

# The CSU, Chico Research Foundation

## California State University, Chico

**Minutes for the Board of Directors**  
Monday, September 29, 2014, 5:00 – 7:00 pm  
BMU Room 209

### MEMBERS PRESENT:

Paul Zingg, Peter Smits, Lorraine Hoffman, Dan Hunt, Mike Wiltermood, Russell Shapiro

ALSO PRESENT: Catherine Thoma, E.K. Park, Carol Sager, Jessica Bourne, Gina McCammon, Tim Colbie, Patti Chezek

1. Call to Order – at 5:18 pm by Paul Zingg.

2. Public Comments – None

3. Approval of the Minutes

Thoma noted correction to the date of the minutes; the date should be June 18, 2014, not 2013. Shapiro commented that he was concerned about getting agendas and minutes more timely. He asked that a standard for information related to action items being distributed to board members be introduced into the bylaws at the next board meeting. Thoma advised she is working with an attorney regarding changes to the bylaws regarding student appointments. She will discuss Shapiro's concerns directly with the attorney. Thoma will prepare a proposal to be submitted in December regarding bylaw changes.

Move to approve and accept the minutes from June 18, 2014 (Hoffman/Smits)

Motion carried (4-0-2)

4. University President's Report – President Zingg

President Zingg stated he had 4 items to speak on:

- a) Provost Belle Wei resigned from her position as Provost, and stated she was leaving the University to return to Silicon Valley citing personal health and family reasons. This moved Zingg into the position of Chair of the RF Board until the Provost, or Interim Provost, is identified. Zingg reported after consulting with administration, faculty, and staff that an Interim Provost will be appointed and will be seated for approximately 12-18 months. This Interim Provost will be identified by the end of October, 2014. The Provost should be identified as early as the end of the Fall term 2015. A professional search firm will be used.
- b) The University will be receiving an award from The Second Nature Organization. This group promotes "green values" and sustainability principals. This is an extremely high award to receive. Hoffman and Jim Pushnick will accept the award on behalf of the University with Taylor Herrin, AS President.
- c) US News Rankings are out. CSU, Chico did well, only 1/10<sup>th</sup> of a point below our highest peer review ranking. We are again in the top four Universities in the CSU System along with Pomona, San Luis Obispo and Long Beach. We rank 7<sup>th</sup> in public universities in the west, which includes some 230 institutions west of the Mississippi.

- d) **2014 -2015 Budget** –Zingg reported the University received 4.1% of the \$142M allocation for the CSU which is approximately \$6M. Next year we will only expect to receive 3%. Shapiro asked if funding will change to a performance-based system in the next fiscal year. Zingg answered it is unlikely.

5. **Business**

a. **Audit Committee Report** –

Hunt presented the 2013/2014 Audited Financial Statements. The Audit Committee met with Matson & Isom representatives Christy Norton and Elgin Frye on 9/19/14. Shapiro, Calandrella, Colbie, and Hunt attended the meeting. Hunt reported with pleasure that the auditors found no significant matters, findings or issues. Matson & Isom recommended that an updated actuarial valuation be completed by June 2015.

**Move to accept the 2013/2014 Audited Financial Statements** (Wiltermood/Hoffman)

**Motion carried** (6-0-0)

b. **Financial Report**

1. **RESP Report 2013/2014 Indirect Cost Recovery** - Sager reported for the first time ever in the history of this campus, indirect recovery totaled \$3M. Sager commended her staff as she could not have achieved this alone. They should receive recognition for this accomplishment. Zingg agreed that she did not do this alone but that Sager had given them the leadership to get it done. He directly asked that the record reflect the comments of appreciation from the Board.
2. **1<sup>st</sup> Quarter Financial Report** –Bourne reported the numbers for general fund expenditures for RF Admin and RESP. No significant fluctuations noted. Both offices are on track for the budget as presented in June. Shapiro asked if there were any items over 25% expenditures. Bourne answered probably and those expenditures would be under review at quarter end.
3. **Benefits** – Zingg asked Hoffman, Hunt, and McCammon to present. Hoffman reviewed HMO, PPL-low and PPO-high premium increases. Last year saw a very large increase. This year will not be as high: 8.45% for the HMO, 1.43% for the PPO-Low, and 1.57% for the PPO-High. Last year because the increase was such a significant amount, instead of the standard 50/50 split between employer and employee, it was decided there would be a 75/25 split. This year, Hunt, Hoffman and Calandrella met with McCammon to discuss increases and their impact to the RF and its employees. It was recommended that the split be 50/50 because it will be a small increase.

