



Board of Directors Meeting Minutes

December 13, 2023 9:30 am – 12:30 pm

BMU 309

<https://csuchico.zoom.us/j/81147524490?pwd=R0FwU2ozWCtycUNvYXFZRCtUTnAvdz09&from=addon>

Telephone: US: +1 669 900 6833

Meeting ID: 811 4752 4490

Passcode: 545465

MEMBERS PRESENT: Ahmad Boura, John Carlon, Kristen Chatham, Jamie Clyde, Dave Hassenzahl, Tod Kimmelshue, Bob Kittredge, Terence Lau, Shane Mayor, Steve Perez, Ben Seipel, Mary Sidney, Angela Trethewey

MEMBERS ABSENT: Anita Chaudhry

ALSO PRESENT: Joel Chan, Michele Flowerdew, Karen Franks, Eli Goodsell, Pam Hollis, Julie Jessen, Vance Kelly, Rachel McBride-Praetorius, Adrienne McGraw, Cole Morales, Dana Pitman, Susan Podesta, Russ Wittmeier

- I. **Call to order** – Lau called the meeting to order at 9:40 am.

- II. **Approval of minutes from September 25, 2023**
 - A. **Motion to approve the minutes from the Board of Directors meeting on September 25, 2023**
(Kittredge/Kimmelshue)
The motion was carried unanimously (12/0/0)

 - B. **Motion to approve the minutes from the Board of Directors meeting on November 22-29, 2023**
(Kimmelshue/Trethewey)
The motion was carried unanimously (12/0/0)

- III. **Public Comments and Announcements** – None

- IV. **Reports**
 - A. **University President's Report** – University President Perez provided an update, sharing that this semester's enrollment has increased by one percent compared to last school year. Projections for Spring are down from last year, but up overall. Compared to the CSU system in general, Chico is doing well and is one of only 3 universities for whom

enrollment has improved. He traveled to Susanville, as sis Sidney, for the land transfer of Eagle Lake to the Susanville Rancheria. This transfer took an act of Congress to make it happen, which could potentially make these types of tribal transfers possible in the future. He shared that there was a cultural burn on campus last week and there was a new law written to allow cultural burns on campuses. Kittredge asked at what point the university takes a budget cut due to enrollment. Perez explained that any campus that is 10% or more below their FTES (full-time equivalent student) target will get a 5% budget reduction.

B. Board President's Report – Provost Lau provided an update, sharing that student enrollments are much higher than student commitments. He believes that telling the story of why Chico State is better than other universities will help to turn those applications into commitments. Chico State is also reviewing its overall curriculum to ensure that our program portfolio resonates with students. 68% of students are enrolled in 20 majors and Chico State offers 150 majors. Lau shared that there were some problems last year with research compliance. He expressed thanks to Sidney and others for their efforts with the Office of Laboratory Animal Welfare (OLAW) in working toward a resolution. He noted that the structure for research compliance is changing with a special Senate session tomorrow to pass the remaining executive memoranda. This would institutionalize 3 required committees on research compliance as well as a 4th one in the Spring that will deal with faculty research integrity. Lau also shared news of a new nonprofit in town that wants to build a Honeybee Discovery Center. With money from the state, the university is building a new facility at the Farm this summer, and Hassenzahl and the leadership team are discussing how to position this honeybee project in conjunction with that. One idea is to carve out some CSE-owned farmland and lease it to this organization. Lau mentioned that Cap Radio continues to struggle. At a board meeting this week, they will appoint the statutory minimum number of board directors which Cap Radio has been without since the mass resignation of board members earlier this Fall. Once a fully constituted board is in place, that board can move forward to work on shoring up the organization. He noted that North State Public Radio (NSPR) is still doing pretty well, despite the Cap Radio issues. Fundraising efforts continue to be positive in our area. Both Chico State and Cal Poly Humboldt are affiliated with Cap Radio and have seats on the Cap Radio board.

