

The CSU, Chico Research Foundation

California State University, Chico

Minutes for the Board of Directors

Tuesday, June 18, 2013, 2:00 pm to 5:00 pm
BMU, Room 209

MEMBERS PRESENT:

Belle Wei, Paul Zingg, Tim Colbie, Lorraine Hoffman (arrived at 2:45pm), Dan Hunt, Russell Shapiro (via Facetime)

MEMBERS ABSENT:

Richard Ellison, Drew Calandrella

ALSO PRESENT:

Katy Thoma, Fred Woodmansee, EK Park, Carol Sager, Dave Daley, Brian Terhorst, Peter Srauss, Jennifer Ryder-Fox, and approximately 15 members of faculty and staff were present.

1. **CALL TO ORDER** – Belle Wei
The Provost called the meeting to order at 2:04 pm.
2. **PUBLIC COMMENTS** – None
3. **MINUTES**
Motion to approve the minutes of 3/15/2013. (Zingg/Hunt) Motion carried. (4-0-1) – Colbie absent at 3-15-13 meeting.
4. **FOUNDATION PRESIDENT’S REPORT-** Belle Wei
Have 6 action items – 3 related to budget and two are related as a result of the SAP Investigation, one item for Software update. Provost Wei reported that that after many years the budget situation is looking up. It’s stabilizing and the Chancellor has earmarked certain funding for student success to improve graduation rates. We expect to get some funding for this endeavor. She also reported that 18 new faculty members have been hired so far and may have as many as 31 new faculty when the new academic year begins in August, 2013. RF financial situation is much better thanks to faculty, RESP and the RF – more research done resulted in an increase in indirects.
5. **UNIVERSITY PRESIDENT’S REPORT-** Paul Zingg
State budget supports a modest increase in CSU, far short of what Trustees had proposed, governor approved an increase of \$125m in new support – Chico State can expect to receive 4.1% of the \$125m. The Governor has backed away from the “stick approach” to budget management based on improved graduation rates, number of degrees awarded, etc. due to differences in campuses. President Zingg believes this will be revisited later on. He also reported that he has asked former Provost Scott McNall to assist the RF in assessing the status of the Eagle Lake Field Station as it faces significant

loan obligation and operational issues. President Zingg stated we want to still use it, but asks the question, do we have to own it to use it. BLM has made overtures to swap Eagle Lake land for Butte Creek Ecological Reserve. Former Provost McNall will pursue these questions and discussions and the board can expect a full report at the next board meeting.

6. Presentation of Operating Budgets: FY Ending 2012/13 and Proposed Budget 2013/14

- a. Jennifer Ryder-Fox reported the Farm is the crown jewel of the campus. They are expecting a large peach harvest which is really an opportunity for goodwill as the community is invited to come in and pick their own. Dave reported on the operation – they're getting better at staffing. Expressed appreciation of RF staff. Encouraged people to come out and visit and see the Farm – people drive by, but don't come in and see the extensive activity of the Farm. The Farm is made up of four different areas – 1. Animals – dairy, beef, swine, sheep 2. Field crops - have a watermelon seed contract that has been beneficial financially and opportunities for the students. 3. Orchards – almonds – 40 acres being planted, walnuts, have increased peach orchard from 1 acre to 3 acres and olives. Greenhouses – small part of the Farm. Missed the budget by \$300k – an increase in income. Price of crops make it difficult to budget. Cash position is really good which hedges against crop failure and the Farm also has a "wish list." Minor changes in staffing. Purchased a \$200k John Deere tractor. Trying to upgrade equipment as some of the equipment being used is from the 1960's. Annual fund, contributions have really helped in purchase of equipment. Acknowledged the Bell sisters in their generosity to the Farm to make these equipment purchases. Concerns about water – moving from furrow to drip system which will improve water usage efficiency. There are 20 enterprises at the Farm. Working with other colleges like Natural Sciences at the Farm. Projecting a \$40k revenue over expenses for 2013/14. Very conservative due to crop prices. Research project this year for almonds – 30 varieties. Partnering with industry in this project. Organic Dairy – moving staff from grant fund to state side because Organic Dairy is now part of the curriculum. Harvesting 75 acres of almonds this year. Total projected revenue is \$1.35 million.
- b. **Action taken: Approval of ATRC Budget – Motion to approve the budget (Colbie/Zingg) Motion carried. (5-0)**
- c. KCHO Station Manager Brian Terhorst reported that the budget will be break-even for 2013/14. Realized a loss in 2012/13 of \$600 – first year of a reported loss in a long time. Membership department has grown but not at the rate they had hoped, underwriting did not reach goal, but seeing an increase in activity the last couple of months. Only radio station to cover 10 county area. Received a grant from Sierra Nevada Brewery to do a live a broadcast of the World Music Festival – very successful. Hope to do it again this year. Did over 20,000 announcements of the 125 Chico State Anniversary. Eight journalism students did an internship for a project called "Reflections" where they show cased for example the bells on campus. Planning on modest growth. Will be renovating studios from CD to internet. Dan Hunt asked why insurance increased so significantly. Terhorst did not have an explanation. Also, fundraising expenses increased due to staffing. Woodmansee reported insurance increase could be due to change in staffing. Zingg asked what

percentage of budget is fund raising and underwriting. Terhorst responded this budget only includes fund raising and underwriting. The other sources are from the UPE budget. Hoffman also mentioned KCHO does not pay rent which may have to be considered in the future. State covers 3 employees. Wei verified that UPE provides \$600K to the KCHO budget.

d. **Zingg stated the quality of the minutes have reflected what the interpretation of the board's**

e. – k.