McCammon reported that dental insurance is still out to bid. We are at the end of a 2-year premium lock. Our broker is looking at competitive rates at this time. Vision had very minimal increases. It is the recommendation that any increases be shared 50/50. Zingg asked what general salary increase is being offered this year to employees of the RF. McCammon answered 2% was in the budget. His concern is over the cost of premium increases in comparison to salary increases; that a benefit premium increase should not eat up a 2% salary increase. He asked if an analysis has been done to assure this. Hoffman answered no but that the Board should be reminded of the 5% Cafeteria Plan that the RF offers and the AS offers 7%. McCammon explained how the different structures work. Hoffman explained the increase would depend on the original salary level. Hoffman requested approval of the 50/50 split on healthcare costs today and further analysis will be done regarding salary increases. Zingg asked for thoughts. Wiltermood asked if a 60/40 split was possible. Hoffman answered yes but standardly, in the past it, has been 50/50. Sager suggested more money be given in the increase to help pay for the benefit increase. Zingg

requested a motion to approve a recommended 50/50 split of the increased benefit premiums and include a review of the 2% pay increase to mitigate and overcome any loss of salary income through a benefit premium increase. McCammon advised the cost to the RF to absorb 50% of the increase will be \$45K. In addition to the 2% cost of living increase there is an additional compensation adjustment (merit increase) possible as stated in the RF employee handbook. Depending on the project and budget an additional merit increase may be awarded in the 1% to 5% range. Hoffman noted that core staff are only eligible for the 2% increase as approved in the 2014/15 budget. Thoma offered that an analysis will be done.

**Motion to approve a 50/50 split between the RF and employees for healthcare cost (insurance) increases** (Hoffman/Hunt)

**Motion carried** (5-0-1)

Zingg instructed Thoma to prepare analysis of salary increase to benefit increase. Analysis will be presented to the Board at the December meeting.

c. **Special Set-ups Report**

Park reported there are six (6) Special Set-up requests. UC Berkeley is historically late in getting a contract to us. Shapiro asked about a negotiating change. Sager advised it was an indemnification change; a fixed price contract.

**Motion to accept the Special Set-ups Report** (Hoffman/Hunt)

**Motion carried** (5-0-1)

6. Other Business

a. **Software Update**

Thoma reported early in the year the RF worked with the AS for new software upgrade. In February negotiations with the AS and a software vendor failed. The RF is taking this opportunity to look at their accounting processes overall. One possibility is to bring the accounting services in-house. Thoma cited a number of reasons this may be beneficial to the RF and its stakeholders and customers. Preliminary analysis indicates potential cost savings exceeding \$200K per year, with improvements to customer service, and efficiency. Thoma and Bourne requested permission to explore moving the accounting responsibilities to the RF office. Shapiro asked for clarification on the \$200K savings. Bourne explained the RF pays AS approximately \$760,000 per year for accounting services and IT. In turn we charge the University Foundation a fee of \$535,000 which we subcontract to the AS. Smits offered that following this exploration to the end, that there will be more monies to go toward student scholarships on the University side. Hunt asked if new software will need to be compatible with the AS software. Bourne answered no. Zingg asked if the savings cited is net the costs that would be carried in order to go forward with the suggestion of moving accounting in-house. Bourne answered yes, but this is a ball-park estimate.

