

The CSU, Chico Research Foundation

California State University, Chico

Minutes for the Board of Directors

Wednesday, September 26, 2012, 10:30 am – 12:30 pm
Kendall Hall, Room 103

MEMBERS PRESENT:

Paul Zingg, Belle Wei, Lorraine Hoffman, Richard Ellison, Drew Calandrella, Dan Hunt, Tim Colbie, Katy Thoma, Russell Shapiro, Lindsey Siegel

ALSO PRESENT: Karen Finley, E.K. Park, Fred Woodmansee, Carol Sager, Cindy Wolff, Stephanie Bianco-Simeral, Tawnie Peterson, Brandi Aranguren, Deborah Summers, Rebecca Lytle, Dan Ripke, Jason Schwenkler

1. Call to Order – at 10:43 am by Paul Zingg.
2. Public Comments – None
3. Approval of the Agenda – Move to approve the agenda. (Colbie/Hunt) Motion carried (10-0-0)
4. Minutes – June 26, 2012
President Zingg commented there are many items in the agenda which require ongoing attention. The minutes provide the context for those items for this meeting and on an ongoing basis as we move forward to insure the health of the organization.
Move to approve the minutes of June 26, 2012. (Hunt/Ellison) Minutes approved as submitted. (10-0-0)
5. University President's Report – President Zingg
President Zingg highlighted a message that was sent the previous day to the university community jointly signed by himself, Belle Wei, Drew Calandrella and the president of the Associated Students announcing the beginning of a conversation about an idea. The idea is called the Chico Compact for Student Success. It is an attempt to take greater control of our own future on this campus and to address and focus on student learning, student success, and student progress toward a degree. The element that has already garnered the most attention is the notion that there would be a campus-based fee as part of the compact. The determination of what that fee would be, its purpose and how it is applied and whether this is a decent idea remains to be decided through conversation and consultation with students. The process will be as important as what the final product may be. A lot of this will focus on helping the students develop an understanding. In the message sent, there are a number of comments that speak for themselves. We're pretty good, and there is evidence to support that: \$30 million in grants and contracts, national recognition for community service and sustainability, the high ranking in the US News and World Reports, improvements in student retention and graduation rates, peer ratings.
We're very good at a lot of things. The notion is: Can we do better? There is also a strong affirmation in the message that we can no longer do more with less. We are at the breaking point.

It will be an aggressive conversation so that everyone who wants to participate can. At some point we will need to call the question to see if there is support for the fee and the larger purpose of the compact. It will require a judgment call by him based on the feedback and then that information is communicated to the Chancellor who ultimately approves such fees. This Chancellor is doing that at other institutions. Six other campuses have fees. They're called different things, but they are the same basic idea. There is uncertainty with who the next Chancellor will be and if support for such a fee will be present. There is uncertainty with turnover at the Trustee level, and whether there is support from the Governor. He referred to the ballot measures including Proposition 30 which if it fails, the Governor has indicated that both the CSU and UC will receive another \$250 million cut in general fund support. If that is the case, then in just three years we will have seen our general fund support reduced by \$1 billion. In a scenario like that, access, quality and affordability are all threatened as well as the future of the State. With regard to the compact, he noted he has already received a number of emails, and even though some started negatively the conversations moved to understanding and listening rather than a kneejerk reaction.

6. Provost's Report – Provost Wei

Provost Wei followed up on the discussion on the compact. Six meetings have already been held to listen to campus constituents to hear what they like most about the campus, what they like least, and what suggestions they might have on how to make a difference. Knowing the importance of the Research Foundation, two of the meetings have been with principal investigators on projects of the Research Foundation to get their input. Early on they identified the importance of developing a sustainable financial model for the Research Foundation so a task force was formed. The question they want to answer is how to foster more grant and contract work which is integral to our intellectual activities of the campus and a comprehensive university for the north state while we have a sustainable financial model. The task force is charged with looking at various aspects of the current operations and making suggestions. Related to this is generation of resources. Another task force has been formed to look at Regional and Continuing Education. Its mission is to advance the mission of the university while generating resources for the university. Both organizations play an important role to enrich the University, both financially and intellectually.