C. Finance and Investment Committee Report

1. Review of Year-end Financials through 10/31/2023 – Kelly reviewed the financial statements for the benefit of the Board, first reviewing the General Fund Combined Budget to Actual through October 31, 2023. He shared that indirect cost recovery ended the period at \$1.9M. Investment income ended the period at \$307K. Total revenue was \$2.5M and 37% of budget. Wages and benefits are on target at \$1.6M. Office operations ended the period at \$87K. Other contract services are 84% of budget. Audit services were paid during this period which skews this number upward somewhat. Total expenses ended the period at \$2.2M or 29% of budget. He noted that he has added an unrealized gain/(loss) line as a separate line not included in the totals. Through the end of the period, there was a loss of \$586K, showing a change in the fair market value of our investments.

Kelly reviewed the Statement of Net Position as of October 31, 2023, sharing that cash and investments ended the period at \$18.3M, a change of negative \$991K year-over-year (YOY). Accounts receivable was \$9.8M, a decrease of \$3.2M, due to the diligence of accounting staff in staying on top of billing those receivables. Capital assets net ended at \$11.1M, an increase of \$2.2M. Total assets ended the period at \$40.9M, a change of negative \$1.3M YOY. Accounts payable ended at \$925K, a decrease of \$462K YOY. Unearned revenue was \$5.2M, an increase of \$1.9M. Total liabilities ended the period at \$12.6M, an increase of \$1.2M YOY. Net position ended October at \$28.1M which showed a decrease of \$2.5M over the prior year.

Kelly reviewed the Statement of Revenue, Expenses, and Changes in Net Position through October 31, 2023, showing the changes in individual funds year-to-date year-over-year. Grant and contract revenue increased by \$895K YOY. Investment activity showed a net effect of a loss of \$125K YOY. Transfers from CSU, Chico decreased by \$282K. Transfers from other auxiliaries showed a positive increase of \$241K. Total revenues and other support ended the period at \$15.1M, an increase of \$747K over the prior year. In the expenses category, he shared that salaries and wages increased by \$1.3M with a related increase of \$297K in employee benefits. Faculty and student support increased by \$2.2M YOY due to a significant increase in programs offering student stipends. Contract services have decreased by \$302K. Equipment and IT increased by \$179K YOY. Total expenses were \$18.6M, illustrating a \$3.7M increase over the prior year. Net position ended at \$28.1M, showing a decrease of \$4.3M over the prior year.

Kittredge asked about the perception of CSE's campus stakeholders regarding CSE's increased staffing and other recent process improvements. Trethewey shared that the move to improve staffing has been deeply appreciated. However, some challenges still arise with student payments and stipends. Hassenzahl noted that students who do summer research are having issues receiving stipends. There is also faculty frustration around purchasing as well as PIs not knowing what to do despite having received some initial training. Boura shared that donors have similar issues with donating services or monetary awards to students while coordinating with Financial Aid restrictions. Trethewey suggested that the financial aid cap might need to be revised and, while that is established at a federal level, some degree of local advocacy could be considered. Sidney shared that there is a Student Payments Forum later today, which is a collaborative effort between Chico State Enterprises and the Financial Aid and Scholarships Office (FASO). She hopes this forum will begin to address the changes in federal regulations as well as to provide online tools so that PIs and staff can understand how to process student payments appropriately. She also noted that the negative feedback about how long CSE's processes were taking and staff availability for assistance have diminished significantly. Chatham suggested sending out customer satisfaction surveys. Carlon echoed the survey sentiment, noting that direct quantifiable feedback from faculty and staff would help CSE understand where it should focus its efforts. Sidney agreed and shared that she has spoken with four firms about employee engagement as

well as stakeholder satisfaction surveys. She hopes to identify the final firm in the coming month. Perez shared that the Free Application for Federal Student Aid (FAFSA) form is under revision and is currently delayed. It won't be available to current or prospective students until the end of December, meaning it will be impossible to calculate the estimated cost of attendance, family contribution, or financial aid until that is resolved. There is a work group within the Board of Trustees that is working on simplifying and writing guidelines around these calculations as, currently, every campus calculates financial aid and cost of attendance differently. Boura commented that there is a lot of confusion about which accounts are related to financial aid, which are CSE accounts, and which are university foundation accounts. He opined that additional education for campus stakeholders could help alleviate some of that confusion.

