

**HUMBOLDT STATE UNIVERSITY CENTER**  
**BOARD OF DIRECTORS**

Regular Meeting on Thursday, October 22, 2020

Zoom Meeting ID: <https://humboldtstate.zoom.us/j/99767618871>

The Humboldt State University Center Board of Directors met on the above date online via Zoom, consistent with the CA Governor's Executive Order N25-20, suspending certain open meeting law restrictions. Chair, Jeremiah Finley, called the meeting to order at 5:17 p.m.

Directors Present: Jeremiah Finley, Steve Martin, Marissa Miller, Armeda Reitzel, Mark Rizzardi, Amber Blakeslee, David Lopez, Jourden Lamar, Eboni Turnbow

Directors Absent: None

Also Present: Wendy Sotomayor, Deserie Donae, Melanie Bettenhausen, Bridget Hand, Roy Furshpan, Ruth Sturtevant, Carlos Holquin, Caroline Lee, Linda Pereira, Heidi Chen, Lynne Sandstrom, Jason Meriwether, Sherie Gordon, Michelle Caisse, Sarah Long, Randy Erickson, Rachel Napier, Casey Park

**MINUTES:**

SUBJECT: Approval of Agenda

MOTION: It was moved (Reitzel) and seconded (Miller) to approve the Agenda.

ACTION: The motion was approved unanimously.

SUBJECT: Approval of the Meeting Minutes

MOTION: It was moved (Miller) and seconded (Reitzel) to approve the Minutes from the October 8, 2020 and October 15, 2020 Board meetings.

It was noted that in the October 8, 2020 Minutes that it is stated that San Jose is located in San Jose County when it is actually located in Santa Clara County and the Board agreed on this being corrected.

ACTION: The motion was approved unanimously.

SUBJECT: Seating of New Board Member Jeremiah Plata

MOTION: It was moved (Miller) and seconded (Reitzel) to seat Jeremiah Plata to the Residence Hall Association Representative position.

ACTION: The motion was passed unanimously.

SUBJECT: Public Comment

There was no public comment.

SUBJECT: Chair's Report – Jeremiah Finley, reporting

Alumni Representative – The University is working to fill this seat.

Possible Bookstore Relocation – There has been no further movement on the discussion about possibly moving the Bookstore.

Vacancies – There are still vacancies for students, an alumni, a community representative and a faculty member.

Chancellor's Office Audit – The Audit has continued with preliminary recommendations in development. IT has been noted as an area that needs attention.

Space Allocations – At the beginning of the year, there were conversations about space reallocation on campus and spaces like the Humboldt Bay Aquatic Center. The Programs & Facilities Committee will begin to meet to collaboratively work with the Dean of Students Office and Associated Students to create a new design for the student union.

SUBJECT: Interim Executive Director Report – Wendy Sotomayor, reporting

UC Operations Update – Board members were reminded to sign the Conflict of Interest Statement via AdobeSign. For Executive Committee members, they were reminded to complete the DoodlePoll to help determine the Executive Committee meeting time.

San Jose State University Football Team – The San Jose State University Football team did return to Santa Clara County as the county lifted restrictions, allowing for their practice. If the county returns to a higher risk level and restricts gatherings again, the football team may return to HSU and Dining Services would provide them with catered meals and the team would use the Student Recreation Center in the late night hours again. HSU is currently working with the Humboldt County Health Department to work through plans if this situation presents itself.

Possible Dine-in Options – Dining Services have been working closely with Housing and the University discussing possible dine-in options. While Dining Services do have an approved re-opening plan to follow COVID-19 protocol, including an approved social distancing seating chart for the J, the UC is waiting until after face-to-face instructions end to see how many students will remain in Housing on campus and which Dining locations will remain open. If a dine-in option is to be offered, the UC will continue work with the campus Emergency

Operations Committee with input from the Humboldt County Health Department to assess when and if the campus is ready to take the risks associated with dine-in options for residents.

