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

Wednesday, August 26, 2015 8:30 a.m. BMU 205

Members Present: Deanna Jarquin, Vu Nguyen, Matt Zaleski, Charlie Curtis, Michael Pratt, Nick Howell, Teddy Delorenzo

Members Absent: Drew Calandrella, Lori Hoffman

Others Present: David Buckley, Karen Bang (recording), Susan Jennings, Jamie Clyde, Sally Parenti, Thang Ho, Leah Railey, Jon Slaughter, Shar Krater

I. CALL TO ORDER – The meeting was called to order at 8:31 a.m. by the Chair, Jarquin.

II. AGENDA – Jarquin added Information Item H. – Affordable Care Act, to the agenda. Motion to approve the revised agenda (Nguyen/Howell) 7/0/0 MSC.

III. MINUTES – Minutes of the 5/4/15 and 5/11/15 regular meetings, and 8/12/15 special meeting. Motion to approve the minutes of the 5/4/15 and 5/11/15 regular meetings and 8/12/15 special meeting, as presented (Pratt/Curtis) 7/0/0 MSC.

IV. ANNOUNCEMENTS – Jarquin said, "Happy First Week of School."

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 – Nguyen reviewed the information with the Board. He noted they also discussed Shared Governance at yesterday’s GAC meeting.
   1. GAC Actions of 5/5/15
      a. Approved the 5/5/15 revised meeting agenda.
      b. Approved the minutes of the 4/23/15 and 4/28/15 meetings.
      c. Approved forwarding the Real Food Resolution, as amended.
   2. GAC Actions of 8/25/15
      a. Approved the 5/5/15 minutes.
      b. Approved Resolution for Establishing Time and Location for Government Affairs Committee Meetings for the academic year 2015-16, as presented.

B. Bell Memorial Union Committee – Curtis reviewed the information with the Board.
   1. BMUC Actions of 5/6/15
      a. Approved the 5/6/15 revised meeting agenda.
      b. Approved the minutes of the 4/22/15 and 4/29/15 meetings.
      c. Consent Agenda – Sustainability Fund Allocation Committee Meeting – April 29, 2015
         1) Approved the minutes of 4/15/15.
      d. Approved revisions to the Associated Students Corporate Code Book – Duties for the Associated Students Vice President of Facilities and Services.

C. Associated Students Businesses Committee – No meetings held.

VIII. BUSINESS

A. Action Item: Approval of Resolution for Establishing Time and Location for Associated Students Board of Directors Meetings for Fiscal Year 2015-15. Motion to approve Resolution for Establishing Time and Location for Associated Students Board of Directors Meetings for Fiscal Year 2015-16, as presented (Pratt/Delorenzo), Jarquin explained that this is the list of upcoming Board meetings. 7/0/0 MSC.
B. Information Item: CalPERS Plan Changes effective July 1, 2016 – Risk Pool – Jennings explained that every year CalPERS does an actuarial valuation of our CalPERS retirement plan. She said CalPERS notified us this summer that because we dropped below 100 employees, new regulations require us to move in with other small employers in to a risk pool; currently we’re in a plan all by ourselves. That way, instead of bearing all the risk of having our demographics change, which could make the rate more volatile, they will be putting us in a risk pool which spreads this out among many employers. Jennings explained that in 2008 CalPERS replaced our 401(k) Plan as the primary retirement plan. She explained employer contributions go in to the plan on behalf of employees and employees are also required to contribute to the plan. Jennings said there are two different formulas we are currently under. Prior to 2013 when the CalPERS law was revised, the retirement formula was 2% of compensation at age 60 multiplied by years of service. In 2013 the law was revised which changed the formula for new hire employees after 1/1/13. Their benefit formula is 2% at age 62, instead of at age 60. Currently we’re still all in one plan and pay one blended rate to CalPERS. She noted this change is not optional and they’ll learn more about it when the valuation comes out this fall. Jennings said they don’t yet know how this will impact the rate the AS pays but will keep the Board updated.

C. Information Item: Sick Leave Policy Revisions – Buckley said approximately a year ago we were given notice that California changed the sick leave law and now requires that any employees that are working in California for 30 days or more are eligible for sick leave. He said all of our non-benefited employees (part-time, temporary, and student employees) are now eligible for sick leave. Railey reviewed the AS Sick Leave Policy and the changes being proposed. She said they took recommendations from Richard Bromley, the Labor Attorney who attends AOA meetings and presents recommendations to the HR group. Railey explained that a section on non-benefited employees has been added to the policy. She noted that non-benefited employees do not receive medical, dental or vision coverage. She explained they have granted the 24 hours of sick leave up front instead of accruing it. She also said that sick leave is not cashed out upon termination. Railey explained other additions/revisions to the policy. Buckley noted that there will be a cost to this, mainly because now this means they’ll have to backfill to cover absences in certain areas such as Catering and Dining Services. He said they will not be sure of the total impact of this change until we’ve gone a year or so with this new policy. Railey said they’re still working on how to pay sick leave to officers as they’re paid via stipend and not paid on an hourly basis. She said there are also other non-hourly compensated employees that don’t clock hours that they’re still working on how to give sick leave to them. Curtis asked if student employees are aware of the new Sick Leave requirements and Railey said they have been informed. Discussion was held regarding tracking of sick leave as well as what determines sick leave. Jennings said an amount has been included in the current budget as an estimate. Buckley said this will be brought back as an Action Item at the next Board meeting.