President Zingg noted that one way Provost Wei has already influenced the campus is to think more about globalization of our environment, particularly enhancing the attendance of international students here and creating opportunities for faculty and students to connect to institutions beyond California and the US. We have 611 international students with us this fall. That is up from 569 from last fall. He will head shortly to China, Korea and Japan on a multi-tasked trip – partly cordial, diplomatic and reciprocal visits that are necessary to maintain the relationships with those institutions. In a broad sense, the 611 students represent about \$10 million to the campus. 20% of that \$10 million will result in financial aid set aside for domestic students. He continued, however, it is much more than financial. It is enrichment. It's preparing our students for a global workforce. It's understanding and dialogue.

President Zingg asked if there were questions. Lindsey Siegal expressed her desire to be one of the students responding to the conversation about the compact. The President assured her she would be and part of many conversations with sometimes smaller or larger groups.

Dan Hunt asked if they had looked at what will happen if Proposition 30 does not pass. Zingg responded that at the macro level there could be a reduction in enrollment of 30,000. Chico's share would be 1200 and each student represents \$30,000-40,000 in the community. There have been talks

of system-wide workforce reduction of 1500-1800. The trouble is if Proposition 30 passes there isn't any money for higher education and there's no plan that exists to reinvest in the institution. There's a vague notion from the Governor that if 30 passes and it stimulates growth that maybe in 13/14 or 14/15 there might be some new funding, but it will not replace what has been lost.

Hunt asked if local changes would be cuts across the entire campus or getting rid of certain endeavors. Zingg responded that is another conversation involving imagining some very challenging scenarios and involves the deans and divisions to try and answer that question. He noted that faculty searches have not been very successful because of the uncertainty of the economy, the salary freeze since 2007, and the inability to offer start-up incentives such as equipment or funds for travel. Part of the campus compact will be to identify among possible investment areas things that would help us improve areas such as faculty/student ratios, laboratories, and studios. He added this must be done regardless of what happens with Prop. 30.

7. Business

- a. Amended Articles of Incorporation – Finley referred to the back-up information and explained the Board of Trustees had amended Title 5 altering the approval of the disposition of assets upon dissolution of an auxiliary organization from the president and Board of Trustees to the president and the Chancellor. This requires all auxiliaries to modify their Articles of Incorporation by December 31, 2012.

Move to approve the amendment to the Articles of Incorporation (Hunt/Colbie) Motion carried.
(10-0-0)

- b. Audit Committee Report – Tim Colbie, chair of the Audit Committee provided the report from the committee's meeting the previous day with Matson & Isom when the financial statements were presented. Former board members, Rick Coletti and Jonathan Day were present as committee members. He noted he had anticipated that Board members would have a copy of the audit before them and distributed notes referencing the financial statements. There were no findings of malfeasance. He reviewed highlights of the report including that indirect recovery was up approximately \$300K. In summary, the audit shows that the Research Foundation complied in all material respects with requirements and there were no instances of noncompliance, deficiencies and basically a very low-risk audit.

President Zingg noted this is what they like to see. Members asked when the audit would be distributed. Finley responded the drafts were submitted to the committee yesterday. Matson & Isom was now preparing the finals in order to meet the deadline (tomorrow, 9/27) for delivery to the campus so they can be forwarded to the Chancellor's Office to meet their deadline. Finley stated that copies would be sent to Board members as soon as received and the statements would also be posted on the RF website. Finley continued that it was a very nice report from Matson & Isom and also nice to hear them recognize the RESP staff in particular with regard to the large number of projects they handle and that they did so flawlessly.

President Zingg stated this is an action item to accept the audited financial statements, but no one has them in front of them. Finley responded that the action could be held until the December meeting if so desired, but it needed to be understood that the financial statements, having been

presented to the audit committee would proceed with distribution to meet the required deadlines. The financial statements should be available tomorrow (9/27).

