

The CSU, Chico Research Foundation

California State University, Chico

Minutes for the Board of Directors

Friday December 16, 2011 1:00 pm to 3:00 pm
BMU Room 209

MEMBERS PRESENT:

Sandra Flake, Lorraine Hoffman, Paul Zingg, Richard Ellison, Drew Calandrella, Dan Hunt, Jonathan Day, Rick Coletti, Tim Colbie, Katy Thoma

MEMBERS ABSENT:

Nicki McDougal

ALSO PRESENT:

Karen Finley, Carol Sager, Fred Woodmansee, Dan Ripke, Fraka Harmsen

1. **CALL TO ORDER** – Sandra Flake

The Provost called the meeting to order at 1:09 pm and introduced new members, Tim Colbie and Katy Thoma, to the board. She noted the new student board member, Nicki McDougal may be able to attend for part of the meeting. The new members provided information on their backgrounds and how they came to be on the board.

2. **PUBLIC COMMENTS** – None

3. **MINUTES** - Sandra Flake

Motion to approve the minutes of the Annual Meeting held September 14, 2011. (Ellison/Hunt) Motion carried. (8/0/2)

Motion to approve the minutes of the regular quarterly meeting held on September 14, 2011. (Callandrella/Ellison) One correction: G.3 “Hours” changed to “Houses.” Minutes approved as corrected. (8/0/2)

Addition to the agenda noted: 6.b AOUIT. Also Item 9.a would be a time certain at 1:30 pm.

4. **FOUNDATION PRESIDENT’S REPORT**- Sandra Flake

The Provost noted it had been a busy fall semester with exploration of the reorganization of the Academic Affairs area and the benefits it could provide for the entire campus. It would reduce the number of colleges in the university from 7 to fewer and reduce the costs of having 7 Deans and administrative units. It takes advantage of having two Dean positions vacant with interim appointments. The other reason to look at this reorganization is to better meet the students’ needs and create connections among the academic disciplines and programs for the future.

She explained how to become involved in the reorganization through the Chico State website.

5. UNIVERSITY PRESIDENT'S REPORT- Paul Zingg

President Zingg noted a meeting had occurred the previous week with Butte Community College. This was a meeting to reaffirm the partnership CSU, Chico has with Butte and the other five community colleges in the North State. The main message to them was that no matter how the budget develops and whatever enrollment directives come from the Chancellor's Office, Chico State will be open for transfers from the six community colleges in our region. A new task force will be taking an inventory of everything we are doing in the north state to determine gaps, strengths and priorities in our partnerships with the community colleges. In this time of budget uncertainty this task force is needed.

As of now the budget for 2012/13 is unknown as it will continue to be until we are well into 12/13 due to the measure the governor is trying to get on the November ballot to raise revenue and support public education in California. The governor did announce that there will be another \$100 million hit to the CSU and we are waiting to find out if this is going to be a permanent or one time reduction; but we do expect it to be permanent. This means for 11/12 the general fund budget was reduced by \$750 million for the CSU system which is a 28% reduction in general fund support. Even with increased student fees we are still significantly underfunded. The CSU is \$1.6 billion underfunded and operating with a budget that is the same as in 1997 when there were 90 thousand fewer students in the CSU.

9.a Eagle Lake Field Station Update and Presentation –

Fraka Harmsen, recently appointed Dean of the College of Natural Sciences was introduced. She shared her enthusiasm and interest in the Eagle Lake Field Station and possibility of finding a way of allowing it to continue to operate. Eagle Lake is a unique environment but is hampered by its accessibility issues. Dean Harmsen presented a slide show that highlighted its location, and the facilities and discussed it's background, operations and challenges. The field station has a 70-year history with CSU Chico. Facilities include a 1500 sq. ft. conference center, labs, library, boats, kitchen, dining room, dorms, and cabins. The facility has been used for educational purposes not only for Natural Science but other disciplines as well. Access is an issue.

This facility needs improvements and upgrades to the buildings and access. Currently John and Tracy Crow of "Get Bent Tour Guide Service" are the caretakers for the field station. They have had a lease to use and take care of upkeep for a minimal lease fee for the last 2 years.

