

# THE CSU, CHICO RESEARCH FOUNDATION

California State University, Chico

## Minutes for the Finance & Investment Committee

Monday, May 20, 2019 1:30 – 3:30 pm

Arts 228

**Committee Members Present:** Bob Kittredge, Tod Kimmelshue, Annabel Grimm, David Stachura

**Members Absent:** None

**Other Board Members Present:** Debra Larson

**Also Present:** Jessica Bourne, Michele Flowerdew, Jennifer Morgan, David Hassenzahl

1. **Call to Order** – Kimmelshue called the meeting to order at 1:30 pm.
2. **Approval of minutes from February 25, 2019 – Action Item** – Kittredge asked for an update on the IT audit that was discussed at the last meeting. Bourne explained that the 2 findings, workstation management and contract compliance, have been resolved. Part of the resolution involved outsourcing the Research Foundation's IT needs to ITSS via an MOU with Campus. Grimm added that the audit was effectively closed as plans to satisfy the findings were implemented.

**Motion to approve the minutes from February 25, 2019**

**(Kittredge/Grimm)**

**(3/0/0)**

3. **Public Comments – None**

#### 4. **Reports**

- a. **Executive Director Report** – Bourne shared that the Research Foundation is working toward full resolution with Central Square regarding the implementation of OneSolution.

Conversations with building occupants regarding the 25/35 Main cost allocations are ongoing and have been generally positive. The formula used to calculate each allocation, which is based on square footage, is presented to the occupant to demonstrate what is being charged.

Following Larson announcing the general framework for the reorganization of the Research Foundation, the RF Admin and RESP offices have met and begun to cross train in some departments. Employee feedback is optimistic and conversations about a name change will be forthcoming. Hassenzahl added that of the 42 personnel in both offices, 4 are state employees, though 1 is fully funded through the Foundation. Transitioning these employees to the State will take some time and in addition to adding a new CEO position, will require budget reevaluation. Larson will likely share more about the new framework at the next board meeting.

The search for the Financial Director has been stalled pending the upcoming changes involved with the reorganization, however, an emergency hire might be appropriate in the interim.

- b. **Financial Report** – Bourne shared that the funds invested with the University Foundation strategic reserves earned \$130k in the quarter ending March 31, less the 10% fee paid to the University Foundation for investment oversight.

The Research Foundation transitioned banking services to Chase Bank six months ago and although this change provided improved services, the increase in banking fees is substantial. The accounting team is aware of the increase and will continue to implement process efficiencies that would reduce the fees being charged.

- c. **RESP Report** – Hassenzahl shared the progress being made in the RESP accounts receivable position. There are a few changes that can be made right away, such as billing monthly rather than quarterly where possible. Bourne added that as the organization changes, they will continue to seek out opportunities for improvement in this area. Kittredge emphasized the need for Sponsored Programs to build a reserve in order to float their own cash flow needs rather than borrowing from the RF General Fund. Bourne pointed out that the Board has purview over the F&A Distribution Policy and the Surplus Policy and that possible updates could be made to better reflect the needs of the Research Foundation. Kittredge requested that these policies be revisited at the next FIC meeting.

## 5. Business Items

- a. **FY2019-20 RF General Fund budget & FY2018-19 Projection – Action Item** – Bourne presented the FY2019-20 budget report in addition to the FY2018-19 financial position as of March 31, 2019. Kittredge expressed concern that the current year financials reflect a \$7.2M deficit. Bourne explained that the issue lies within the timing and revenue recognition and working towards resolution will be more productive once the offices merge. Kimmelshue added that budgeting for the future will be difficult to project with the impending reorganization. As a result, it was decided that a budget to actual report would be appropriate for the September FIC meeting, with a goal to revise the budget for the December meeting.

With Larson present, the reorganization framework topic was revisited and she agreed to provide funding to support the administrative services related to sponsored program administration through a transitional period of 5 years in order to give the Research Foundation time to adjust the budget to accommodate the extra expense. With the help of a recruitment firm, the hope is to have the CEO position filled in four months. Kittredge asked to see a rough timeline for the merge at the next board meeting.

Bourne continued to review the budget report and pointed out that as a result of an accumulation in the Summer Scholars fund, the historical \$25k contribution was not included in the FY19-20 budget. The committee supported this suggestion. She also highlighted the reduction in budgeted 25/35 Main expenses resulting from cost allocations being charged to the building occupants.

**Motion to recommend the proposed FY2019-20 General Fund budget for board approval, recognizing that it will need to be revised to accommodate changes associated with the reorganization**

**(Kittredge/Stachura)  
(4/0/0)**

- b. NSPR prior years' 25/35 Main Street charges** – Bourne explained that after the Board's decision to implement a consistent cost allocation formula for the 25/35 Main occupants, she would like the committee's feedback regarding past inconsistencies. NSPR will have paid \$317,826 in rent from July 1, 2014 – June 30, 2019 while they also have an outstanding loan from the RF General Fund for \$291,902. Larson offered pertinent information on the subject that she would like to share in a closed session which Kimmelshue then added to the agenda.

**6. Closed session – 3:15 PM**

**7. Adjournment – 3:30 PM**

**Respectfully submitted,**

  

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**Mary Sidney**

