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

Monday, January 26, 2015

Members Present: Taylor Herren, Nicole Lung, Michael Pratt, Darion Johnston, Jeffery Zawoysky, Lori Hoffman, Drew Calandrella.

Members Absent: Teddy Delorenzo.

Others Present: Karen Bang (recording), David Buckley, Thang Ho, Susan Jennings, Leah Railey, Jon Slaughter, Curtis Sicheneder, Sally Parenti.

I. CALL TO ORDER – The meeting was called to order at 2:06 p.m. by the Chair, Herren.

II. AGENDA – Motion to approve the agenda (Johnston/Zawoysky) 7/0/0 MSC.

III. MINUTES – Minutes of the 12/9/14 regular meeting and 12/15/14 special meeting. Johnston requested a revision to the 12/9/14 minutes, under the Director of Legislative Affairs Report. She requested that the sentence mentioning Dylan Saake be changed to, “Johnston expressed concern about the transparency of the committee and said that there has been miscommunication and not a lot of communication between different entities on campus trying to work towards the same goals, and this needs to be done better.” Motion to approve the revised minutes of the 12/9/14 regular meeting and the minutes of the special meeting of 12/15/14. (Johnston/Lung) 7/0/0 MSC.

IV. ANNOUNCEMENTS – None

V. PUBLIC OPINION – None

VI. OPINION – None

VII. 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 – Zawoysky reviewed with the Board. He said the Government Affairs Office held a retreat over the break.
   1. GAC Actions of 12/11/14
      a. Approved the 12/11/14 meeting agenda.
      b. Approved the minutes of the 12/11/14 regular and special meetings.
      c. Approved Revised Resolution for Establishing Time and Location for Associated Students Government Affairs Committee Meetings – Spring Semester of 2014-15 Academic Year.
      d. Approved EFAC allocation in the amount of $2,100 for the Up ’til Dawn event on February 27, 2015 in the BMU.
   2. GAC Actions of 1/20/15 Special Meeting
      a. Approved the 1/20/15 meeting agenda.
      b. Approved the minutes of the 12/11/14 meeting.

B. Bell Memorial Union Committee – No meetings held.

C. Associated Students Businesses Committee – Lung reviewed items with the Board.
   1. ASBC Actions of 1/26/15
      a. Approved the minutes of 12/3/14.
      b. Approved Revised Resolution for Establishing Time and Location for Associated Students Businesses Committee Meetings – Spring Semester of 2014-15 Academic Year.

VIII. BUSINESS

A. Action Item: Approval of interim appointment of Jeffery Zawoysky as Chair of the Bell Memorial Union Committee. Motion to approve interim appointment of Jeffery Zawoysky as Chair of the Bell Memorial Union Committee, as presented (Pratt/Johnston). – Herren explained that it’s being recommended that Zawoysky chair this committee as Jovan Smith will no longer be chairing. Herren explained that she requested Zawoysky chair this committee as he’s the most equipped to move in to this
position at this time. She said it’s still their intention to have a new person chair this meeting soon. **7/0/1 MSC.**

B. Action Item: Approval of Board Resolutions required for the amendment and restatement of the Associated Students Exempt and Non-exempt 401(k) Plan documents. **Motion to approve Board Resolutions required for the amendment and restatement of the Associated Students Exempt and Non-exempt 401(k) Plan documents, as presented (Zawoysky/Pratt).** Jennings distributed the Mandatory Plan Restatement 2014, as well as Board resolutions for the exempt and non-exempt plans. She said they are formalizing the discussion held at the previous Board meeting regarding the restatement of the two 401(k) Plans. She explained that the Plan Restatement is standard and is done every six years to get up to date with IRS requirements, etc. **8/0/0 MSC.**

C. **Information Item: Succession Plan** – Buckley said he was following up regarding the email he sent to the Board regarding succession planning, as well as the Associate Executive Director job description that he provided. He explained that Parenti will be retiring in December and he’ll also be retiring in the future. Buckley said he’d like to hire someone this spring as the Associate Executive Director, a new position. He said this is similar to what was done at San Diego State and explained further. Buckley said the person would not be guaranteed the Executive Director position; they would have to apply for it. He also noted that there wouldn’t be additional costs to Activity Fee and Dining and explained that Parenti’s salary will be gone after December, and this position would be paid out of the Student Union budget. Discussion was held. Herren explained that because this would be a new position, the Board’s approval is required.