D. Information Item: Strategic Plan – Buckley said there is a Strategic Plan Committee but since the majority of members on the committee are on the Board he thought it would be best to start this discussion with the Board. He said this item is being presented to get a sense of where we think we’d like to go with the Strategic Plan; however, he’s not suggesting that we make changes at this point unless the Board wishes to do so. Buckley explained that the AS developed their Strategic Plan shortly after the University developed theirs. He said our plan mirrors a lot of their initiatives. He explained the plan provides seven initiatives that we follow, then shows We Wills. He said the intent of the plan was that the Board approved a very broad range of initiatives and it doesn’t specify by committees. He said each of the chairs of the committees would take these to their meetings to provide more defined goals and asked that Board members review this document before the next meeting so they can discuss it further. He said mostly the plan is still relevant. He said eventually they would ask each of the committees to start working on specific goals that would meet these objectives, noting that the We Wills will not necessarily pertain to all committees. He said the committees would develop and approve their goals. He said this needs to be finalized by January at the latest because the budget process starts at the end of the January. Buckley said he’s not bringing any suggested changes other than minor changes. He said at some point when the University makes changes to their Strategic Plan, we might follow. Delorenzo said it would be helpful to see what the Board and committees did the last time to see where we might be able to move forward. He said he would provide the changes that BMUC and ASBC made but GAC struggled with it because it got in to the programs and was a little more difficult for them to decide what to do because of the diversity of all programs.

E. Information Item: CSSA Overview – Howell explained that the CSSA MOU says the AS Chico CSSA representative is to report to the Board regarding what CSSA does and how it effects students. He explained that he, Jarquin and Pratt will be attending monthly CSSA meetings. Howell reviewed the mission of CSSA, their structure and how they operate. He provided an overview, noting there are 23 members on
the CSSA Board and there is one voting member from each CSU campus. He said that he is the CSUC voting member. Various committees were reviewed and explained. Howell next provided a brief history of CSSA’s funding noting that SIRF will hopefully make CSSA independent from the Chancellor’s Office. A budget comparison between Pre-SIRF and Post-SIRF was reviewed. The budget process and budget highlights were next reviewed. Delorenzo said there’s a CERF fund on campus that departments and colleges get from Continuing Education. She said this is different than SIRF, so they need to keep this in mind when talking with students.

F. Information Item: Funding Executive Orders 2015-03 and 2015-04 – Jarquin reviewed the Executive Orders noting that these were signed in May of 2015 because these events are happening too early this fall to go through the fall funding process.

G. Information Item: Review of Investments:
- Local Agency Investment Fund: Quarter ending 6/30/15 – Jennings reviewed and explained the LAIF report. She said this is a very low risk investment and the return on investment was 0.26% for last fiscal year. Net interest earned was $29,095. She also reviewed the Certificates of Deposit funds from the Wildcat Store and RAC Endowment, noting interest was at 1.275% with net interest earned of $2,625.
- RAC Endowment Fund: Quarter ending 6/30/15 – Jennings explained this is money that was set aside or transferred from the businesses over the years. The goal has been to get the base amount to $1 million. She said this past year they were around $760,000 and because of the low rate of return on investment, they weren’t making a lot of progress getting to $1 million. She said the Board voted last year to reach $1,000,000 by funding from the reserves of the Wildcat Store. They were then able to invest in CD’s. Jennings reviewed the report with the Board. Buckley said the intent of the endowment is that as they collect interest on the $1 million, the Board could at some point allocate the interest funds elsewhere.