A committee has been established on how to proceed with the field station using a multi-prong approach. This committee will look at the issues surrounding the facility from use, to accessibility, to how to fund it. One of the ideas is to form a consortium of campuses. These campuses would pay a yearly fee to use the station. The group is also looking at getting donors to help with the financial aspects of the

facility's needs. Another idea is to fix it up and rent it out to government and scientific groups

6. QUARTERLY FINANCIAL UPDATE

- a. **Budget to Actual Projections for 12/31/11 and Significant Activity-** Fred Woodmansee provided the quarterly financial update on the budget projected through 12/31/11. The budget hand out was distributed for the administrative office showing 54% of total revenue and 48% expenses year to date. Both figures are in line with the approved budget. Interest earnings on investments, property, and program are down slightly as interest continues to decline. Salary and payroll taxes are also down due to the change in staff numbers.

Carol Sager reviewed the RESP quarterly financial update. The budget hand out was distributed showing 54% of total revenue and 43% expenses which are again in line with the approved budget. The net indirect recovered is also in line with what was budgeted. Salary and payroll taxes are also down due to the change in staff members, and the decrease of one position that was not replaced.

- b. **AOUIT Update** – Karen Finley explained the AOUIT refund was originally estimated to \$730,000, but when the final reconciliations were done the amount was \$654,357. In addition to this lower amount we have been notified that a refund is due to the federal government out of this money. The refund is due to the portion of federal dollars that was paid through payroll. The process to determine the refund amount is based on how CSU, Long Beach approached this issue. Their campus took a five-year look back to determine the ratio of federal dollars to total payroll during that period. The ratio, in turn, determined how much of the refund dollars need to be returned to the federal government. After conferring with RESP and the Chancellor's office we feel that a longer look back period would be a better way to calculate how much the Research Foundation should return to the federal government. The foundation has been a part of this trust for 20 years and that should be put into the calculation of the amount that is returned to the federal government. Carol Sager also added that the Foundation might also want to have a consultant look at this issue and advise how best to deal with this issue.

7. AUDIT COMMITTEE REPORT AND RECOMMENDATION

- a. **2010/2011 Financial Statements** - Rick Coletti gave a report to the Board regarding the September audit committee meeting. The audit was a clean audit with only one issue and that was the write off of the PIC debt. This was resolved as the auditors needed information to be certain that is an uncollectable debt. This was confirmed with a letter from the Foundation's counsel. Coletti noted that there were questions that had arisen regarding the connection to the PIC and Karen Finley and stated that in a phone conversation she had been able to clarify the situation and asked her to speak to the Board. Finley stated that although her husband was the director of PIC, her office had not been involved in the proposal, submission, negotiations, monitoring or billing

when dealing with PIC or any other sponsored programs; these are handled exclusively by the Office of Research and Sponsored Programs. Furthermore, after the bankruptcy she was specifically excluded from all meetings and conversations regarding this issue, and was not involved in any way, shape or form. Karen stated that Rick had wanted this to be clarified and noted in the minutes so that the Board is clearly aware of this. The Board needs to understand that Carol Sager and E.K.Park of Research and Sponsored Programs are responsible for the conduct of grants and contracts and not the Research Foundation Administration Office. The Administration Office deals with overall corporate issues including risk management, human resources, entrepreneurial programs including the Farm and KCHO in addition to property management, accounting & financial statements as well as business services for the University Foundation.

The audit committee recommended the Board approve the financial statements.

Motion to approve the financial statements. Motion carries. (10/0/0)

- b. Extension of Matson & Isom Contract** – The audit committee discussed a one-year extension to the current Matson & Isom contract. The request for extension was necessitated by changes in policy regarding auxiliary external auditor engagements that was expected from the Chancellor's Office and would impact the RFP process timeline. The new policy is in place, but in order to proceed with the RFP and allow the auxiliary organizations sufficient time to go out with the RFP and to get in the queue with a potentially a new audit firm, the extension is requested. Dan Hunt disclosed that his son works for Matson & Isom and Rick Coletti disclosed that his business accounting is done by Matson & Isom. The RFP done this next year will result in a new contract in the 13/14 year.