Move to accept the 2011/12 financial statements and unqualified audit as reviewed by the audit committee. (Hoffman/Calandrella) Motion carried. (10-0-0)

- c. Memorandum of Understanding re Facilities Reimbursement (EO 1000) – Finley noted that back-up information had been provided to explain what the memorandum is about. After the agenda materials were distributed, information was received from Vice President Hoffman that the Memorandum had, in fact, been signed by President Zingg and so the item is presented is an information item rather than for action.

Hoffman referred to the minutes of the 6/26/12 meeting where it was noted there was a new allocation of \$122,355 for facilities reimbursement and everything else reflected the standard allocations. She explained that when the BOD approved the budget they, in fact, approved the first allocation back to the state for the use of state facilities. She continued that all external entities are required to reimburse the state for use of state facilities. She stated that as VP for Business and Finance it is part of her fiduciary responsibility to the citizens of the State of California to collect that money so over the course of the last several years she has been working with RESP and RF staff, two provosts and now a third to complete this. The memorandum reflects it is for 12/13. Because it was not able to be completed while Provost Flake was present and Interim Provost Fernlund was uncomfortable signing something that was further reaching than her tenure, a methodology was put together that is in the memo, but the MOU is for 12/13. In the table it says renegotiate after 12/13 and also says on page 2 that the MOU will be reviewed by the Provost during 12/13. Provost Wei will be working on this with her and if it is changed it would be brought back to the Board. Hoffman stated she needed this for clearing the final finding from the auxiliary audit conducted by the system-wide auditors from two years ago. The AS, RF and UF satisfied all the audit findings with the exception of facility reimbursements to the State which also includes staff reimbursements. It was very far reaching. The Director of Procurement signed this in July, and the Vice President for Academic Affairs signed it. She stated she would let Karen speak as to why she did not sign it. President Zingg was asked to sign as President of the RF. This was for 12/13 and the allocation was already approved in the 12/13 budget.

Zingg stated one of the reasons he signed this was that clearing audit findings is of particular concern to the Board of Trustees. In every one of their meetings, there is a report from Audit and there is a scorecard regarding progress that institutions are making or may not be making relative to various audit findings. We generally do very well in this regard, but in the category where this one fits, this was the outlier. It had been out there for a few months. It's not that we were doing anything evil, but EO 1000 has been a challenge for every campus in the system and we need to comply with the understanding that needs to accompany these actions. So pressed with the audit report and wanting to get this last item off the question mark scorecard, he felt it appropriate to sign.

Hunt asked why the percentage bumps up 1% each year. Hoffman responded because the 9% is quite low. One of the reasons they decided to go with an amount that is lower than some other campuses or what had been proposed by the auditors is because our campus is very different than other campuses. The RESP staff deal with a lot of very low indirect contracts and grants and the

workload is the same as for higher indirect projects. Zingg added that part of this is where we are in our mission. Many of the organizations we partner with and services we are offering are for agencies and organizations whose own policies or willingness to address our concerns about indirect cost recovery results in a huge variety from federal, state, and private.

Hoffman elaborated that during the negotiations with RESP, since this was the first time it would be done, they wanted to amortize it in. One of the methodologies under discussion with Carol Sager was that under OMB Circular A-21, our federal indirect rate is 44%. 47.5% of that indirect rate is directly attributable to facilities. So when that was applied to just federal and private awards on the campus the amount would be over \$600,000 and the campus was not interested in taking that kind of money away. A lot of this is to satisfy the audit and she reiterated it is also part of her fiduciary obligation to the citizens of California.

Zingg asked for comments or questions. He then mentioned that just that morning he and Lori had a conversation with a student regarding the notion of the compact fee that focused on how easy it is to be confused by the fact that there are different colors of money. The student's question was why re-sod Kendall lawn when there could be more classes. A reasonable and good question except that the funds used for sod are not from the state general fund allocation and do not come from student fees. In fact, other investments we've made relative to sustainability and facilities result in savings that we invest back.

- d. Financial Update – Fred Woodmansee distributed and reviewed the first quarter budget to actual for the Foundation Administration office. He explained the middle column reflects the approved budget, the first column what had occurred during the corresponding time period the previous year, and the last column the estimates for that time period in the current year. Because we are not yet through September, there are a number of estimates made and income is not posted yet. He noted that expenditures are right at 25%.

