

**CHICO STATE ENTERPRISES**  
California State University, Chico  
**Minutes for the Board of Directors' Annual Meeting**  
Thursday, September 19, 2019 11:30 am  
Kendall 207

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

**MEMBERS ABSENT:** Tod Kimmelshue, Tom Lando, John Carlon, Ann Sherman

**ALSO PRESENT:** Russell Wittmeier, David Hassenzahl, Pam Hollis, Annabel Grimm, Eli Goodsell, Vance Kelly, Natalie Carter, Ike Lowry, Deana Bovève, Caitlin Cathy, Rachel McBride-Praetorius, Marianne Paiva, Liz Chior, Julie Jessen, Jeni Kitchell

1. **Call to Order and Introductions** – Larson called the meeting to order at 11:34 AM and asked for introductions from the Board and gallery.
  
1. **Board Member Appointment(s)** – Larson shared the current Board Members: Debra Larson, Gayle Hutchinson, Ann Sherman, Ahmad Boura, Sandy K. Parsons-Ellis, John Unruh, Angela Trethewey, Ben Seipel, David Stachura, Tom Lando, Tod Kimmelshue, Bob Kittredge, John Carlon, and a Student Member to be considered for appointment at today's meeting. the Board Officers are Debra Larson-President, Ann Sherman-Treasurer, and David Hassenzahl-Secretary/Interim Chief Executive Officer. Larson shared that at the last Board Meeting, the Finance and Investment Committee and the Audit Committee members were appointments were made. Members of the Finance and Investment Committee are Tod Kimmelshue, Bob Kittredge, David Stachura, and Annabel Grimm. Members of the Audit Committee are Bob Kittredge, Angela Trethewey, Annabel Grimm, and Ben Seipel.

Larson shared that during the transition/reorganization to Chico State Enterprises, there was a mistake pointed out by the Academic Senate regarding the appointment Faculty Members to the Board of Directors. As per the current Bylaws the two Faculty Members are to be nominated by the Academic Senate. The recommendation was made by the Academic Senate that a third Faculty Member be appointed, which would require an amendment to the Bylaws. Any amendment to the Bylaws requires a submission to the Board in writing with at least 30 days' notice. The Bylaws Article 5, Section 3, allow for 15 total members, and there are currently 15 members, including the Secretary and the soon to be appointed Student Member.

Two options would be to revise the Bylaws to allow for a 16<sup>th</sup> member who would be a third Faculty Member, or send this item to a soon to be created Governance Review Ad Hoc Committee. Boura asked if the motivation to consider increasing the number of Board members was driven by the accidental appointment of Faculty members without nomination by the Academic Senate, and if this would be a temporary appointment or a permanent addition to the Board. Larson shared that she felt this was an interim solution while the Bylaws were undergoing review and revision. Seipel asked if the Academic Senate would entertain the retroactive nomination of the current Faculty members appointed to the Board. Hutchinson shared that if needed the appointment of the third Faculty member should be temporary, and that it would be ideal to petition the Academic Senate to consider the nomination of the current Faculty Members with the promise of approaching the Academic Senate for nominations in the future. If a third Faculty were to join temporarily, we would resume a staggered appointment

schedule. Larson proposed that CSE return to the Executive Committee of the Academic Senate to request that they consider the two current Faculty Members for nomination, with the alternative of appointing a third faculty member temporarily until such a time as the Bylaws are revised, all members expressed support for this approach. Kittredge commented that there had been criticisms from external audits that the organization was excessively close to the campus and in need of outside influence. This was in part rectified by the addition of the four Community Members. Considering this, adding another Faculty Member seems like a step in the opposite direction. Hutchison asked if the temporary 16<sup>th</sup> member would be a voting member. Larson shared that the member would be a voting member and expressed again the need for the establishment of a Governance Review Ad Hoc Committee. Boura asked for clarification. Larson shared that the error was in not following the Bylaws, by failing to seek the nomination of for the two faculty members by the Academic Senate at the advice of Management without referencing the current Bylaws. Hassenzahl shared that to remedy this for the future, the nomination process will be included in administrative schedule for the Board, and it will be suggested to the Academic Senate that they add it to their calendar as well.

