

The CSU, Chico Research Foundation

California State University, Chico

Minutes for the Meeting of the Board of Directors

December 16, 2009: 9 - 11 a.m.

Kendall Hall, Room 103

MEMBERS PRESENT:

Sam Allen, Drew Calandrella, Jud Carter, Jonathan Day, Jane Dolan, Richard Ellison, Sandra Flake, Lori Hoffman, Richard Jackson, Rebecca Lytle, Katie Milo, Paul Zingg

MEMBERS ABSENT:

Rick Coletti

ALSO PRESENT:

Karen Finley, Carol Sager, Fred Woodmansee

A. CALL TO ORDER AND INTRODUCTIONS

Provost Flake called the meeting to order at 9 a.m. Richard Jackson requested an addition to the agenda: Item L.2 – Corporate Resolution regarding grants and contracts signature authority.

B. PUBLIC COMMENTS

The Chair asked if there were any public comments and there were none.

C. APPROVAL OF MINUTES

Action Taken: The minutes of the Annual meeting of the Board held on September 22, 2009 were unanimously approved (motion by Lori Hoffman, second by Drew Calandrella). The minutes of the regular Board meeting held directly afterward were unanimously approved (motion by Drew Calandrella, second by Jud Carter).

D. FOUNDATION PRESIDENT'S REPORT

Provost Flake reported that an important strategic goal of the CSU system is improving graduation rates. The Chico campus is doing comparatively well and is meeting its goals, which includes improving the student success rate among underrepresented groups. A campus team will be looking at everything we do from recruitment on in order to significantly improve this rate over the next three to five years.

E. UNIVERSITY PRESIDENT'S REPORT

President Zingg addressed the budget and enrollment situation. One signal is that we could be looking at a flat budget for next year if the Governor restores the \$300M in one-time cuts made during the 2009-10 budget year. However, this doesn't take into account that the campus may have to make up the \$8.5M in compensation costs that were saved in 2009-10 by furloughing employees. The campus will also be asked to reduce enrollment by 8.5%, which will result in fewer resources for instruction and services.

The spring will likely be lively with student rallies on various campuses protesting the abandonment of California's master plan for higher education, fee increases, decreased access, and the potential erosion in quality of education. Faculty, staff, alumni, and parents will stand with them in advocating for a return to cherished educational values.

The Academic Senate presented awards to outstanding faculty in various categories. The awards are funded by the Research Foundation and have a great impact.

F. BOARD ACCEPTANCE OF AUDITED FINANCIAL STATEMENTS

On September 24, 2009, the Audit Committee consisting of Rick Coletti, Jane Dolan (absent), Lori Hoffman, Jud Carter (absent), Rebecca Lytle, Richard Jackson, and both Gregg Kelly and Jim Postma (from the University Foundation Audit Committee) met with representatives of Matson & Isom Accountancy Corporation and management staff regarding the audit of the 2008-09 financial statements.

Richard Jackson referred to page 1 of the distributed report, where the auditors state that the financial statements prepared by the Research Foundation staff "represent fairly in all material aspects" the financial position of the Foundation. On page 52 they state their "unqualified opinion." There were no significant deficiencies noted and no findings on the separate audit of Federal awards the auditors are required to conduct.

Assets went from \$30 million to \$34 million over the course of the year, mostly due to investment in additional capital assets. Operational revenues increased from \$35M to \$40M, and net assets from \$21M to \$25M – due to \$3 million in Gateway Science Museum assets funded by a grant. Accounts Receivable went up from \$6.3M to \$7.8M. This illustrates the Foundation's need for large cash reserves in order to float the up-to \$8 million due from funding agencies that pay only at the completion of the grants and contract work.

Action Taken: In accordance with the Audit Committee's recommendation, the Board acted to accept the audited financial statements (motion by Paul Zingg, second by Drew Calandrella).

G. QUARTERLY FINANCIAL UPDATE (handout)

Jackson referred to the “Budget to Actual” reports through 12/31/09. At half-way through the year, we would expect income and expenses to be roughly at the 50% mark. For the Administration Office, revenues were a little off at 45%, due to the poorer than anticipated earnings on investments. We are only getting about .9% on our short term money, but our long-term investments have started to turn around. Expenses came in a little better than budgeted at 49%.

RESP’s revenues came in at 48%. Expenses at 45% came in better than the expected 50%. Carol Sager noted that administrative fees on campus program accounts are earned only when funds are expended, so if programs are not spending as much in these tight fiscal times, or not traveling as much, this affects the fees we earn.

Katie Milo distributed a one-page report entitled “2009 Research and Sponsored Programs: By the Numbers.” It highlighted the 7.8% increase in grant and contract expenditures between 2007-08 and 2008-09, and the 16.3% increase in recovered indirect (due to more Federal awards and more rigorous focus on recovering indirect on the part of the colleges). The average indirect recovery rate increased from 9.7% to 10.5%. Funded awards increased by 19.6% in this time period, and both the total dollar volume of proposals and the average proposal size increased dramatically.

