ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO
BOARD OF DIRECTORS MEETING MINUTES

Wednesday, February 8, 2017 2:30 p.m.  BMU 205

Members Present: Michael Pratt, Vu Nguyen, Teddy Delorenzo, Andrew Roberts, Bro Dumas, Brett Rahtz, Tammi Fleet

Members Absent: Jim Hyatt, Drew Calandrella

Others Present: David Buckley, Karen Bang (recording), Jamie Clyde, Thang Ho, Shar Krater, Susan Jennings, Leah Railey, Curtis Sicheneder, Annabel Grimm, Katrina Robertson

I. CALL TO ORDER – The meeting was called to order at 2:30 p.m. by the Chair, Pratt.

II. AGENDA – Motion to approve the 2/8/17 agenda (Nguyen/Dumas) 7/0/0 MSC.

III. MINUTES – Minutes of the 1/25/17 regular meeting. Motion to approve the minutes of the 1/25/17 regular meeting, as presented (Roberts/Rahtz) 6/0/1 MSC.

IV. ANNOUNCEMENTS – None

V. STANDING COMMITTEE REPORTS – Action items forwarded to the Board of Directors from the standing committees stand approved unless overturned by a 2/3 + 1 Board action.

A. Government Affairs Committee – Nguyen reviewed the items with the Board. He also noted that the ballot measure process has begun and Mark Stemen’s class will provide a presentation at GAC tomorrow.

1. GAC Actions of 1/26/17
   a. Approved the 1/26/17 revised agenda.
   b. Approved the minutes of the 12/1/16 and 12/8/16 regular meetings.
   c. Consent Agenda – 2016-17 Associated Students Committee/Council Appointments
      Correction to 11/17/16 Confirmation of appointments to Sustainability Affairs Council
      - Chance Watts and Tova Love were listed as being appointed by the Commissioner of Community Affairs. These appointments should have been listed as being made by the Commissioner of Sustainability Affairs.

2. GAC Actions of 2/2/17
   a. Approved the 2/2/17 agenda.

3. GAC Actions of 2/2/17 Special Meeting
   a. Approved the 2/2/17 Special meeting agenda.
   b. Approved EFAC allocation in the amount of $1,240 for the New Music Symposium event presented by Student Composers Forum, to be held at 7:30 p.m. on March 8, 2017 in PAC 134 and 7:30 p.m. on March 9, 2017 in Zingg Recital Hall, as presented.

B. Bell Memorial Union Committee – Roberts reviewed the items with the Board and noted upcoming BMUC meeting agenda items.

1. BMUC Actions of 1/30/17
   a. Approved the 1/30/17 agenda.
   b. Approved minutes of the 11/28/16 and 12/5/16 regular meetings.
   c. Approved Revised Resolution for Establishing Time and Location for Bell Memorial Union Committee Meetings – Spring Semester of 2016-17.

C. Associated Students Businesses Committee – Rahtz reviewed the items with the Board and noted the Hungry Wildcat Catering App is up and running. He said the name for the new C-store has been narrowed down to Urban Roots, and 1887. Textbook scholarships are out.

1. ASBC Actions of 2/6/17
   a. Approved the 2/6/17 agenda.
   b. Approved minutes of the 1/23/17 regular meeting.

VI. BUSINESS

A. Action Item: Approval of adoption of Resolution for Associated Students of CSU, Chico Flexible Spending Account Cafeteria Plan – Railey said we’ve had a flexible spending plan for quite some time; however, she
and Buckley weren’t sure if the Board had previously approved adoption of a plan as they didn’t find any records stating such. She said because we’ve changed providers and updated the plan, this provides the opportunity to have the Board officially adopt the plan. She said provisions remain the same with the exception of the run-out period, which she explained. Buckley said the new provider asked if the Board required a resolution, and Buckley said he wanted the Board to be aware it’s really the same plan, except for the change Railey noted. **Motion to approve adoption of Resolution for Associated Students of CSU, Chico Flexible Spending Account Cafeteria Plan, as presented (Roberts/Dumas).** Delorenzo requested confirmation that we’re memorializing what we have been doing, but don’t have this memorialized anywhere else, and Buckley confirmed. 7/0/0 MSC.

B. **Information Item: Report on COLA Percentage** – Jennings explained that each year during the budget process, the Salary and Wage Increases Policy, Policy No. 570, tells us how we should evaluate and look at the Cost of Living Adjustment for the year. She said calculations are used for informational purposes, taking an average of four different indices. Jennings said the calculated COLA using calendar year 2016 indices is 2.3%. Discussion was held. Buckley said Policy 570 requires this information to be provided to the Board yearly but it doesn’t mean we’re automatically implementing this amount in to the budget. He said more years than not, this is not implemented and explained the various reasons why.