D. **Information Item: 12/31/14 Activity Fee, Student Union, Auxiliary Activities and Corporate Services Fund Capital Expenditure Reports** – Jennings summarized the various reports. Hoffman questioned why cardio equipment wasn’t purchased for the WREC as budgeted and Sicheneder said the equipment was purchased and installed a week ago.

E. **Information Item: 11/30/14 Activity Fee Fund Budget to Actual Experience** – Zawoysky reviewed with the Board, noting that the bench mark is 41.67%. Total revenues are at 51.76%, total expenses at 36.16%. He said everything is on track.

F. **Information Item: 11/30/14 Student Union and WREC Summary Income and Expense Statements** – Buckley provided an overview of the Student Union report, noting that total revenues are at 47% and the Student Union has expensed 35.66% of the approved annual budget. Buckley next reviewed the WREC report, noting total revenue was at 49.86% of approved budget and total expenses at 36.42% of approved budget.

G. **Information Item: 11/30/14 Dining Services Financials** – Lung reviewed with the Board, noting that retail sales continue to exceed expectations. She said Residence Dining plate cost dropped to $2.06 after last month’s $2.71 which brings them back to target.

H. **Information Item: 11/30/14 Chico State Wildcat Store Financials** – Jennings distributed a revised report, replacing pages 34 and 35 of the agenda packet. She reviewed and noted total expenses of $55,000, commission revenue of $28,000, along with a $31,000 net loss.