Bookstore – Bookstore sales are down 65% this year. The UC is having ongoing discussions on how to increase sales in a virtual world and how to keep up with virtual trends, for instance providing digital course books at a reasonable cost to students. As for a possible relocation of the Bookstore, the UC is still in a phase of discussion and research. The UC is waiting for Follett to provide input on expected earnings or changes if the Bookstore is to move to the first floor of the Jolly Giant Commons. Once this input is gathered, the UC Board, the Associated Students Board and the University, Space, and Facilities Advisory Committee can expect to receive formal presentations on the proposed move options.

HBAC – There are no updates or changes to report. The lease agreement still under review between Humboldt State University, the City of Eureka and the Department of Boating and Waterways.

Chancellor's Office Audit Report – Sotomayor met yesterday with the Chancellor's Office Audit Manager, Caroline Lee. Lee's hopes are that the audit's field work collection of information and testing samples will be completed within the next 2-3 weeks. An initial report with observations and recommendations will then be presented to the Board and campus. There were concerns with IT that have been brought to Sotomayor's attention. There is a meeting tomorrow with campus IT and administrators to discuss a response to the IT concerns. There will be collaborative effort between the UC and campus to take immediate action to attend to the areas of concern.

Arcata Community Pool Board Meeting – The Arcata Community Pool Board met last night. The Pool Board contemplated providing the UC with a 90-day notice, effective November 1<sup>st</sup> with an end date of January 31<sup>st</sup> but ultimately did not take action to do so. The Pool Board identified they do not have a transition plan in place to move forward with the 90-day notice. The Pool Board expects to receive Prop-68 funding in December and plans to pay back the \$75,000 line of credit balance immediately upon receipt of the Prop-68 funds.

Deferred Maintenance Report – Sotomayor is scheduled to meet with Facilities Management to discuss the UC's deferred maintenance and capital projects for both short and long-term planning.

MOTION: It was moved (Reitzel) and seconded (Martin) to accept the Executive Director's Report.

It was asked when the Board can expect to hear more about the relocation of the Bookstore. Sotomayor said the campus is interested for the new location to be ready for Fall 2021 so she expected to have something on paper within the next

month or two. A member asked if the first floor of the Jolly Giants Commons is the only location being considered for re-location. Sotomayor replied that Follett is also preparing a proposal to stay in the current Bookstore location with a reduction in the classic bookstore's footprint to make space for a coffee shop and lounge to be incorporated. Sotomayor noted that the location above the College Creek Marketplace was briefly considered by the campus before being determined to not be a viable option. Facilities Management and specifically Mike Fisher are involved in these meetings and discussion. Facilities Management is looking at the Jolly Giant Commons and projecting costs for renovations. Follett has projected it would cost them a half million dollars for the space to be ready for their relocation, but HSU has projected higher costs than that. Sotomayor noted that these costs might become part of contract negotiations, as the UC-Follett Contract will expire on June 30, 2021. She clarified that, based on the conversation, the renovations do not seem to be coming from UC. After further questioning if any other locations are being considered, Sotomayor committed to following up with the questions about scoping out other options for relocation.

**ACTION:** The motion was approved unanimously.

**SUBJECT:** Audit Committee Report – Jeremiah Finley, reporting

2019-20 Independent Audit Report and Special Presentation – The Audit Committee accepted the Independent Audit Report. Sarah Long the Assistant Controller at HSU walked the Committee through the Letter to Management.

CSU Advisory and Audit Services Update – Sotomayor walked the Audit Committee through the process of a Chancellor's Office Audit. The Audit Committee will meet at a higher frequency this year to receive reports on the progress of the Chancellor's Office Audit.

**MOTION:** It was moved (Reitzel) and seconded (Miller) to accept the Finance Committee Report.

**ACTION:** The motion was approved unanimously.

**SUBJECT:** Finance Committee Report – Amber Blakeslee, reporting

2019-2020 University Center Financial and Audit Report Update – The Committee met yesterday. Sotomayor presented the internal annual financial statements to the Committee. Compared to the independent audit statements, internal financial statements provide a deeper break down of the separate UC Areas. Instead of providing mid-year and annual financial statements, UC management will now be providing quarterly financial statements to the Finance Committee.

