

THE CSU, CHICO RESEARCH FOUNDATION

California State University, Chico

Minutes for the Board of Directors

Monday, March 11, 2019, 1:00 – 5:00 pm

Kendall 207/209

MEMBERS PRESENT: Debra Larson, Ann Sherman, Gayle Hutchinson, John Carlon, John Unruh, David Stachura, Ben Seipel, Angela Trethewey, Tom Lando, Tod Kimmelshue, Bob Kittredge

MEMBERS ABSENT: Ahmad Boura, Milton Lang, Alisha Sharma

ALSO PRESENT: Jessica Bourne, Russell Wittmeier, David Hassenzahl, Michele Flowerdew, Pam Hollis, Clare Roby, Jennifer Morgan, Annabel Grimm, Jeni Kitchell, Eli Goodsell, Kristin Gruneisen, Amie Riesen, Tom Wilder

1. **Call to order and introductions** – Larson called the meeting to order at 1:06 PM and asked for introductions from the Board and gallery. She shared that David Hassenzahl will be stepping down as a board member during his interim appointment as the AVP for Research and Sponsored Programs. Ann Sherman, John Unruh, and John Carlon were introduced as new board members.

2. **Approval of minutes from September 10, 2018 -**

**Motion to approve the meeting minutes from September 10, 2018
(Lando/Kittredge)**

Motion carried (11/0/0)

3. **Public comments and announcements** – Goodsell shared that the Big Chico Creek Ecological Reserve recently received a grant to further their work in fire mitigation.

4. **Reports**

a. **President's Report** – Hutchinson shared that efforts to support Campus members affected by the Camp Fire continue. Megan Kurtz has been named as the Wildcats Rise Community Liaison and will work to coordinate help from ours and other university communities to encourage efficient and productive work.

Strategic planning and physical master planning is ongoing and participation is encouraged. The WASC site visit took place recently and the accreditation process is nearing the end with the final report expected in June.

b. **Provost's Report** – Larson acknowledged that the WASC team offered commendations and recommendations to the university and both were appreciated.

An executive memorandum is being drafted regarding ancillary units as a way to establish the definition and process of becoming a center or institute within the Research Foundation. In addition, the CSU is in the process of performing an audit of a select few units and the results will be forthcoming.

As an update, the NSPR transmitter that was destroyed in the Carr Fire in Redding was repaired, however, is now experiencing weather-related service issues.

- c. **Audit Committee** – Kittredge shared that the FY2017-18 financial statements were reviewed at the last Audit Committee meeting in September 2018 and noted the material weaknesses that were discussed with the auditor. Bourne and Hassenzahl are committed to working towards resolution of these weaknesses and will bring updates to upcoming meetings.
- d. **Finance and Investment Committee** – Bourne highlighted the negative cash position of approximately \$4.5M in the Sponsored Programs fund as well as the roughly \$4.5M in unrecorded revenue. In addition, she noted the potential \$1.5M in undistributed Surplus Policy funds. The RF general fund carries \$4.1M in unrestricted net position.

She provided an update on the outstanding internal loans, noting that the Gateway Science Museum owes \$161,000 and North State Public Radio owes \$291,416.

Work with DHHS is ongoing and the fringe rate is expected to decrease slightly for the next fiscal year. Of the \$127,000 originally reserved to offset negatively impacted projects due to the fringe rate implementation, \$92,000 remains.

She reviewed the board designated funds, including the F&A distribution pool, the professional development fund, and the summer scholars fund. Larson added that she would hope to see a portion of these funds utilized towards incentivizing more faculty research.

Larson referenced a portion of the minutes from the February 25, 2019 FIC meeting regarding RESP's software search and noted that she would like more information before a decision is made.

- e. **Executive Director Report** – Bourne passed out a draft listing of the Research Foundation's centers, projects and ancillary units. These units are initiated and approved on campus and the Research Foundation acts as the administrator, however, it was noted that there are a handful that have their own individual board of directors. To evaluate current and future units, a matrix is being created that would compile information detailing the viability of a project as well as defining its relationship to campus.

Bourne shared the philanthropic success of the Wildcats Rise fundraising efforts to support students, faculty, and staff affected by the Camp Fire. Wittmeier added that in addition to financial resources, the Research Foundation Human Resources department was able to pool and distribute donated vacation hours to affected employees to assist with PTO needs associated with the fire.

One Solution is generally working well, and the standard reporting issue has been resolved. However, the recurring calculations for fees are still problematic. The Research Foundation will continue work with Central Square on the outstanding scope and revise the timeline for the remaining items.

The CSU Chancellor's Office performed an IT security audit in August of 2018 and found issues within Research Foundation activities related to workstation management and contract compliance. In relation to these and other opportunities for improvement, the Research Foundation has contracted with campus and outsourced information technology services. Additionally, facilities management services has been outsourced to campus for efficiency purposes.

