail that the members would like to see.

- 3. Update on F&A Recovery Alternative Strategies** – Sidney provided an update on the status of this topic, noting that she presented her findings to the Board at the December 2022 meeting. She noted that direct costs had increased significantly, over 30% over two years, and cost recovery was not increasing at anywhere near that same rate. She took a deep look at the cause of the decrease in recovery rates, noting that it was due primarily to the growth in the three primary centers (Passages, Center for Healthy Communities, and the North State Planning and Development Collective). Because of the scale of these centers, she has been working with them on alternative strategies around cost recovery and noted that these efforts are already producing improvement. We are currently looking at the possibility of direct charging for some staff members because of each center’s significant reliance on and heavy volume of activity to CSE staff. She has identified that there are three staff members whose time is dedicated almost exclusively to the centers. She noted that, when staff are dedicated exclusively to a program, it no longer meets the definition of F & A or indirect costs. It becomes a direct cost. So those programs need to cover those costs. She has had ongoing conversations with center directors, reviewing their budget plans and determining how to incorporate direct charges for CSE staff into their budgets. Sidney also shared that the centers have, at times, been able to negotiate higher recovery rates with the sponsors as well. Carlon asked if there is anyone at CSE who specifically manages the F&A and how to negotiate rates/terms. Sidney explained that, with many sponsors, they have a specific rate established. Federal grants are typically non-negotiable. She explained that CSE uses an external firm, Maximus, to evaluate our current F&A rate and takes their suggestions for rate increases to the Department of Health and Human Services for consideration.
- 4. Update on Facilities Use Fees** – Sherman provided some information about facilities use fees, recapping that an error was discovered four years ago in the 3-year agreement between CSE and the university regarding facilities use fees. That was resolved when Sherman accepted the amount that CSE had anticipated paying that year. The second year, she accepted half payment. In year three, she used the pandemic as an explanation to forego the fees given that the campus was closed. We are now in year four and Sherman has reviewed the proposals sent to her by Sidney but has not met with the university president to discuss them and is not formally presenting them to the Board today. Trethewey asked for clarity about the campus’ policy about

facilities use fees with CSE and what they mean to F&A and indirect distributions. Sherman responded that this policy is available in the integrated CSU manual for administrative procedures.

- 5. Board Resolution to Update Authorized Account Signatures** – Sidney was pleased to share that CSE recently hired a new controller, Karen Franks. Therefore, the resolution before the Board is to modify the original resolution from the previous controller to her replacement. Hassenzahl asked if we could update our policy for resolutions to include positions, rather than people. **(Hassenzahl/Mayor) The motion was carried unanimously (11/0/0)**

#### **D. Audit Committee Report**

- 1. Report of Chancellor's Office Audit Findings** – Audit Committee Chairman, Kittredge, provided a brief update, noting that the Board had previously authorized the FIC to finalize the financial statements audit for the year ending June 30, 2022, and those were sent to the Chancellor's Office on time. There were no major problems with the audit, internal accounting controls, or procedural issues. There were some staffing issues with the external audit, as the staff was also managing the Chancellor's Office audit at the same time. He noted that there were no major findings on the Chancellor's Office audit and there were only a few minor recommendations made by the auditors. Sherman added that there are two open cash handling issues with the CSU audit: getting updated point-of-sale equipment and having standard cashier training, both relating to cash at the University Farm. The auditors need evidence of this training and the updated policies and procedures related to it. Staff are working on the audit response which will be submitted for a 5/31/23 deadline.
- 2. Report of External Audit for FY2021-22** – Kittredge referred to the discussion at the prior Board meeting, recapping that CSE had a clean external audit with no internal control issues or audit findings. He noted when there are audit findings, the following year's audit is often lengthier and, thus, more expensive. This clean audit is beneficial in many ways. He thanked Kelly and his team for their hard work.

#### **E. Governance Committee Report**

- 1. Vacant Seat for Community Member** – Sidney noted that Tom Lando has resigned from his Board position. Therefore, we are looking for a new community member to fill that seat. Perez requested a Board conversation about what types of qualities and expertise the replacement community member should possess.
- 2.** The former Provost, Larson, had requested that the Board evaluate Board and Committee member appointment terms and especially the community members, as we have several members whose terms are up for expiration in the next six months. The Governance Committee will review this at their next meeting. Hutchinson suggested that a new committee member could be part of the Mechoopda Tribe.