- a. Student Member appointment – Trevor Guthrie appointed as Student Member.
2. **Conflict of Interest Statements** - Larson requested that all Board members read, sign and return the preprinted Conflict of Interest Statements to meet the annual requirement.
3. **Regular Meeting Schedule** - Larson addressed the coming Board meetings: December 9, 2019; March 9, 2020; and June 8, 2020.
4. **Motion to Adjourn the meeting**  
(Kittredge, Boura)  
Motion carried (9/0/0)
5. **Adjournment – 11:58am**

**CHICO STATE ENTERPRISES**  
California State University, Chico  
**Minutes for the Board of Directors' Meeting**  
Thursday, September 19, 2019, 11:40 am – 2:00 pm  
Kendall 207/209

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

**MEMBERS ABSENT:** Tod Kimmelshue, Tom Lando, John Carlon

**ALSO PRESENT:** Russell Wittmeier, David Hassenzahl, Pam Hollis, Annabel Grimm, Eli Goodsell, Vance Kelly, Natalie Carter, Ike Lowry, Deana Bovève, Caitlin Cathy, Rachel McBride-Praetorius, Marianne Paiva, Liz Chior, Julie Jessen, Jeni Kitchell, Gloria Quintero, Kevin Hansen, Kristin Gruneisen, Stephanie Bianco

1. **Call to order** – Larson called the meeting to order at 11:59 AM and asked for introductions from the Board and gallery.
2. **Approval of minutes from June 3, 2019**

**Motion to approve the minutes from the Board of Directors meeting on June 3, 2019  
(Kittredge/Trethewey)  
Motion carried (9/0/0)**

3. **Public comments and announcements** – None.

4. **Reports**

- a. **Provost's report** – Larson shared that last year was a big year, particularly the WASC reaccreditation for the next 8 years in July 2019. The full report is available online. CSU, Chico received several accommodations, and 5 recommendations. Enrollment is down by 1.55 percent from the funded target, which is the expectation of the CSU for residential students. As of September 16, the head count was 17,053. There are 16, 218 total full-time equivalent students, of that 15,826 are residential (CA residents). State of CA has a budget cycle that can be challenging, but the budget was signed at end of June, CSU takes a portion and funds are then distributed to campuses. This year the Campus budget grew by 10 million dollars, most of which is for mandatory costs (i.e. work study, benefits, health and dental, retirement, and compensation costs). Also received a small amount for the graduation initiative 2025, and student success activities, to be discussed in more detail at the University Budget Committee on September 27. Small amount of Enrollment growth dollars also received. Overall the budget is generally flat as compared to last year, because the bulk of growth was for mandatory items. Lastly, the inaugural Chico State Enterprises (CSE) Chief Executive Officer search is ongoing, two candidates visited last week, after which surveys and feedback were received from the campus community as well as the Selection Committee.

- b. President's report** – Hutchinson shared that WASC reaccreditation was completed successfully in July 2019 for 8 years. A few items were identified for adjustments. She continued that the development of University Strategic Plan and Physical Campus Master Plan were completed last year. Details were shared at the Fall Convocation. The Strategic Plan identified three strategic priorities: Equity, Diversity and Inclusion; Civic and Global Engagement; and Resilient and Sustainable Systems. This will be completed within the context of or enduring commitments: Academic Distinction, Transformative Student Experiences, Prominent Scholarship and Innovation, and Culture of Excellence and Accountability. Currently preparing Implementation Plan. For the Physical Master Plan, we are now preparing an Environmental Impact Report, which should be completed in October and submitted to CSU Board of Trustees for approval, hopefully in May. Hutchinson offered to prepare a presentation of Physical Master Plan for a future meeting.

Hutchinson expressed pride for accomplishments over the past year, especially considering the Camp Fire in addition to other challenges. Hutchinson shared that fall enrollment is down slightly. She shared that today an effort was kicked-off to offer a leadership development opportunity to all the of the Management Personnel Plan (MPP) Employees on campus to help embrace a culture of excellence and accountability. Lastly, she shared that she was appointed the Native American Initiative Presidential Liaison for the CSU system, and has been working with Rachel McBride-Praetorius, the Tribal Liaison on the new tribal center. They have been preparing for Native American Day to promote goals and actions to improve outreach to native students.