Mayor asked about CSE's average indirect rate and whether it is estimated that a distribution will be made to campus. Kittredge responded that this information is illustrated on the financial dashboard in the packet, showing a current effective recovery rate of 13.28%. This is an improvement over the past couple of years, due to Sidney and her staff's efforts. Sidney added that she estimates a distribution to campus though it may not be a large amount. Kelly added that each contract carries its own indirect rate with rules and restrictions, so the indirect recovery can vary significantly from contract to contract. Boura asked what the ideal cost recovery amount would be for CSE, now, and for the next 3 to 5 years. Sidney shared that it's too early to accurately evaluate that question. She is planning the recruitment of a professional buyer for CSE, which should reduce some of the time-intensive processes at the PI level in the future. Another facet of growth and estimated cost recovery outlook is working with tribes and tribal nations. CSE is currently working with some tribes and hopes to learn more about tribal nations and how to work collaboratively with these groups.

2. **Facilities Use Fee Update** – Sidney provided a brief update, noting that there has been progress on finalizing this issue. We are waiting to receive in writing what the transfers will be for prior years. The new pending agreement will honor the \$206k placeholders for the two prior years. Going forward, there will be no fee while the university assesses its costs, rationale, and supporting documentation. There's an uncertain piece about the funds that were provided as part of the startup of CSE that was for 3 years with the possibility of renewal for up to 5 years. That will stop after 4 years.
3. **Review of Financial Dashboard** – Discussed earlier in the meeting.

D. Audit Committee Report

1. **RFP for external audit firm** – Kittredge shared that the Audit Committee has approved sending out RFPs to evaluate the possibility of hiring a new audit firm vs. continuing with our current audit firm. He noted that the Chancellor's Office has a list of approved accounting firms. Kelly submitted RFPs to 4-5 firms and, of

those firms, a couple declined. He shared that we currently have 2 good proposals and the Audit Committee will make a selection at an upcoming meeting.

E. Governance Committee Report

- 1. Amended Bylaws** – Sidney shared that the Governance Committee met and discussed Board member appointment terms. As a result, there was a recommendation to the Board for the proposed approval of our Bylaws which was passed at the last meeting. The revised Bylaws now reflect maximum terms of 6 years. Sidney will reach out to individual members as to their preference for renewal of their membership.

F. CEO Report

- 1. Resolution FY24-01 to Transfer Property at 380/388 Orange Street to Chico State** – Sidney shared a draft resolution with the Board, explaining that this resolution is required by the title company to complete the transaction. This property is currently under CSE’s ownership title because CSE had university discretionary funds on deposit and used those funds to make the acquisition. Now, the ownership of this property needs to be moved to the university. We have a written agreement about all costs, maintenance, etc., that will be supported by the university. Once ownership has been transferred, the university can move forward with work on the property.

There was some discussion about possible benefits of keeping the property in CSE’s name rather than transferring it to the university. Boura suggested that keeping it in CSE’s name could provide more flexibility in the future. Kelly noted that Sara Rumiano researched this topic and indicated that, to move forward with renovations, the property needs to be in the university’s name. Clyde indicated that the Chancellor’s Office recommended transferring the property to the university. There was further conversation around the possibility of keeping the property in CSE’s name, having the state pay rent to CSE, and having an MOU in place to address renovations, maintenance, security, and other expenses. This is done in some other university auxiliaries and might be a possibility. Hassenzahl suggested to CSE President Lau that an ad hoc committee be put together on real estate issues. Clyde indicated that there is some urgency around this as the property is already running into some insurance issues. She offered to find the answers to the questions raised here and bring them back to the Board, after which an electronic vote on these resolutions can take place. Sidney will explore possibly putting together an ad hoc committee on this topic.