University Center Reserves Review – The Committee reviewed the Reserves and talked about aligning the reserves with a new 5-year financial plan that incorporates goals and capital improvement. The Committee noted that the stateside fee and UC reserve could use further inspection to make sure both reserves aren't saving money for the same goals. Reserves are being leveraged to subsidize this year's budget and to fund necessary capital improvement projects.

Voluntary Employees' Beneficiary Association (VEBA) Trust Update – The Committee did not have time to review this item.

MOTION: It was moved (Lopez) and seconded (Reitzel) to accept the Finance Committee Report.

ACTION: The motion was approved unanimously.

SUBJECT: Unfinished/Old Business

HSU Presidential Letter September 24, 2020: Failure to Comply with Operating Agreement – At the meeting on October 8<sup>th</sup>, the Board moved to request that representatives of the University President attend today's meeting to answer questions regarding the Notice of Termination. Dr. Jason Meriwether, Acting President and Sherie Gordon, Interim Vice President of Administration and Finance have come to speak to the Board regarding the questions that the Board provided in advance (see the questions [here](#)). Finley explained how this information and discussion item would proceed. Finley will ask the question, Dr. Meriwether and Vice President Gordon may give their response, then Board members may raise their hands to then be given time by the Chair to ask a follow-up question.

Finley read question 1, "Does HSU want the UC to cure the alleged breaches and continue to have an operating agreement with CSU for the same primary functions serving HSU?" Meriwether responded, "Yes."

Finley read question 2.a. "Alleged Violation No. 1: On October 1, 2019, the UC authorized a \$300,000 Line of Credit to the North Humboldt Recreation and Park District in Violation of Section 2, Section 4, and Exhibit A of the Agreement.

a. The Notice of Termination indicates that the UC violated Section 4 of the Agreement, which provides that "[the UC] agrees to maintain and operate is organization in accordance with all applicable laws, regulations and CSU and campus rules, regulations and policies." Section 4 further states that "[f]ailure of [the UC] to comply with any term of this agreement may result in the removal, suspension or probation of Auxiliary as an auxiliary organization in good standing. Such action by CSU may result in the limitation or removal of Auxiliary's right to utilize the CSU or campus name, resources and facilities (CCR tit.5, §42406)." Assuming that the UC's operations were not compliant, why did HSU/CSU seek to terminate the Operating Agreement pursuant to Section 22, rather than probation

or suspension?

Meriwether responded, “We followed the option in the Operating Agreement.”

It was asked why cancellation was the first action taken by the state. To which Meriwether responded, “We identified what we believed to be breaches. We wrote the letter so that the Board can solve the breaches.”

Finley read question 2.b. “Assuming that the line of credit issued by the UC to the Arcata Community Pool was a breach, and with the understanding that the Pool’s ability to draw on the line of credit expired on September 30, 2020, what does the UC need to do to satisfactorily “cure” this alleged violation?”

Meriwether responded that he is not in a position to tell the Board what to do. He believes that it’s the Board’s responsibility to fulfill its fiduciary responsibility which means to evaluate the letter and the accompanying attachments and chart a course of action that the Board can present to the University. Meriwether expressed that this course of action should be detailed in a formal, written response to the University so that the University may review, consult and provide a response to the UC.

Gordon supported the statement, adding that she emailed Sotomayor and the Coordinator Casey Park before the meeting to say that the University is looking for a detailed letter proposing how the Board will resolve the breaches. Once the University receives that letter, they can take the time to thoroughly review, consult and provide a response.

Finley read question 2.b.1. “If the Pool was required to repay the entire line of credit by September 30, 2020, what would the impact be if the Arcata Community Pool asks for an extension on the repayment of the outstanding balance due on the line of credit? Specifically, would HSU allow the UC to re-negotiate a repayment plan that extends to the end of this fiscal year, June 30, 2021?”

Meriwether said, “Again, we cannot tell you what to do.”

It was noted that these questions were drafted in the interest of saving time, in the hopes of gaining input for the University Center to incorporate into the formal response.