C. **Information Item: Housing Contract** – Buckley provided a PowerPoint, and said the reason they’re talking about this in depth is that since spring of 2012 when Sutter was opened, we went with a new contract with Sutter Dining. He explained that previously at Whitney Hall, the contract was a profit and loss agreement and the Board rate would come to us (one for food, one for room and board), collected by Housing and Housing would give to us. We’d then pay all of our expenses such as labor, food, rent of 9% (included utilities and use of the space and offset equipment owned by them), and we were allowed to make a certain profit on the bottom line. Anything below that we would split with Housing 50/50. At that time the Board rate would increase by the CPI. He said when we moved into Sutter, the challenge from Housing’s perspective is that now they had a massive debt that they didn’t have before. The Housing director at the time said with this new plan we’d stay on the P&L and the AS would pay approximately $1.2 million of debt. Buckley said he ran the numbers and found that this wouldn’t work as we would lose hundreds of thousands of dollars. He said they finally came to an agreement that is not a P&L and Housing collects the Board Rate, they pay all of our costs (labor, food, utilities, etc.), then we’re guaranteed $425,000/year, plus flex dollars of $488,000 that students can use anywhere they want on campus. He said this arrangement has worked pretty good for the last few years for both Housing and the AS. Buckley said now with the minimum wage jumping up, it was realized that this model would not be sustainable unless the guaranteed amount of $425,000 jumped considerably. Based on that, Buckley said they reached out to Susan Wilkie, a consultant used previously, to help with ways to move forward. He explained her work was presented last week at a meeting with both AS and University staff to get discussion going on the new contract. He said the reason this contract is so important, and the Board ultimately needs to approve is because the way Housing works across the country, Housing is the cash cow in dining programs. He said anyone running a dining program will be profitable in housing, struggling in retail services (dining). For AS to survive, they have to come up with an agreement that works both for the AS and Housing. He said the best model to go with is to go back to a P&L, but the AS can’t pay $1.2 million in debt. Wilkie said based on the NACUFS survey in 2015-16, we’re doing a good job regarding our plate costs of $2.58 (industry averages range from $2.25 - $3+), labor costs and cost of sales. Buckley explained that there are four big contractors if dining is contracted out. It was pointed out debt service that Housing has allocated to us is 24% which is extremely high; 2.5% to 12.6% is the average debt service across the country. Buckley said AS Dining staff are cognizant of keeping costs down. If a contractor came in, their profit amount would be approximately 20% because they hide where they’re making money. He said we’re currently at 7.7% profit. Wilkie said Dining Services is subsidizing the entire Housing program, The Board plan. Buckley reviewed with the Board Wilkie’s suggestions: 1) AS to operate on a profit and loss agreement. 2) AS receives all funds and missed meals and pays all operating expenses. 3) AS continues to fund University Housing custodial services and support staff for maintenance as is presently allocated with cost adjustments agreed upon annually, or about $201,590 in 2015/16. 4) AS allocates $100,000 per year for small wares and equipment purchase. Funds to be retained by UH and carried over each year if not spent. 5) AS reimburses UH for repairs and maintenance. 6) AS funds a reasonable debt service payment of 7% or $377,512 annually. All of this is open for discussion. Buckley said minimum wage is going to be challenging as they start talking about this, and will effect both Housing and the AS. He said we’ll either have to cut expenses or increase revenue which means the Board Rate would have to go up. He said they may need to come to agreement with the University that the Board Rate can escalate at a certain rate. Delorenzo asked about the contract time line and Buckley said he’d like to get this to the Board by the first of April if possible (Dumas left the meeting at 3 p.m.).
D. Information Item: 12/31/16 Corporate Services Budget to Actual Income and Expenses – Jennings reviewed with the Board.

E. Information Item: Review of Investments – Quarter ending 12/31/16 – Jennings provided an overview of each report.
   - Local Agency Investment Fund and Certificates of Deposit.
   - Board Designated Fund.

F. Information Item: 12/31/16 Activity Fee, Student Union, Auxiliary Activities and Corporate Services Fund Capital Expenditure Reports – Jennings reviewed the reports for each area with the Board.

G. Director of University Affairs Report – Fleet reviewed her report which was included in the packet (Dumas returned at 3:16 p.m.). The next CSSA meeting will be held in San Francisco. She said there have been a couple of Student Academic Senate meetings and noted there are two confirmed applicants for the College of Business Senator position, which closes on Friday. Successful tabling was done on the gauntlet recently. Academic Integrity Council had their first meeting today.

H. Director of Legislative Affairs Report – Dumas said the first LAC meeting was held today and changes to their LAC Code were approved. Chairs of sub-committees of LAC will be chosen. Dumas said they are discussing with other groups the potential tuition increase and he is working on a press release regarding tuition increase.

I. University Vice Presidents’ Reports – Absent. No report from Grimm.

J. Executive Director’s Report – Buckley said the Dining Director search is out and closes March 1. He noted the Marketing Coordinator position had a failed search; the position will go back out. Buckley said he has been talking at all committees about the minimum wage increase. One of the goals given to him last year had to do with coming up with a plan to address minimum wage without fee increases or going in to reserves. He said this is not possible. Buckley said he supports GAO maintaining programs for a couple of years, then going in to reserves for a couple of years. He'll be preparing his annual goals letter soon. Buckley said the Union shouldn’t need a fee increase for quite a while. Buckley noted that Drew Calandrella is retiring, and Jim Hyatt is interim. The filling of these positions will potentially have an impact on the AS. He'll said he'll be spending all of next year educating the new VP's about the AS and how we operate. They also will have to deal with minimum wage.

K. President’s Report – Pratt distributed to the Board his CSSA notes, a summation of what he got from all of the CSSA meetings/committees attended recently. He said March 8 is the tentative date for the rally and march against tuition increase. Academic Conference is Friday and Closing the Achievement Gap is the theme. Educational Leaders Panel will be the day before CHESS. Discussion was held regarding CSSA. Buckley questioned the Letter of Mutual Agreement and Pratt said they went through a three month process regarding the Shared Governance letter, what relationship should be between the AS President and University President should be. SERF was discussed.

VII. ANNOUNCEMENTS – None

VIII. PUBLIC OPINION – Limited to three minutes per speaker, five minutes for entire topic – None

IX. ADJOURNMENT – The meeting was adjourned at 3:31 p.m. by the Chair, Pratt.