Move to approve the extension of the Matson & Isom contract.
(Colbie/Hoffman) Motion carried. (8/0/2 – Coletti & Hunt abstaining)

8. ACTION ITEMS

- a. Signature Policy Amendment** – Lori Hoffman presented the changes to the signature policy in regard to the signature on checks. This change allows for others to be used as the facsimile as listed in the Signature Policy.

Move to approve the revised signature policy. (Coletti/Calandrella) Motion carries. (10/0/0)

- b. Records Retention Policy** – Karen Finley

Finley explained the policy was primarily modeled after the Chancellor's Office policy, but also includes language from other documents, notably the Associated Students, regarding the conditions under which there would be cessation of document destruction. 2006 was when the Foundation's last records retention policy was updated and this revision addresses electronic

media & email. It was recommended that all auxiliaries review their records retention policy in light of SB 8. The review is beneficial both in terms of making us more cognizant of when we hang on to documents and why. This will assist with reducing the amount of storage needed.

We're asking for approval of the policy itself. It references schedules that list out retention periods for specific types of documents. The schedules are intended to be living documents that management can modify as needed within the framework of the policy, legal requirements and good business practices

Members discussed wanting to have a copy of the current policy as a reference so they could understand former practice. It was noted there was no prior policy regarding electronic storage or email. Hoffman questioned the retention period for email (six weeks as proposed) for non campus hosted servers – the campus retains for two weeks. The concern was raised in the context of retention for grants and contracts and specific funder requirements. Carol Sager noted she would do some checking on their practices, but believed that pertinent email is attached to the project files and therefore would follow the retention timeline for that project.

It was decided no action would be taken until the next meeting.

9. INFORMATION ITEMS

- c. **College Park Houses update-** Karen Finley gave a report on the status of the College Park houses and the purchase by the State. The paperwork for the first four houses is still at the Chancellor's Office being reviewed.

Hoffman explained that additional information has been requested from the Chancellor's Office. She stated they are trying to bundle some higher priced houses with some lower priced houses. The University is paying the Research Foundation what had originally been paid for them, rather than the State's regular protocol which is to pay what the current appraisal amount. This has caused the Chancellor's Office to request additional information. Hoffman stated she is hoping this process is completed by March so the next set of houses can be moved in the 12/13 year.

Rick Coletti asked after the sales are made to the State if the Research Foundation will receive all the money it used to purchase these houses. Hoffman responded that the Research Foundation will get back the full \$3.8 million spent on the houses.

- d. **Special Set-ups-** Carol Sager gave the report for the quarterly special set-ups. These are accounts set up for contracts for which the funding has not yet been received. Carol explained to the new board members what a special set-up is and how they are handled. There are five programs where funding has not yet been received. One is UCC Berkeley for the title IVE nursing programs. We

are funding stipends and tuitions until the money comes through for this program as it is needed by the students. This is an issue that other campuses are also having with this program. The Chancellor's Office is going to be making contact with UC Berkeley to help move the process along. There is also a project for Cindy Wolff which is federally funded and one for Paul Villegas' area which is state funded.

At this point Karen Finley was asked to step out of the room for the PIC update. Carol Sager gave the attorney update on the claim to PIC. The distribution of assets from the bankruptcy is still 9 months away. The trustee is still working on liquidating assets and a bank account that needs to be dealt with. Given the claim that the Research Foundations has filed and assets to date, we are looking at a return of \$62,500.00 for this claim against the \$550,000 owed to the Research Foundation. This is \$.10 - \$.15 on the dollar. The question was asked if this was going to go back to the colleges and the answer was this was written off as bad debt and the Foundation will receive it. This is now having us look closer at special set-ups and ensuring that billing is done on time and more aggressive in collection to avoid this in the future.

10. ADJOURNMENT

Before adjournment the idea of training for the board members was discussed. And the fact of needing a new board member to replace Jonathan Day as this is his last semester on the Board.

The Meeting was adjourned.

Respectfully submitted,

Karen Finley