## F. CEO Report – Sidney

1. **New Staff Resources** – Sidney was pleased to provide an update on CSE staffing, noting that we are bringing on two accounting technicians, a payroll technician, a purchasing manager, and the controller. She noted that these additions will be game-changing; in particular, with the purchasing manager and the controller. These were functions where we have experienced many bottlenecks in the past, with too many activities being handled by a single manager who was unable to keep up with the increase in workload due to the significant growth.

**Feedback – Financial Forum and others – CSE Action Plan** – Sidney shared that she recently became aware of an open forum hosted by the university’s business and finance division. During this forum, there were concerns and criticism about CSE’s processes and transactions. In response to those concerns, she noted that we will be having our own open forum during the first week of April. This forum will allow us to learn from our campus constituents what their pain points are and what we can do to better serve them. This will be followed up with workshops on topics that we identify will be useful to our constituents. We have also recently hired 3 student assistants who are doing substantive, meaningful work for the organization. An internship program to educate and grow analysts is under consideration as well as these are highly specialized and thus, very difficult positions to fill. Sidney also mentioned that CSE has recently introduced the Avaya phone system to allow its employees to be more readily available to its constituents.

2. **Financial Systems Transition/Upgrade** – Sidney shared that CSE is undertaking another financial systems upgrade, converting the current system to a web-based platform, which she expects to go much more smoothly than the one done in 2018. She expects the upgrade to provide additional functionality.
3. **City of Chico Development Project Status** – Sidney noted that the City of Chico’s recently hired consultant is still doing their marketing analysis. Sherman added that they are looking at local rental rates and the market’s economic forecast and determining the type of square footage return a developer might be able to receive on that piece of property so that we can position it correctly for the right kind of development. Hutchinson asked if the recently shuttered 7-Eleven and the empty lot behind it might be considered as part of this project. Sherman answered that yes, this is a possibility, as is the property currently owned by Sierra Central Credit Union.
4. **Annual Conflict of Interest Certifications** – Sidney reminded everyone of the annual conflict of interest certification forms that were sent out electronically for review and signature.

- V. Mary introduced Eli Goodsell, Director of the Big Chico Creek Ecological Reserve (BCCER). She also noted how impressed she continues to be with the depth and breadth of work and external

partnerships that Goodsell has initiated and is now managing. This has included significantly increasing external funding for programs and opportunities for CSU, Chico's students. Of note, Cal Fire has already invested \$1M in BCCER's programs. They want to establish a prescribed fire training center in California and are considering Northern California as a hub for that center. Hutchinson congratulated Goodsell on his continued and unprecedented success as the leader of this program. She also commented that there are opportunities for Chico State to interface with the Forest Service, Cal Fire, and the Bureau of Land Management (BLM) on wildfire prevention. She encourages faculty to align curricula to further develop their majors and perhaps increase their enrollment potential around the programs. Goodsell shared that his Interdisciplinary Wildland Master's degree program is working on its fourth cohort and, five weeks in advance of the application deadline, already has more than doubled the number of grad students in previous cohorts. He noted that there is significant opportunity for growth in undergraduate programs as well.

Goodsell provided a very informative presentation about the growth of BCCER's programs and operations. At the presentation's conclusion, he requested approval from the Board to transfer the Eagle Lake Field Station to the Susanville Indian Rancheria. A few years ago, a Board subcommittee was tasked to review all the field stations and make recommendations about their disposition. The Board made a recommendation to pursue the disposition of the Eagle Lake Field Station. After considerable research and requests for proposals to institutions of higher education and other entities, it was recommended that the Eagle Lake Field Station be transferred to the Susanville Indian Rancheria, including all encumbrances and items on the property. Goodsell has worked with state and federal legislators to overcome several roadblocks to this transfer and has been successful in these endeavors.

- G. A motion was made to transfer the Eagle Lake Field Station to the Susanville Indian Rancheria, including all encumbrances and items on the property.  
(Carlton/Hassenzahl)  
The motion was carried by a majority with one abstention (9/0/1) (Seipel abstained)**

- H. The Board meeting adjourned at 3:59 p.m.**

**The next Board meeting date is Wednesday, May 24, 2023, 1:30 – 4:30 p.m.**

Respectfully submitted,

  
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Mary Sidney, Secretary