Woodmansee began his presentation with the projects of the budgets Soccer stadium, Nettelton stadium. 2. Property Management – Eagle Lake property tax is new this year because we lost the exemption due to the fact the caretakers are conducting a for profit business. Sold Rio Chico Way Property \$145k real gain. College Park houses have not transferred as planned. President Zingg provided background on Master Plan as it relates to the sale of Rio Chico Way – university deferred to the city as to rather demolish the homes in the area for university expansion, but rather preserve the homes due to their historical value. Thoma reported that the RF initiated College Park transfer of 5 homes in March, 2013 with the CO's office but doesn't think the transfer will occur before fiscal year end. Hoffman provided background on the purchase of the homes. In 1999 – the RF purchased 3 homes on behalf of the university at a low rate. The agreement with the CO was that the transfer to the state would be made over a 3 year period, but was "lost in translation." Homes purchased in 2006 were at a much higher rate and the CO has been reluctant to sign off on the transfer of the 3 homes. Hoffman is working with the CO's office with the full knowledge of the President's office. Zingg says that the CO says they work for the university, not the CO's office. Hoffman discussed debt service and some maintenance of 25/35 Main St. The only tenant paying is CLIC by the A.S. The university reimburses for the state employees in RESP, but there is still not a strategy in place to have the other tenants pay. State has agreed to extend the contract to 6 years so the strategy could be developed and implemented. Wei asked about expenses not associated with RR and Cal Water – state covers all those expenses. 3. Computer Center budget – zero budget. Cost centers cover all of the expense. RESP budget – EK Park discussed budget of \$2.75m, but increase to \$2.95 was made by RF Admin. EK said \$2.75 was made in consideration made by sequestration because feds cutting by 5.4%. Carol Sager says her counterparts at San Jose State there may be reductions in agency funding, so they are being conservative in their numbers. Reduction in employee costs of .28%. ARI fee is increasing and hope to recover \$60k from PIC bankruptcy. Zingg asked Park if increase in faculty research will increase on the front-end. Increasing incentive by %50 to incentivize the PI's for their continued success. Park going to create a committee to decide to how to distribute the incentive. Currently of the \$300,000, only \$80,000 goes to the PI's, the remainder goes to the Deans. Wei reports that an evaluation on how to allocate the incentive in order to increase the number of projects and increase the quality of projects. Hoffman pointed out the Provost had decreased her portion by \$50k . Hoffman also stated she hoped the Provost would consider holding back incentive to respective colleges for tenants in 25/35 Main St. Further discussion on how to incentivize new faculty and consideration. Wei stated a methodology should be developed and brought to CAD

for consideration and then brought to the Board. Woodmansee reported on budgeted increase in interest earned – Hoffman/Thoma will bring a proposed Cash Mgmt. Policy to the September board meeting with the hope of investing excess cash for a greater return. Increase in employee expenses is due to the hiring of Thoma. Woodmansee gave an overall summary of the budget. Zingg made comments thanking folks for turning around the deficit by not only the sale of the property but the increase in activity in research.

I. Action taken: Approval of RF General Fund Budget – Motion to approve the budget (Colbie/Hunt) (6-0)

7. Business Items

- a. Policy on Facilities and Administrative (F&A) Cost Rates –

Action Taken: Approval of changes to Motion to approve (Zingg/Colbie) Motion carried. (6-0)

Friendly amendment added to above motion by changing “SAP Hosting Center” to “SAP Hosting Program” in both sentences where SAP Hosting Center is referenced.

Question from Professor Becky Damazo re: rates on Federal rates. Dean Ward said the funders don't mind paying the 44%, but want to see a greater amount going back to the PI's.

- b. Policy on Disposition of Surplus Funds – After much discussion, Park suggested a change in the language from “...federal and private...” to “...federal and for profit...” Zingg suggested changing the language in bullet 5 to “...for the use by the appropriate administrator of the center or institute or the advisory board of the center or institute.” Hoffman suggested to Wei these be considered friendly amendments. Zingg also mentioned the change made that states, “and the Vice President for Business and Finance...” in the last paragraph of the policy was a result of the SAP Audit/Investigation.

Action taken: Approval of changes to Policy on Disposition of Surplus Funds with friendly amendments stated above. Motion to approve (Colbie/Hunt) Motion carried. (6-0)

- c. Software – Thoma reported on information provided by CIO Michael Schilling – People Soft – 2 year conversion. IFAS will take about one year to convert. Costs are about the same. Sager reported People Soft does have a grants module, but are not using it, but a “bolt-on” which is why it is making it so difficult to use. Hoffman suggested at the September board meeting we have action item that the RF enter into a 5 year contract, with Option 3 with the AS and be sure the costs have not changed.

Action taken: delayed until next board meeting

- d. 90 Day Update – Thoma
i. Expense control – staffing, use of assets (25/35 Main St.), cash management proposal policy will be brought to September board meeting.
- e. 990 tax return – filed on May 14, 2013.
- f. Property update –

g. Board

- i. Executive Committee – Thoma requested convening an Executive Committee for practical purposes as it relates to the RF operation. Hoffman, Colbie agreed to serve and Thoma will notify Calandrella of his appointment. Hoffman also suggested the committee be a nominating committee as well.

Wei expressed appreciation to Dan Hunt for his 3 years of service to the RF Board and presented him a small gift.

8. Adjournment – meeting was adjourned

Respectfully submitted,

Catherine (Katy) Thoma, Secretary

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