The Research Foundation will be recruiting for a financial director. The position is expected to be vacant for at least 12 weeks and the duties are being back filled in the meantime.

It has been decided that the alcohol and beverage control license that was requested of the board last year for University Public Engagement will not move forward and that it is more appropriate to continue to obtain daily licenses for each show.

Lando questioned the approval process for outsourcing services to campus. Kittredge noted that the funds being used were listed in the board-approved budget. Carlon asked if a policy exists to designate a discretionary amount for expenses that are not listed in the budget. Larson asked that the FIC draft a policy for board review.

Kittredge shared that he attended an alumni event in the Sacramento area where a presentation was given appreciating the diligent work that the forensic anthropology department performed post Camp Fire. Hutchinson echoed these sentiments.

- f. **Research and Sponsored Programs Report** – Hassenzahl shared that he is settling into his interim position in RESP and would like to begin focusing on the accounts receivable balance and clarifying the role of facilities & administration fees. He shared that whomever succeeds him should understand finance and administration foremost but also academics and grant writing in order to be successful.

5. Business Items

- a. **Membership and Committee Summary** – Larson suggested changing the bylaws to allow members to serve a second 3-year term before a hiatus is needed. Bourne added that changing the appointment language so that a term expires 3 years from the date of appointment would help stagger membership. The board agreed and asked that a consent agenda item be added to the next meeting.

- i. **Finance and Investment Committee membership –**

- Motion to elect David Stachura and Annabel Grimm to the Finance & Investment Committee**
(Kittredge/Kimmelshue)
Motion carried (10/0/0)

- ii. **Audit Committee membership –**

- Motion to elect Ben Seipel to the Audit Committee**
(Lando/Kimmelshue)
Motion carried (10/0/0)

b. Eagle Lake – Action Item

- i. **Request for Proposals** – Goodsell presented the draft request for proposal that was initiated following board approval at the September 2018 meeting.
- ii. **ELFS RFP Evaluation ad hoc Committee** – Goodsell asked that an ad hoc committee be assembled and charged with evaluating proposals for the transfer of the Eagle Lake property and make recommendations to the board no later than December 2019. Carlon and Unruh volunteered to join Randy Miller and Eli Goodsell on the committee.

Motion to create an ad hoc committee to evaluate proposals for the transfer of the Eagle Lake property and elect John Carlon, John Unruh, Randy Miller and Eli Goodsell to serve on the committee
(Lando/Trethewey)
(10/0/0)

- c. **25/35 Main Cost Allocations** – Bourne asked the board for feedback on cost allocations for the 25/35 Main buildings. Her goal is to create an intentional, transparent, and consistent cost allocation plan moving forward in addition to possible review of prior years. Historically, most of the occupants of 25/35 Main have not paid rent directly and it is assumed that the Research Foundation will fund the buildings and maintenance with the indirect cost recovery. However, this cost recovery has not been enough and with \$7M in deferred maintenance, an intentional and consistent methodology needs to be implemented. Bourne suggested charging occupants actual cost allocation for 25/35 Main, less indirect cost recovery in excess of the 18.5% off-campus rate. Lando expressed concern about the Research Foundation's ability to cover the deferred maintenance costs. Trethewey suggested involving the deans sponsoring the projects that may or may not have the funds to support this methodology, giving them a chance to find other space if necessary. Kittredge noted that the funds being used from the RF General Fund to subsidize projects not earning enough F&A is decreasing the distribution given to campus each fiscal year. Hassenzahl questioned what the board would consider as an exception and suggested that subsidizing certain projects may be part of the Research Foundation's mission to support the campus. Kittredge acknowledged and clarified that this methodology is simply adding intention and consistency. Carlon agreed that the Research Foundation exists for a mission rather than profit, however, the transparency being implemented with this process is necessary for either.

Motion to approve the suggested cost allocation methodology to charge to the occupants of 25/35 Main
(Lando/Kimmelshue)
(10/0/0)

- d. **Research Foundation – University Foundation Operating Agreement** – Bourne reviewed the most recently executed operating agreement in which the Research Foundation offers the following services to the University Foundation: endowment, trust and annuity administration; and business services for all accounts, including procurement and human resources.

6. Introduction, NSPR Director, Phil Wilke – Larson introduced the new General Manager of North

State Public Radio, Phil Wilke. Wilke spoke about his work in radio and invited everyone to listen and become members.

7. **Center for Healthy Communities presentation** – Gruneisen, the Assistant Director of Operations, and Riesen, the Program Analyst, were invited to share information about the Center for Healthy Communities. They reviewed the program's inception, their focus of work, student involvement, funding, and benefit to the communities they serve..

8. **Closed Session – 3:58 PM**

9. **Adjournment – 5:00 PM**

Respectfully submitted,



Jessica Bourne, Secretary