I. **Information Item: CalPERS – Clarification on Pension Reform** – Buckley provided background regarding the CalPERS retirement plan, explaining that the AS joined CalPERS in 2008. He said that in 2011-12 there was a lot of political talk about pensions in California and Governor Brown signed the Public Employees’ Pension Reform Act (PEPRA) in order to cut pension costs. He said the main focus was on new employees hired January 1, 2013 or later. He said this Act creates a new defined benefit formula of 2% at age 62. He explained that the formula for AS employees hired before January 1, 2013 is 2% at age 60, with campus employees at 2% at age 55. Buckley said all new employees have to pay at least 50% of the cost for the plan. Employer paid member contributions (EPMC) are prohibited for new members unless a MOU has been signed with bargaining units, or other agreements. Buckley said, as an example, the AS employee share was 7%, the AS was paying 2%, with employees paying 5%, which is the problem. He also explained that pensionable compensation is capped at the Social Security wage index of approximately $113,700. Buckley said the AS has been paying the EPMC; however, opinions were received from the auxiliary attorney Robert Griffin, and Jeff Carter, our attorney, that the AS is not required to follow the EPMC since the AS is not defined as a public agency per statute. He said the laws talk about public employees and does not define auxiliaries, so the attorneys don’t believe the AS falls under this requirement. Buckley said he and
Jennings have also found out that some auxiliaries, like us, aren’t paying EPMC, some are. Buckley said the AS is following other requirements of the PEPRA such as the 2% at 62 and have adjusted the new member contribution. He said they are continuing to research. Buckley said they received information from CalPERS that the contribution rate has changed from 7% to 6.25%, so the contribution rate has now changed to 50% of the total contribution. Classic employees pay 7%, employees hired after January 1, 2013 pay 6.25%. Buckley noted the AS is following 2/3 of the law, with the other 1/3 in a limbo stage, and they want to follow all of the requirements. Buckley questioned if the AS should continue with EPMC and wait for an audit to happen, although there could potentially be fines if PERS audited and said the AS owed money, and listed various options regarding contributions. He noted current new employees are being told their contribution rate is 6.25%, not 4.25%. He said in discussions with Jennings and Railey, none of them are feeling comfortable with just moving forward as is unless they can find something in writing from PERS. Buckley said it’s up to the Board to decide how they want to move forward. He said they’re getting very mixed signals from attorneys and CalPERS on this issue. Zawolsky requested that the Board be provided with costs associated with this. Jennings said the AS pays a significant amount towards PERS retirement, approximately 13% of employees’ compensation. She explained that in order to be comparable with the deduction rate used at the time by the campus (the campus at 5%, the AS at 7%) there was a resolution passed by the Board when we joined PERS that as the employer we were going to cover 2% of the employee’s contribution, and that 2% is the number they’re talking about, which makes the employer contribution 15% instead of 13%. She said if that went away, our rate for those hired after January 2013 would go back down to 13%, they would pay 6.25% (right now they’re paying 4.25%). In the new calculation, their retirement age got pushed out to 62, that’s why it’s less expensive to the employee because their retirement age is now two years later than those hired before January 1, 2013. Jennings said that’s the difference between the 7% and the 6.25%. She said when the AS originally went in to PERS our calculation was 2% at 60. The rate for an employee was 7% at that time with the employer contribution going in as well. The AS agreed to cover 2%, and the employee contribution was set at 5%. She said that instead of new employees getting the full formula benefit at age 60, they will now get the benefit at age 62. Buckley said a whole new actuarial was run. Jennings said if the AS were to award a pay increase to cover that increased deduction, the AS employer contribution will also go down by 2%. She said there would be slight costs associated with future cost of living increases and Section 125 contributions. Hoffman said she was struggling with the idea that employees hired after January 1, 2013 already have less benefits than employees who have been here prior to January 1, 2013. She said if the AS stops making the 2% payment that means that employees are paying more for their pension because they’ll be getting 2% at 62, instead of 2% at 60. She suggested taking advantage of the savings and increasing everyone up to the 5%. She also suggested taking the 1.25% away from the 23 employees and giving them a one-time payment. Jennings said classic employees would stay at 5% with the AS paying 2%, for a total of 7%. Jennings said the formula changed only for new employees. Hoffman said they should be looking at all AS employees, not just new employees and discussion was held. Hoffman suggested giving 2% to everyone, and then decreasing contributions by 2%. Buckley said they could look at that as an option and also noted that something should be done fairly soon in order to show our due diligence. Buckley said he appreciated that Hoffman is trying to be fair for all employees. He also noted that they are still seeking information from other auxiliaries and expects to see a number of changes over the next few years regarding pension reform.

J. Director of University Affairs Report – Pratt reported that the first Student Senate meeting for the semester is this Wednesday at 8 a.m. An administrative type manual will be discussed. A Senator Retreat was recently held. • Regarding college councils that are going to be implemented, Pratt said he hopes that by the end of February he’ll have something in place in order to start utilizing them for their intended purposes of collecting information and then providing this information to students.

K. Director of Legislative Affairs Report – Johnston reported that at CSSA this weekend they received an update from the Chancellor’s Office regarding what SIRF will actually look like physically on the student center. She said they wanted to make sure it’s clear to students what they are paying for, as well as their option to opt out. She noted that this item is going to the Board of Trustees (BOT) on Wednesday. Herren said she will be speaking at the BOT meeting in support of SIRF. She said her role is to report to the trustees on the process as well as organizational changes in CSSA. She said that on Sunday, CSSA members voted in approval of SIRF. She thanked the AS Board and staff for their support during this process. Implementation date if adopted would be this coming fall. • Johnston reported that the California Higher Education Student Summit (CHESS) will be held in Sacramento the first weekend of March. She said the sign-up deadline is February 2 and hopes to take up to 8 people. • Johnston reminded that the Student Trustee Search is going on and March 27 is the application deadline. She requested that if anyone knows of any students that would be a good fit for this position to let her know. • Johnston said CSSA reviewed the state budget, and it looks like there is intent to increase Cal Grants from $22,000 to $30,000,
as well as the actual number of Cal Grants available. CSSA will be looking at possibly supporting this. There is also potentially $25 million in deferred maintenance for the CSU system.