Gordon added that she and Dr. Meriwether are present on behalf of President Jackson, and although Dr. Meriwether is Acting President, there cannot be unilateral action taken while Dr. Jackson is on leave attending to personal matters. Gordon and Meriwether encourage the Board to act quickly to formulate and provide a formal response to the items laid out in the letter so that the University can respond.

Finley read question 2.b.2. “What would be the impact on the UC’s deadline to cure the alleged breaches under the Notice of Termination if the Arcata Community Pool defaults on its repayment obligations? For instance, would the University provide an extension to the deadline of December 23, 2020, in order for the UC to initiate settlement discussions with or collections actions against the Arcata Community Pool?”

Meriwether said, “The Operating Agreement provided for a 90-day cure period and I believe we would follow that.” It was questioned if there was any way that the University would extend these negotiations. Meriwether responded. “The Operating Agreement provides for a 90-day window. Again, I cannot tell the Board what to do.”

Time and a lack of flexibility in the 90-days were noted as a concern by a board member. It was also commented that the Arcata Community Pool Board will likely be terminating the agreement with UC and paying back the debt when they get the Prop 68 funds. It was asked if there was any advice from the University on whether the UC should terminate all agreements as soon as possible and possibly leave these other community entities “in the lurch.”

Meriwether assured that there is no intention from the University to sit on the response from the UC. He encouraged again for the UC to write a formal response, present it, and allow the University to respond accordingly.

Finley read question 3, “Alleged Violation No. 2: The UC Transferred \$100,000 to the NHRPD in Violation of Section 2, Section 4, and Exhibit A of the Agreement. Assuming the UC violated a provision of statute, regulation, policy, or its Operating Agreement with the CSU by transferring \$100,000 to the NHRPD as a draw on the line of credit provided by the UC to the Arcata Community Pool, what must the UC do to adequately and appropriately cure this alleged violation in whole?”

Meriwether reiterated that the Board has to review the letter, review the attachments, investigate the items in the letter, and then make the decision on how to proceed. After review and determination, the Board should provide the University with a formally written response. Meriwether noted that questions 3 and 4 were similar and that his response to both is to review and provide a written response.

Finley read question 4.a. “Alleged Violation No. 3: The UC Transferred \$50,000 to the NHRPD for Operating Costs in Violation of Section 2, Section 4, and Exhibit A of the Agreement.

a. The Notice of Termination indicates, in part, that this transfer violated Integrated CSU administrative Manual (ICSUAM) 3103.02, which provides that “[p]ayments greater than or equal to \$50,000 require second level review and approval” and “ACH payments must be processed in accordance with standard

Payment procedures, including dual control and be reasonably secured from erroneous or fraudulent manipulation.” While it is expressly applicable to HSU and other California State University campuses, under what authority does HSU contend that ICSUAM 3103.02 is applicable to campus auxiliary organizations?

Meriwether responded that the letter and attachments clarify the basis and rationale for notice of termination.

Finley read 4.b. “Assuming that the UC violated a provision of statute, regulation, policy, or its Operating Agreement with the CSU by transferring \$50,000 to the NHRPD for the operating costs associated with the Community Pool, what must the UC do to adequately and appropriately cure this alleged violation in whole?”

Meriwether provided that the answer is outlined in the Operating Agreement and the other attachments. He encouraged the Board to review those documents, make its determination to how to respond and provide that in writing to the University.

Finley read question 5.a. “Alleged Violation No. 4: The UC Entered into a Business Services Agreement with the NHRPD in Violation of Sections 2 and 4 of the Agreement. a. Assuming that the UC violated a provision of statute, regulation, policy, or it’s Operating Agreement with the CSU by entering the Business Services Agreement with NHRPD, what must the UC do to adequately and appropriately cure this alleged violation, in whole?”

Meriwether said he believes the Board should determine what it will do and present that in writing to the University for their response.

Finley read question 5.b.i. “The Business Services Agreement with NHRPD is set to expire on June 30, 2021.

i. Does the expiration of the NHRPD Operating Agreement cure this alleged violation?”