Carlson suggested that this Board might have a periodic strategic planning session to discuss CSE’s long-term vision, where we’re going, and how we want to adapt to changes.

The vote on this resolution was tabled per the above discussion. Once additional information has been obtained, it will be disseminated to the Board and, if

appropriate, an electronic vote will take place.

2. Resolution FY24-02 to Transfer Property at 941 West 1st Street to Chico State

The vote on this resolution was tabled per the above discussion. Once additional information has been obtained, it will be disseminated to the Board and, if appropriate, an electronic vote will take place.

3. City of Chico Development Project Status – Sidney provided a brief update that the city continues to pursue the development of downtown.

V. Presentation

1. Land Transfer of Eagle Lake property to Susanville Indian Rancheria – Eli Goodsell

Goodsell provided an update to the Board on the recent Eagle Lake Field Station transfer. The land was acquired in 1963 and 1970 under the Recreation and Public Purposes Act (R&PP) through the Bureau of Land Management (BLM). BLM patents ensured that the land would be used for education and research purposes. The field station was used for 40 years, then closed in 2013 due to concerns about deferred maintenance and building challenges. In 2018, a CSE Board subcommittee recommended the disposition of the field station through an RFP process, which was released and widely distributed in the spring of 2019. In September 2019, Susanville Indian Rancheria submitted an RFP for the property. The BLM interpreted Federal law under the Recreational & Public Purposes Act to exclude tribes as ineligible to receive BLM patents. Thanks to leadership at CSE, the CSE Board, and the university President, Goodsell was encouraged to continue to work to make this happen. Goodsell and Rachel McBride-Praetorius worked with the tribe for 2 ½ years. In January of 2023, the bipartisan Recreation and Public Purposes Tribal Parity Act was signed into law by President Biden. This law added tribes as eligible entities to acquire land under BLM patents. It took BLM nearly a year to interpret the new law. On November 13, 2023, a celebratory ceremony was held with the Susanville Indian Rancheria for the transfer of the Eagle Lake Field Station. Goodsell shared that we are leading the way as an institution for higher education for the entire country, Federal, and State Governments to return ancestral lands to tribes.

2. Board Resolution FY24-03 to Recognize Historic Accomplishment of Returning Ancestral Land to Native American Tribes – Action Item

Sidney referenced the Board resolution in the packet. She shared that its purpose is to recognize the efforts of Eli Goodsell and Rachel McBride-Praetorius for all of their efforts over the past two years. They have facilitated not only the transfer of the Eagle Lake field station to the Susanville Indian Rancheria, but also worked tirelessly with the BLM, local, state, and federal governments as well as tribal governments to

change laws that will allow tribal nations to be eligible for BLM patents and future land transfers. This was a monumental achievement and was recognized, celebrated, and fully supported by the Board of Directors.

- a. **Motion to approve Board Resolution FY24-03 as presented (Hassenzahl/Trethewey)**
The motion was carried unanimously (9/0/0)

VI. Presentation

1. Chico State Comprehensive Capital Campaign – Ahmad Boura

Boura shared that he is working on an exciting new multi-year university comprehensive capital campaign, only the 2nd of its kind in the university's history. This campaign will partner the University Foundation with CSE and to provide opportunities for private philanthropic giving, state and federal support, and sponsored projects. Details of the campaign are under development and will involve university leadership. More information will be shared with the CSE Board as the campaign progresses.

VII. The meeting was adjourned at 12:00 PM

VIII. The next Board meeting will be held on March 14, 2024.

IX. Adjournment

Respectfully submitted,



Mary Sidney, Secretary