L. University Vice Presidents’ Reports – Hoffman said new signage is going up on campus slowly and intentionally. She also noted that the new replacement Gus Manolis bridge by Selvesters will be ready to use again this summer or early fall 2015. Construction of the vehicular bridge by the Physical Sciences building is being postponed until next year. • Hoffman said she’s seeking input on how to move forward on parking issues with the Academic Senate, where she made a parking presentation. She explained that Academic Senate continues to ask questions about how many parking passes students are allowed to purchase as they’re concerned that more are being sold to students, less for faculty and staff. Hoffman said she could provide a parking presentation to our Board. Herren said it would be more appropriate to present to the Government Affairs Committee. She also suggested that the Sustainability Affairs Council might be of assistance to Hoffman regarding this and how to connect with students. Discussion was held and Hoffman said the issue is that 17,000 people are coming to campus, and there are not enough parking spaces for all. • Calandrella said unfortunately the semester began with two recent student deaths and the arrest of a student. On the good side, he said he is sensing a change in the student body in that they don’t seem to be feeling the need for big parties. He said the AS BOD has been particularly helpful in changing student culture.

M. Executive Director’s Report – Buckley explained that when he did the Board orientation for the student Board members, that he shared with them that the AS has a MOU with Student Affairs that splits part of his salary, with Student Affairs paying 25% of his salary. Regarding the PERS issue, he reviewed the MOU and will suggest to Herren and Calandrella to clarify that his position is not a .75 part-time position. • Buckley said at the last meeting that they were reviewing ideas of trying to retain employees in the Financial Services Office. He said he and Jennings discussed this and he’ll send them the details. They are suggesting a severance of one month, but would allow those that stay to work, to stay until July 1 which would give them one more month’s salary and benefits. • Buckley said he is waiting on Follett’s financials through rush (the end of this week). Once he receives this information, he’ll share with the Board. He said hopefully sales picked up from fall and explained that next year we go to a commission, not a guaranteed amount. Receiving this information will give them an idea of where sales may go in the next two years.

N. President’s Report – Herren noted that she’ll be out of town Wednesday. Also, she will be out the week of February 23 as she’ll be heading to Hill Day in Washington, D.C. with President Zingg. She said that in her absence, Zawolsky will be chairing the February 23 Board meeting. • Herren said at CSSA a presentation was made called Donate don’t Dump, which was about giving away food without causing liability issues. She said Courtney Silver is interested in this and will follow up. • Herren recognized and thanked Jovan Smith for his work the first half of the year. She noted that he stepped in when the Executive Vice President position was vacant and he’ll continue to be involved, leave an impact and support this team. She said his last day is Friday. • Herren said conversation will be held soon regarding next steps. In addition to the Vice President of Facilities and Services position, she noted that two senator seats also need to be filled.

IX. ANNOUNCEMENTS – Buckley said they haven’t yet moved forward with the NetSuite software because there was an issue in the Human Resources piece regarding benefits which adds additional costs. He said once this information is received, he will let the Board know where they’re at in regards to going with NetSuite or ADP. He noted that ADP said their price would be good for three years, and then would increase by 20% to 25%. He said we’d need to have them hold their price and not increase.

X. PUBLIC OPINION – None

XI. OPINION – Herren welcomed Sicheneder to his first meeting as the WREC Director. Johnston said she has Student Trustee application flyers if anyone would like some.

XII. ADJOURNMENT – The meeting was adjourned at 3:37 p.m. by the Chair, Herren.