#### **5-minute break**

- c. Audit Committee** – Kittredge shared that at the last Audit Committee meeting on September 13, a number of items were discussed and draft minutes from that meeting were circulated as a supplement to today's discussion. The audit process was interrupted by delays and unexpected issues. Hutchinson asked for Kittredge to elaborate. Kittredge shared that an outstanding prior period adjustment, and the process of closing the fiscal year were not able to be completed in a timely fashion. This resulted in one project submitting a report for \$900,000 in outstanding expenses from the prior year (2018-19), as well as some other large prior period adjustments. The audit process is now complete. Typically, the single audit is included in the annual audit process. The two have had to be separated to meet deadline for the Financial Statements to be submitted to the Chancellor's office. The auditors identified a material weakness regarding the process to finalize the annual finances in a timely and appropriate manner. The dependence on input from all involved departments and projects has been problematic. Larson shared that this weakness has been identified in previous years, and that the Research Foundation and Research and Sponsored Programs has been aware of and needing to address this issue. Resolving the issue will need to involve not only CSE but also the projects and colleges responsible for submitting invoices and reimbursements. Kittredge pointed to large unbilled revenues, with the example of the new Center for Healthy Communities grant. In the first year, 14 million dollars in expenses has resulted in more than 1 million dollars in unbilled revenues, the burden of which falls on CSE. There is a need to revision of contract terms.

Hutchinson asked if the timing of fiscal year compared with the State budget was contributing to the issue of unbilled revenue. Hassenzahl shared that the challenge for this particular grant will continue, because the agreement is for three years. Larson added that timing of the Fiscal Year was not the dominating factor.

Boura asked that this repeat issue be addressed promptly, that checks and balances need to be put in place, and that there be follow up on the plan to correct these issues, and that it is the Boards responsibility to ensure this issue is resolved. Trethewey asked to identify the dominant issues contributing to these issues. Hassenzahl shared that there are three main factors; first, communication with the Campus and College Deans need to be improved to identify consequences of grants and contracts, second, guidelines and policies are needed to prevent overextension of CSE funds, and third, there are billing cycle issues that need to be adjusted. Hutchinson asked what actions were currently being taken. Hassenzahl shared a commitment to prepare a report identifying challenges and potential solutions by December. Hoping to discuss and coordinate with Chancellors office to identify opportunities. Seipel asked to clarify CSE functioning as a bank to support these activities and suggested that a policy of conducting internal stress-tests might allow for more holistic consideration of implications of unbilled account revenue relating to new potential grants and contracts. Stephanie Bianco shared that there is a long history of this repeating cost reimbursement issue. She shared concerns that this history of reimbursing sub-contracted campuses creates a delay in fund reimbursement that can take 3 to 6 months. Expressed desire to preserve relationships with sub-contractors. Bianco asked how other universities are managing these issues. CSE is covering the cost for three other educational systems in the State, perhaps some of the other systems can help with this burden. Larson shared that she felt the extent of this issue was uniquely large in the scope of the larger university system. Hutchinson commented that services must not be interrupted, despite the out of sync billing cycles. Stachura commented that other universities reviewing grants and contracts have thresholds and review protocols that ensure programs do not jeopardize fiscal health of the organization. Boura asked if there are policies in place that are not being followed. Sherman shared that the cost of cash, and billing cycles are currently not, but should be considered in grant and contract review. Larson expressed need for urgency and current recognition of this issue by CSE. Boura suggested that the Finance and Investment Committee consider and prepare recommendation to address this issue. In closing Kittredge shared that Financial Statements and audit report are complete and ready to go to the Chancellor's Office by the coming deadline.

**Motion to approve Audit Report and Financial Statements for Chancellor's Office  
(Trethewey/Hutchinson)**

**Motion carried (10/0/0)**

- d. **Finance and Investment Committee** – Kittredge shared that discussion of considering and resolving cash flow issues was a priority for Finance and Investment Committee (FIC). Larson requested that an emergency meeting be considered to identify recommendation to resolve identified issues addressed in Audit Committee. A priority was established to review the unbilled revenue issues. In addition, Kittredge shared that

there was some discussion of changes in payroll form stateside employees moving to CSE and commitment by the University to support in the transition.