Hoffman interjected that the budget approved in June had a \$581,000 deficit and information on reducing that was supposed to be provided. Finley and Woodmansee responded that there was more information coming.

Zingg explained to the new members a deficit budget was approved in June with the commitment that we would receive regular reports at our quarterly meetings on steps that are being taken to resolve the deficit.

Carol Sager addressed the second page of the handout pertaining to the RESP budget. She explained that some very good news was that indirect is ahead of where we were last year at this time by \$78,000 and last year we had \$2.9 million in indirect. We are well ahead of schedule. She reminded the Board that the discussion they had was that in budgeting \$2.4 million she was being very conservative and felt things might be slowing down. Instead they're feeling much better about the number of proposals that are actually translating into funded contracts. She added that one of things committed to was to report back on where we were with indirect related to last year and versus budget and we are well ahead of last year at 31%. Expenses are at 23% of budget. She said they are hoping the trend holds. It's very busy in contracting which is a good sign of things coming through the pipeline. One of the questions was why were we not budgeting at \$2.7 million for indirect, but if things hold, this will trim \$300,000 from the deficit.

Woodmansee referred to the third page of the handout which is an updated Net Assets. He noted the 2011/12 column is no longer estimated but reflects information from the audited financial statements. The major thing to look at is the line for Activity Related to General Fund Restricted Projects. That number is mostly comprised of new purchases of equipment that transfer into the general fund and are additions to our capital assets. It had a positive effect on our net assets at the end of the year. Finley added that when the budget was approved in June we were estimating net assets at year to be \$7.9 million and instead we are now estimating \$9.6 million mostly based on obtaining the audited numbers. The Board approved a deficit of \$581,896, and we are now at \$501,896. It is improving based on better information, but also with the effects of working on indirect recovery and keeping the funding stream moving in the right direction.

Finley noted that part of the motion at the previous meeting included developing strategies for moving forward. She distributed a handout that discusses possible strategies as well as the implications and approximate dollar impacts of implementing the strategies. She added that it becomes abundantly clear from her vantage point as well as from Carol Sager's and Fred Woodmansee's that 99.9% of what affects the RF budget is really housed in what is happening out on campus. The history of how we have interacted with the campus, how we've approached capacity building and incentives, as well as the buildings and their purchases shows that where the impact has to start from is more grassroots. She stated she is very happy there is a sustainability committee that the Provost instituted and that is why members of that committee are present at today's meeting. Anything that would be instituted as a Board, for example approving that grants and contract with indirect below the cost of business will no longer be accepted, would improve the bottom line, but it would hurt the economy of the University. It would hurt our faculty and it would hurt our staff. She stated that we cannot sit in isolation and propose this or that. It has to be a broader campus approach on how we do our grant and contract business. That is most of what we do. We still have the burden of the buildings but we have reached the fullest impact of taking over and absorbing the costs of the buildings except for what increases may occur in building operations.

The chart has a lot of ideas on it in terms of what could be done and now it's a matter of sitting down with the right players and teasing them out. It could be a combination of these approaches or modifications to them that can be worked out so that what happens does not devastate the campus.

Hoffman asked if Board input was being asked for. Finley responded yes that this was a starting point. Hoffman responded that she felt some of the ideas had merit, but that the last one on the second page (exchange of value) is unfortunately not necessarily a decision by the Board or the committee. She added that the discussion of exchange of value as allowed in EO 1000 is up to the campus. She stated she understands why we would want this on the table, but that is not a decision that the RF Board can make and is a decision the University would have to make. She continued she would not want to see too much time spent reviewing that. If the campus is being asked to review it she would be happy to do that with Provost Wei.