The Colleges are growing more grants-generating faculty. Deans are promoting to faculty the opportunities to pursue grant money for research which enables them to be released from the classroom, and promoting opportunities to generate additional income to offset furlough losses. Jonathan Day commented that the release time plus overhead on a grant is a high-cost item which leaves scarce funds for anything else: this means faculty continue to carry the burden of a full load while doing grants work. He felt this was an area where the University could help. A lot of time is required to prepare a grant for submission, and getting out of a class to do it helps a lot. Katie Milo mentioned the Foundation’s Internal Research Grant program, which is designed to do precisely that.

Update on Enterprise Funds

Jackson gave a brief update on KCHO and the University Farm. The radio station exceeded its goal of \$160K in the last fund drive. It is in the midst of its annual audit, the results of which will be presented at the next meeting.

Farm Manager Dave Daley relays that the American Hereford Association coordinated a \$10,000+ donation to the College, a result of the Farm’s ARI

research in the cross-breeding of beef cattle and the organization's respect for the program. This prestigious recognition for Chico State received widespread coverage in the agricultural press.

H. DRAFT STRATEGIC PLAN FOR RESEARCH FOUNDATION

Provost Flake reported that Richard Jackson has prepared a first draft strategic plan for the Research Foundation. Lori Hoffman and she met with Jackson to set out a process for review and further discussion of a strategic plan, which involves such fundamentals as specification of the Foundation's mission and coordination with other auxiliaries on campus. The direction and five-year plan of the Foundation is something the Cabinet and the Foundation Board members will want to discuss and refine.

I. PROGRAM REPORTS

Incentive Plan Update

Provost Flake reminded the Board that the Foundation allocated \$400K for incentive awards, \$300K of which went to the units and project directors generating the grants (\$220K and \$80K respectively). Katie Milo handed out a draft spreadsheet showing incentive allocations based on 2008-09 grants and contracts activity. The percentage formula to determine the allocations was the same as last year, recognizing the percentage a unit contributed to total indirect and the average indirect recovered.

The remaining \$100K went for Capacity Building awards (to support purchases and start-up costs that fostered the growth of research). The handout entitled "2008-09 Capacity Building Summary" shows how the various colleges utilized the funds allotted them. Some colleges, for example, incentivized research by sponsoring grant writing competitions within their colleges, with funds awarded upon submission of a grant to RESP.

Environmental Reserve Update

Jackson reported on the proposed exchange of Research Foundation parcels at Eagle Lake for three parcels of Bureau of Land Management property adjacent to or within the Big Chico Creek Ecological Reserve. The Preliminary Title Report has been obtained for two Eagle Lake parcels totaling 17.43 acres and provided to the BLM. Our intent is to retain the 22.5 acre parcel that includes the Eagle Lake Field Station and the adjacent 40.84 acre parcel. Grant funding to procure the BLM parcels is very limited at this time and a property trade would facilitate the transfer of lands in a more expeditious manner.

The additional land at the Reserve will help protect property we currently own and buffer it from hunting activity (permitted due to a condition of the

granting agency). The Reserve also provides new educational opportunities for faculty and students to conduct environmental research.

Jeff Mott is continuing to utilize the funds allocated by the Foundation to repair and improve the conferencing structure on the Reserve.

Eagle Lake Field Station Update

The other news about Eagle Lake is that the Foundation has leased the Field Station facility to the former caretakers for a nominal amount, in exchange for which the lessees are to maintain the facility and protect it from vandalism. So far the arrangement is progressing smoothly, and we will evaluate the arrangement before extending the agreement beyond December, 2010. The Foundation is still incurring some costs with respect to maintaining the infrastructure, but perhaps we will be able to generate more revenue from leasing the facility upon renewal. Keeping the facility open preserves the opportunity for faculty and staff to continue to utilize it for educational research.

K. REPORT BY VICE PROVOST FOR RESEARCH

Update on suspended State contracts

Katie Milo reported that three contracts are still on the suspended list. A balance of \$133K is on the books but no work can be performed. We don't know at this point whether they will come back on or not. Karen Finley noted that we were able to return seven people to work who had been laid off.

New grant and contract activity

This information was covered previously.

Quarterly report on special set-ups of grants and contracts in advance of receiving awards

Contracts totaling \$179,091 were set up in advance of receiving funding, because RESP had letters of commitment from the sponsors and work needed to proceed. We have never had one of these advance set-ups go bad on us.

L. REPORT BY EXECUTIVE DIRECTOR

Records access legislation

Jackson reported that the Governor vetoed SB 218 which would have made the records of CSU, UC, and community college auxiliaries subject to the Public Records Act. We fully expect this legislation to make a re-appearance. The Chancellor's Office and CSU auxiliaries are trying to be more proactive by making it clear that a large amount of auxiliary information is already disclosed and available to the public, and by making that information easy to access (e.g., by having it on their websites). The concern with any such legislation is that auxiliaries be able to protect a

donor's anonymity, individual privacy rights, and proprietary business information.

Corporate Resolution: grants and contracts signature authority

Jackson asked the Board to approve a revised signature authority because one of the persons on the prior one had retired. This time the authority specifies the position that is authorized – instead of the particular individual – so that we don't have to return to the Board each time a person changes position.

Action Taken: The Board unanimously approved the signature resolution as presented (motion by Drew Calandrella, second by Jane Dolan).

M. ADJOURNMENT

The Provost adjourned the meeting at 11 a.m. with the consent of the Board (motion by Lori Hoffman, second by Drew Calandrella).

Respectfully submitted,

Richard Jackson
Secretary