Boura shared that in the past year the FIC decided to use and leverage the investment policy and strategy with the University Foundation, and that the partnership generated an increase in 4.8 percent in monies added to organizations bottom line as compared to previous years.

- e. **Chief Executive Officer's Report** – Hassenzahl shared that he was appointed Interim CEO two days before the prior meeting. Previously the Research Foundation had approximately 20 employees, and Research and Sponsored Programs also had approximately 20 employees. After significant review the conclusion was reached that the organizations working together under consolidated leadership was a better way forward. Two positions were downsized, and some new consolidated positions were created. An organizational chart is available online, and the organizational structure is still under review. Currently 3 director positions have been identified: Director of Business Finance, Director of Human Resources and Payroll, and Director of Development. The search for Director of Business Finance, and Director of Development is pending. Annabel Grimm and Jeni Kitchell are assisting with evaluation to identify opportunities to build the organization for continued operational success.

## 5. Information and Action Items

- a. **Eagle Lake Field Station** – Goodsell shared a history of the property. Over the last 5 years the property has not been in use. Deferred maintenance issues and a site estimate identified \$200,000 in maintenance costs to bring it back up to code for partial use. After numerous discussions with the campus community it was ultimately decided that reopening of the facility was not that best option, due to lack of a committee to lead in securing resources for reopening and operating the facility. Last Fall the Board requested a sub-committee (John Unruh, John Carlon, Randy Miller, and Eli Goodsell) to explore disposition of the property through a Request for Proposal (RFP). The RFP was widely circulated with a focus on institutions of higher education and non-profits. Site visits were conducted in partnership with BLM this Spring. The sub-committee recommendations are: to Actively pursue disposition of property to Susanville Rancheria, to negotiate with Susanville Rancheria for purchase at fair market value, that a Purchase agreement be in place for 1-1.5 years during the negotiation process, that the Tribe hire an appraiser to appraise the property to State Blue Book standards (Even if the property is gifted to tribe, there will be a value associated with the gift.), that the possibility of \$1 a year lease be considered while the property disposition takes place and funding is secured (with approval of BLM) to allow for utilization of the property during review and consideration, that once a decision is made of what University wants to do, President Hutchinson and others should meet with tribal council chair and tribal administrator to discuss, and that the completion of this project be delegated from Ecological Reserves to the CSE Contracts Department.

Deana Bovève shared about Susanville Indian Rancheria, and the land at Eagle Lake. Susanville Indian Rancheria Tribal culture and stories include the Field Station property, and its use for fishing, camping and more. Obtaining the use of this property would contribute the Rancherias goal to regain some of its historical tribal land. Bovève shared

about the history of lands and their uses by the native people and their desire to use this sacred and historical land for educational purposes in line with BLM patent. They envision use of the land for youth education, for use by Elders, potentially for ceremonies, and more with the goal of keeping the land as pristine and natural as possible. She shared about the tribe's priorities and support of community through services rather than monetary distributions is striving for excellence and accountability. She shared that they would be honored to have this historical land restored to the tribe.

Hassenzahl shared that the Eagle Lake Field station was previously highly valued and well used by the Biology Department, but that it has become clear that the College of Natural Sciences was not able to continue effectively using the property. He continued that he felt this opportunity for disposition to the Susanville Indian Rancheria was consistent with the feeling of the Biology Department regarding the property. Hutchinson asked about previous arrangements for use of the property. Goodsell shared that in the past there was previously a collaboration with UC Davis to use the property in exchange for compensation. He continued that BLM had a patent, which is equivalent with a conservation easement. BLM would need to approve any change to the use of the property, to ensure that new uses would meet certain requirements, specifically use of the property for educational purposes. BLM has identified that the current proposal seems to be consistent with BLM's expectations. Hutchinson expressed support for the recommendations. Goodsell shared that this discussion will continue as it is handed to the CSE Contracts Department for oversight. Larson asked about the recommendation regarding the \$1 a year lease during the disposition process. Goodsell shared that this is due to the possibility of being a lengthy process, and this would allow for more immediate use of the property by Susanville Rancheria.