Finley responded that the premise is that it is just not the RF Board sitting and saying they pick this or that. This was intended to be a dialogue that informs the Board of what the ramifications are of any of the decisions and why as Interim Director she cannot just recommend "x." She used

the idea of charging rent to KCHO as an example noting there is a rationale that would justify why we would want to charge rent, but what would that do to KCHO. How do we look at that from a campus perspective in terms of the intangibles such as community outreach, service to the north state and the recognition it brings to the campus if we have injured KCHO in the process of getting rent money. Perhaps it's a phase in, but the intent was to bring the issues here so that everyone understands the dialogue needs to be widespread.

Hoffman stated she agrees with the phase in approach and that was why the RF was given five years to phase in the costs of 25 & 35 Main Street buildings. She stated they could note on the last item of the second page that this would be something that she and Provost Wei can discuss and certainly bring back to the Board.

President Zingg stated he looks at this as a menu of possible steps and we need to understand what may be possible or not. There could be limits on our ability to implement some of these, but it's good to know what they are.

Dan Hunt noted that 25 & 35 Main continue to be an albatross. He asked if strategic default was an option. Hoffman responded that it is. Hunt continued that where the list refers to selling 25 & 35 Main Street, it could just be zeroed out without digging into the reserves (the difference between selling and the bond debt), and asked who would be on the hook. Zingg responded it is an option and RF would be on the hook.

Finley commented that it was probably two years ago that she had a conversation with Robert Eaton at the Chancellor's Office and his take at the time was that we would not be allowed to default. She added she didn't know if anything had changed since then due to budget pressures, but the point at the time was that at least from a public relations/CSU viewpoint it wouldn't be a good thing. Finley continued that although the Research Foundation is separate from the CSU, the general public doesn't always distinguish between the two. Defaulting on a public bond obligation would get us out from under the debt, but the flip side is it would be damaging. Hoffman agreed the Chancellor's Office would absolutely try to talk them out of it but the bigger issue is where would the folks housed in 25 & 35 Main St. end up. That would be something for the Board to consider. Many of them are Centers and most of them are not faculty so they don't have offices on campus. They could increase their directs for payment for off-campus facilities, but those are all possibilities.

Thoma questioned whether there had been any discussion about renegotiating the bond. Hoffman responded that has been discussed because of the current interest rate and also the inclusion of the \$625,000 for the soccer stadium which the University is interested in paying off. Business & Finance will be paying off the soccer stadium and it provides a perfect opportunity to refinance. The problem is that the interest rate is already fairly low, so it might not provide much savings.

Finley referred to the 25/35 Main St. agenda item. She, Carol Sager and Dan Ripke have been in discussions about the buildings in terms of what could be done with the buildings that is different than how they are being used currently and whether there is potential for income and wondering what is feasible to help offset the costs. Dan Ripke is present to discuss the possibility of grant funding for a study through the Economic Development Administration (EDA) to explore uses for

the building. Finley explained that what they are looking for in terms of an action item is approval to proceed openly with EDA to explore the application process and requirements and delve into it.

Ripke explained that EDA is one of several departments within the Department of Commerce whose purview is to help assess local economic development efforts. It's not a huge budget, but it's small investments that make a big difference. EDA has invested in Chico State through programs at CED since 1986 and CED has become part of the Department of Commerce's eyes and ears in California. Three years ago they were asked to assist CSU Monterey Bay to explore what they wanted to create which was an economic development innovation institute. Ripke said he met with them over several months and helped them apply for a grant that funds feasibility studies. This pays for a third party to come in and conduct the study and to look at, based on the resources of the university, competitive advantages, and challenges in region, what opportunities might exist. Ripke provided background information explaining there are two programs of assistance. One is called local technical assistance and is generally between \$25,000-\$50,000 and has a 50% match. To go more than that you are referring to a program called the economic investment program. The first program reviews applications every month so funding can be obtained in as little as 30 days. The second program is on a quarterly cycle and it can take that long or up to six months or a year to obtain funding. What we are talking about is entertaining the idea of conducting a feasibility study for 25 & 35 Main Street. Sager added that what we've been talking about is mixed-use space, so public/private. The problem now is that we cannot charge rent for sponsored projects, but if we could come up with a public/private mixed use, the private entities that would occupy the space could pay rent. We could apply for up to \$2 million for the physical building, but we really need the feasibility study to determine whether it's possible, who the partners should be, what the mix would be and how we would sell it to EDA—whether it's an innovation center, or an accelerator for example. There is a lot of interest in combining research with economic development. That makes sense when you look at who is currently in the building, but it does have location problems. Ripke stated there is a national association called the University Economic Development Association which he belongs to and he has the opportunity to talk with his peers. What he understands from these communications is that there is a great advantage in having an independent third party look at these situations.