H. Information Item: Affordable Care Act – Buckley said he had sent a memo to the Board yesterday regarding the Affordable Care Act (referred to as Obama Care). He said this is a Federal law to provide low cost health insurance to everyone and ensure that everyone has health insurance. He said at the recent AOA HR meeting that Railey attended, it came up that employers that have certain plans like ours could be problematic in how the IRS is going to look at these plans for employers that have 50 or more employees. He distributed a sample Enrollment/Salary Reduction form and explained this form goes to our employees during open enrollment in November when employees choose what they want to do with their health premiums. He said health plan changes begin annually on January 1. Buckley said the AS created a Cafeteria Plan where employees have the option to allocate their funds to a variety of sources. The AOA attorney said there’s concern that by giving employees cash, this might be a violation with the IRS on how employees afford affordable care. Buckley explained that the AS has three standard categories in health premium plans (Employee only, E & 1 dependent, E and 2 or more dependents). Under $90/month is considered affordable for the least expensive plan. As an example, of the $229.15 of the PPO Low that the employee pays, $152 which is given to every employee, comes out to $77.15. He said the base PAC Contribution means each employee gets $160/month to use as they wish. Out of that, $152 goes to health and $8 to vision and dental. Buckley said the IRS is now saying the premium cost is $229 plus $152 because employees have the option to take as cash, which means it’s now their money. He said this would put us way over $77. He said this makes no sense per the attorney they talked with; however, the IRS doesn’t want people to take this money and go out and buy insurance, which is for those that don’t have health insurance as the Federal government is subsidizing Obama Care. We’ve been told the AS can’t give employees $160/month, nor the 7%. We have to take the 7% and it’s now going to go to employee compensation. However, employees won’t get a 7% raise. He said the state does not do this, they give a salary and employees pay their insurance premiums from their salary. Buckley said even though a state employee may make more, AS employees get 7% which makes salaries equal. He said the 7% saved the AS a lot of money because they didn’t have to pay taxes on it, nor pay the percentage to CalPERS. The cost for the AS will go up approximately $62,000. In addition, employees will pay more taxes, and will now pay more towards their CalPERS retirement. Buckley explained that the AS has to make this change, or we’ll be fined by the IRS. Buckley said one of the advantages of getting away from the PAC Plan system is that it’s very confusing to employees, as well as trying to explain to potential employees. Salaries will now be a flat amount and employees will pay benefits out of that salary. He said they’ll be bringing further information regarding this back to the Board. Delorenzo asked if there is a time line with the IRS and Buckley said we have until January 2016 to finalize changes. He said they’ll take the $160 and apply it towards premiums in order to bring premiums down. Buckley said approximately 12 employees will lose the
$160/month because they were getting the cash. Reviewing of health premiums by the Board will begin late September and the Board will determine how much the AS and employees will pay towards premiums.

I. Director of University Affairs Report – Pratt reported that a handful of students are going to the Academic Senate Retreat Thursday which has turned in to a conversation on Shared Governance. • Pratt said he will be doing several college visits and noted that Student Academic Senate will be meeting Mondays at 7 p.m.

J. Director of Legislative Affairs Report – Howell said CSSA was hosted by Chico in August and was successful. He said they’ll be attending CSSA in San Bernardino September 11 through 13.

K. University Vice Presidents’ Reports – Absent.

L. Executive Director’s Report – Buckley said the Dining Director search early in the summer was not successful. The position was reopened and they hope to bring one of the candidates to campus soon. • Buckley said they pay close attention to enrollment in regards to Activity Fee and Student Union fee. He said we’re down 100 or so from last year but within the amount budgeted for. As of today enrollment is at 17,200 and we budgeted for 16,500. • Buckley said they have received notice that the Chancellor’s Office will be here for an audit in November. He noted that audits are performed by them every three years. He said they will be focusing on Financial Services, IT and HR. • Buckley said they are moving forward with implementation of HR and Financial software and ADP trainings have been going on. He said the second piece of this is NetSuite. New ADP time clocks should arrive in approximately six weeks. • Buckley thanked Ho for working on the cell signal in the basement and also thanked Jennings for the amount of work she has been doing, especially due to the audit and ADP.

M. President’s Report – Jarquin updated the Board regarding the status of the Wildcat statue, noting that a University level survey was taken last year regarding the statue location and no conclusive location was decided on based on the survey. A new survey will be held October 9 through 18 regarding two possible locations. • Jarquin said President Zingg announced his retirement and is moving into a transitional process. • Jarquin said Government Affairs officers emailed Academic senators regarding our stance on shared governance in relation to the resolution that was passed by the AS. • Jarquin asked for an update on the new website launch and Ho said they’re still working on it. • Jarquin said the recent Government Affairs training was successful thanks to Nguyen and others. • Jarquin said Wildcat Welcome continues this week and next, including Labor Day planning. She updated the Board regarding various events being held. • Jarquin said she would like the Board members to consider whether or not to go paperless for Board agenda packets and said they’ll discuss this further at the next meeting. • Railey asked if AS students will be involved in the President’s search. Jarquin said she received a letter from the Chancellor’s Office that it’s within the AS President’s purview to appoint one student to the Chancellor’s Office search committee for the CSUC President. Buckley explained the new process for campus president searches, noting that Chancellor’s Office trustees run this process now, and it’s done confidentially.

IX. ANNOUNCEMENTS – Jarquin said Happy Birthday to Clyde, Howell, Slaughter and Jerad Prevost.

X. PUBLIC OPINION – None

XI. OPINION – Buckley congratulated all involved with CSUnity. He said they made Chico proud and it was a great event.

XII. ADJOURNMENT – The meeting was adjourned at 9:51 a.m. by the Chair, Jarquin.