**Motion to approve the sub-committee's recommendations**

**(Kittredge/Hutchinson)**

**Motion carried (10/0/0)**

Hutchinson asked about University resources at the property. Goodsell shared that academic property and historic resources belonging to the University have been being removed over the recent years, in addition to cleaning and securing the property. A library of books remains to be collected.

- b. Ecological Reserves Strategic Priorities** – Goodsell shared about the Strategic Priorities identified by the 15-member committee. Priorities identified were: Build capacity to meet the mission and support all other priorities, Increase student success through experiential learning and high impact practices, Develop and expand innovative sustainable land management activities for devastating wildfire mitigation, forest health, academic goals, cultural practices, and wildlife habitat conservation, Establish and increase research, scholarship and inquiry consistent with regional Indigenous and traditional knowledge, and Expand community and cultural engagement. Goodsell also shared how reserve priorities are in alignment with university's new strategic priorities. Kittredge asked what significant changes this plan represents. Goodsell shared that this helped diversify and expand funding sources, to move toward a 33/33/33 goal (33 percent donor support, 33 percent grant and contracts, 33 percent services supported

by the university), in addition to incorporating a stronger connection with the indigenous community. There is a Memorandum of Understanding (MOU) currently being drafted with reserves and the local Mechoopda tribe. Hassenzahl shared that the perspectives of the reserves have shifted to being more active in identifying opportunities to expand the reserves impact and funding. For example, as it relates to statewide activities. Goodsell expanded that the results of scholarly research and activities on the reserves can be applied to communities expanding in to the wildland urban interface and foothills throughout the State of California, recently fire mitigation activities and forest health have been a major focus and resulted in collaborative partnerships with CalFire and other agencies. Kittredge asked about plans relating to the facilities. Goodsell shared that the first priority of building capacity to meet the mission and support all other priorities includes the improvement of infrastructure and facilities by addressing deferred maintenance costs while also expanding and replacing facilities as needed.

**Motion to approve strategic plan and disband the sub-committee  
(Sherman/Unruh)**

**Motion carried (10/0/0)**

- c. **2020 Employee Benefit Plans** – Wittmeier shared that this is the annual presentation of benefits, with two options: renewal existing of fully insured plan or select the proposed alternative medical plan. Renewal would result in an \$144,256 (6.40 percent) cost increase. Employee cost increase would represent an increase of \$43,119, spread over 24 pay periods. This assumes employees will stay with current plans, and the Board continues employer funding at the same rate. Renewal increases are in line with increases from previous years. Going to a larger pool of CA teachers in 2021 would result in reducing annual increases that are due to claims, assuming that high introductory rates will be resolved. For the self-insured plan alternative, based on statistical data and claims, claims would be paid out of funds. Based on current data, this would result in a net decrease, considering that the number and significance of claims can result in increased rates.

**Motion to accept recommendation to approve 2020 medical plan, renewing existing plan, and leaving employer/employee contribution rates as is  
(Boura/Hutchinson)**

**Motion carried (10/0/0)**

- d. **Transfer of Signature Authority** – Hassenzahl shared that this transfers signature authority of the Vice President of Research and Sponsored Programs and the Executive Director of the Research Foundation to the Chief Executive Officer of Chico State Enterprises.

**Motion to transfer signature authority  
(Hutchinson/Trethewey)**

**Motion carried (10/0/0)**

## **6. Bylaw Amendments**



**a. Proposed amendments**

**Motion to approve amendments as presented in Board packet  
(Kittredge/Unruh)  
Motion carried (10/0/0)**

- b. Governance Review Ad Hoc Committee** – Larson shared that this Ad Hoc committee would consider and review governance documents, issues related to the transition, and other governance issues.

**Motion to create Governance Review Ad Hoc Committee  
(Hutchinson/Stachura)  
Motion carried (10/0/0)**

Ann Sherman, Dave Hassenzahl and Lori Fuentes were suggested as a tentative members of the committee

**7. Closed session – 1:48pm**

- 8. Adjournment to next meeting scheduled for Monday, December 9 2019, 1:30-4:00pm in Kendall 207/209– 2:00pm**

Respectfully submitted,

A handwritten signature in blue ink that reads "Mary Sidney". The signature is written in a cursive style and is positioned above a horizontal line.

Mary Sidney, Secretary