Hoffman stated she thinks it's a great idea especially if we could get some type of grant money that would help pay off the note and reduce the expenses. It was confirmed that we are talking about the existing buildings and not building new ones. She referred back to the MOU that was discussed earlier and stated that one of the things they would be looking at in terms of financial impacts is that they will note that when the 90% charge is considered for facility reimbursement, none of the indirect generated by the projects in 25 & 35 is included. All of the indirect from those projects stays with the RF. If a project were to move out, that would change. Sager noted it would change the base and Hoffman agreed adding that it would need to be part of the considerations. Even though we say they don't pay rent, they, in fact, do as part of the indirect.

Zingg encouraged that this be pursued stating it also relates directly to the university's role locally and regionally to foster economic development.

Thoma asked who the third party would be conducting the study. Ripke responded that would have to be an RFP process and added that EDA is very thorough in making sure these processes are done. Hunt asked if EDA is federal or state and Ripke responded that it is federal. Ripke

continued that because the study is a relatively small amount it could be done almost immediately. For the other portion we would probably need our partners lined up in order to get EDA's full support.

Move to authorize staff to pursue the availability of EDA funding for a feasibility study.
(Colby/Hunt)

Hoffman noted that Ripke had mentioned it could require a 50% match and asked how that would be accomplished. Sager commented that indirect would be waived. Most of the match with EDA funding is the difference between the direct 44% and 22%. Hoffman asked if in approving the motion they would also be approving a financial allocation to provide the match or would we be looking for some type of waiver. Sager responded that she would not anticipate the Foundation putting up any kind of dollars and if it were found out it were needed, we would hold off. Hunt questioned that the indirect could be sufficient to cover the match. Sager responded that some federal agencies will allow you to use the difference between your full federal rate and what they will allow.

Motion carried. (10-0-0)

College Park Houses – Finley provided an update that processes were starting to move the next three College Park houses over to the State.

Benefits Program – Finley explained that the benefits program is for all qualified employees on sponsored projects as well as the core staff which is RESP and RF Admin. Last year there were some pretty steep premium increases and that provided a lot of angst. This year renewals are looking good. They just came in and there is a .82 reduction in the PPO products and the HMO product has been negotiated down from a 12% increase to a 7.65% increases. There were some plan design changes made to help mitigate increases, but they were minor. She explained that the RF is part of an auxiliary organizations program that provides benefits so plan changes are made at a higher level than just the RF, but we see the benefits of group pooled participation. The changes are all within the budget parameters that were put forward.

Hoffman thanked Finley for bringing this issue to the Board. She stated that she believes the Board should be making the decisions on how the increases should be implemented. She asked what the cost share would be on the split of the increase. Finley responded that the numbers had just come in so that had not yet been looked at, but historically the split was approximately 25% for employee only and 18% for employee + 1 or employee + 1 or more, paid by the employee. Last year when the rates increased so dramatically, that had not held because the increase was split 50/50, so part of the process will be to see if we return to that model. Hoffman stated she did not know if the Board had ever approved that split or not and they could go back to those minutes, but she would like to see it brought back to the next board meeting for approval. She noted that when discussing personnel costs and savings, the benefits are a huge piece of that. Finley commented that she would have to research it, but the authority to work benefits splits and program had been delegated to management. Regardless, however, if the Board would like to take that back that would be fine. The only issue is timing. The Board doesn't meet until December and open enrollment must occur during the month of November requiring that all the numbers be in place prior to that. She suggested that if the Board would like a committee created that she could turn to

during the next week or two that would fine. She noted that of the 173-175 employees on benefits, only about 30 are core staff and the balance are associated with various projects that participate in the RF's pool.