Zingg asked if anyone would not be in favor of saving so that we can pass on to our faculty. Hunt asked how this would impact the AS. Hoffman answered that she has been working with the AS for the past 5 years to get them to "sharpen their pencils." With the failed negotiations for new software she noted that Thoma and Bourne felt it was time and in the RF's best interest to bring the accounting in-house. The AS is aware that there is a possibility that the RF will terminate their contract. Sager asked that when the time comes to look for new software that RESP be kept in mind as 90% of the Foundation's business is grants and contracts. Zingg gave Thoma permission to prepare an analysis and bring a recommendation to the December Board meeting.

**b. Big Chico Creek Ecological Reserve Update**

Thoma reported Packard Greer has assumed the role as the Interim Reserve Coordinator. They are preparing to interview for the Outdoor Ed position and hope to have this person on-board within 45 days. Dan Hunt asked if a local group has approached the RF about taking over the Reserve. Zingg answered that yes, he has had conversations with several local individuals and added he had nothing more to report at this time.

**c. Eagle Lake Field Station Update**

Thoma reported that she and Hoffman met with the BLM to negotiate possible transfer of the parcels with the caveat of 21 days/year of use by faculty. Preliminary inspections indicate the presence of formaldehyde in the soil and asbestos in some of the buildings. These findings must be remediated prior to the transfer. Hoffman and Thoma will continue to work with the BLM to explore options. More to be reported at the December board meeting.

**d. Taylor Herrin Proposal**

Thoma reported that she'd met with Taylor who has selected someone she would like to represent the students on the RF Board. Taylor is proposing that two students be appointed to board positions; one (1) with voting power and one (1) not voting. The non-voting member would assume the outgoing voting member's appointment with a new non-voting member joining the board. This will require a by-law change which Thoma will discuss with the RF's attorney. Thoma asked for permission to pursue this idea with the attorney and come back at the December meeting with request.

**e. By-law change proposal(s)**

Thoma advised community members' current maximum length of term is three (3) years with a one (1) year hiatus. Due to the complexity of the position, members just get "up-to-speed" by year three and are asked to step down for a year. Thoma proposed changing the by-laws that reads "Community Members may serve two (2) consecutive terms with a one (1) year hiatus. They may return to the board if they so desire after that hiatus." Notification of a change in the by-laws must be made at least 30 days in advance, and shall be. Smits requested a red-line proposal 60 days prior to the presentation in December.

Shapiro asked for another by-law review with the attorney. He would like to see a Campus Centers Representative, or Auxiliaries, seat on the Board. He advised we do have room to expand within the by-laws. Dr. Zingg asked if there are guidelines on community/University member seats. There are no guidelines in the by-laws specifically. Bourne noted board member ratios are involved in the determination of supporting organization type the RF is to the University.

Thoma asked Shapiro how he proposed the Centers Rep be selected. He replied all members serve at the discretion of the President. This should be no different. Wiltermood asked if this falls under "interested parties," and if there were guidelines as to how many interested parties could be on the Board. Shapiro answered there is not in the Articles of Incorporation or By-laws. He does not know about the IRS definitions. Zingg suggested to request legal counsel on this matter.

**7. Closed Session – President Zingg stated they would now be moving to the posted closed session and that only Board members would remain.**

Report on closed session – general in nature. The Board discussed Thoma's performance and she has been retained. McCammon will be asked to do a survey on executive director salaries. Hoffman asked that

McCammon come back to the Board with information on changing the current range using CSU's and local executive directors for comparison base.

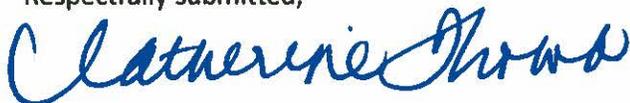
8. Adjournment – Zingg advised the next Board meeting scheduled for December 10, 2014, 2:30 to 4:30pm. The next meeting will include Taylor Herrin's proposal; Thoma to report on 3 possible by-law changes to be reviewed by legal counsel; and analysis of Benefit Insurance cost vs pay increase for RF employees.

**Motion to adjourn** (Shapiro/Wiltermood)

**Motion carried** 6-0-0

The meeting adjourned at 6:42 pm.

Respectfully submitted,



---

Catherine Thoma, Secretary