Hoffman stated she thinks the subcommittee is a great idea. She added that the reason she struggles with this is that at the Associated Students, management doesn't make the cost share decision because they would be making a decision about their own benefits. She stated her belief that it is time for the Board to take that back over and that the subcommittee idea is a good one. Sager added that part of the conversation with Karen will also need to involve her. To the extent that benefit costs increase or that the cost split changes, it affects the funded grants and contracts that may not have any flexibility in their budgets.

A subcommittee of the Board including Katy Thoma, Lori Hoffman and Drew Calandrella was appointed.

- e. Special Set-Ups – Sager distributed a hand-out of special set-ups. She explained that occasionally they are in a position where they have absolute confidence that a grant or contract is being awarded. It may be the fully executed contract has not yet been returned, but has been signed, or there is a letter of commitment to fund. In most cases work will not start until the fully executed agreement is in place and that is our policy, but sometimes there is one that cannot wait. She referred to the chart on the hand-out and noted the first four are a perfect example. They are from UCOP (University of California Office of the President) and are the Tile IV-E BSW/MSW programs. They start in August when the students come back to start classes and we need to give them their stipends so they can purchase their books, pay tuition, etc. Those are the only expenditures that have been incurred under the special set-ups that EK has approved. The process is that when a project director gets to the point when he/she says they need to spend, a risk assessment is conducted, and then EK decides whether the set-up can occur. The assessment includes history with the funder, where we are in the process, and how much risk we believe we're taking on. Part of that process also includes that it is reported to the Board every quarter.

Russell Shapiro asked if there has been a change in funding that has come from the State during the past year or promises that have not been kept. He continued that he has seen issues with CDE. Sager agreed that payments have been slower, but they do eventually get paid. She added that Berkeley has also been very slow, and they fund millions to 16 campuses. It's difficult she added, but we wouldn't have the programs without these contracts.

8. Closed Session – President Zingg stated they would now be moving to the posted closed session and that only Board members would remain. He noted they would report on the closed session when it was over.

President Zingg reported on the closed session stating there were several parts. He began by recognizing Karen Finley's work as Interim Executive Director, particularly with the challenges we have faced and are facing with the RF and with the transitions in the Provost's office. The Board wished to make that very clear. Secondly, he reported that they will pursue a national search for the permanent executive director and there's one main reason for that. It is to benefit from the conversations and experiences that we hope would be reflected in a national search with the candidates who we hope we would attract. Searches should always enable you to learn something and

we would be hopeful that we would attract individuals with different perspectives, not necessarily better or worse, but different who can help us not with just the outcome of the search, but with dealing with so many other issues that we're addressing with the Research Foundation in relationship with the community and the University. He added that the Board recognized that they would welcome Karen throwing her hat into the ring and the Board also was assured that we know she has other roles to play in the Research Foundation should she not seek this position.

Zingg stated that the search committee would consist of Russell Shapiro, Lori Hoffman, and Tim Colbie who will help us with the screening, development of the position description which we will all review, and ultimately guiding the Board with the identification of the finalists, and of course the entire Board would be involved in the interviewing and the decision with respect to a permanent executive director for this body. He stated they would like to start this sooner than later.

Finley asked for clarification regarding the timeline being as soon as possible and would the committee be doing all the leg work or would she be asked to assist as HR Director which she added she would think not. Hoffman responded they would not ask her to be involved. Finley then asked if she were reverting back to her prior position. The response was not at this point. Finley asked if it were correct that she continues on in her current role until the conclusion of the search and would then revert back to her HR position. Hoffman and Zingg responded that was correct with Zingg adding that she would not be homeless. Zingg noted that Finley obviously had a decision to make and then things would play out. Finley stated she just needed to understand if going forward it would be a combined position or back to the previous two positions. Zingg responded that the goal was to create a single executive director position and a single and separate HR director position. That will add to funding challenges.

9. Adjournment – The meeting adjourned at 12:45 pm.

Respectfully submitted,



Karen Finley, Secretary/Treasurer