Meriwether clarified the question and responded that the Board has 90 days to cure the breaches, with an emphasis on cure.

A board member questioned if there is a preference of how the UC can cure any of these breaches, to which Meriwether replied that there is only a preference for the response to be formal and in writing.

Finley moved on to read question 6.a. “Alleged Violation No. 5: The UC Failed to Provide the University with Annual Letters of Attestation, Annual Reports of Internal Controls and Proper Segregation of Duties, and Quarterly Financial Statements in Violation of Section 3 of the Agreement.

a. Assuming that the UC violated its Operating Agreement with the CSU by failing to submit letters of attestation to the campus president by July 1, 2019 and

July 1, 2020, how does the UC satisfactorily cure this breach? If the UC provides each of the overdue letters of attestation within a reasonable date determined HSU, will this cure the breach?

Meriwether explained that the Board should determine what it will do and present that determination in writing so that the University can respond.

Finley read question 6.b.i. “Assuming that the UC violated its Operating Agreement with the CSU by failing to report the UC’s “review of both internal controls and proper segregation of duties” to the campus president or designee by July 1, 2019 and July 1, 2020, what must the UC do to adequately and appropriately cure this alleged breach in whole?

i. What information must be included in the UC’s “report” to the campus president regarding the UC’s “review of both internal controls and proper segregation of duties”?

Meriwether responded that the Board should review the letter, work to design actions that will put the UC in compliance with the Operating Agreement and submit that in writing to the University.

Finley skipped question 6.c. and moved onto question 7.a. “Alleged Violation No. 6: The UC Violated Sections 3 and 4 of the Agreement When Members of the Board Refused to Participate in the President’s Review of UC Programs.

The Notice of Termination indicates that the campus president “announced a review of the UC programs in August 2020” and that “multiple members of the Board refused to participate in this review.” In reviewing the Zoom recordings and minutes from the August 27, 2020, board meeting of the UC Board of Directors, it appears that the “review and audit” was to be conducted by the CSU’s Office of Audits and Advisory Services.

Additionally, it appeared that HSU contracted with Dr. Aaron Hart of HigherEd Connections to review the student services provided to HSU students by the University and its auxiliaries and the use of student fees. According to the UC Board minutes of August 27, 2020, Dr. Hart was to “start conducting his interviews” the following day, August 28, 2020.

a. For clarification purposes, was Dr. Aaron Hart designated as the HSU President’s representative for the review of UC programs and expenditures under Section 42402? Is this expressed in any formal document? If so, can it be produced?”

Meriwether expressed again that the Board should review the letter, review the enclosures, and make a determination of how to respond from a fiduciary standpoint. He noted again that the response should be in writing and should reference the Operating Agreement.

Finley read 7.b.i. “For clarification purposes, is it HSU’s contention that the non-

participation of three directors constitutes a violation of Section 3 (“Campus Oversight and Operational Review”) and Section 4 (“Operational Compliance”) of the Operating Agreement, given that all other individuals, directors and employees of the UC who were asked to participate did so by attending and participating in the interviews conducted by Dr. Aaron Hart?

i. Some board directors were unable to attend due to scheduling conflicts. Was this taken into consideration by CSU/HSU?”

Meriwether encouraged the Board to review the letter, review the enclosures, and provide a written response in accordance with the Operating Agreement. A member reiterated the question and asked if there is belief that money is missing and Finley noted that Dr. Meriwether provided his response.

Finley read question 7.b.ii. “If Board members are now able and willing to participate in the “interviews” conducted by Dr. Hart, would they be allowed to participate and would this be sufficient to cure the alleged breach of statutory, regulatory and/or contractual obligations that the UC owes to the University and/or CSU?”

Meriwether noted that the letter does not outline allegations, it outlines breaches and provides attachments in support for the Board to review.

Finley read question 7.b.iii. “Were individual board directors warned that the failure to attend at the time that HSU assigned would be presumed a refusal to comply with the President’s directive, without regard for any time conflicts that the director had with the assigned time?”

Meriwether responded that under the Board’s fiduciary responsibility, can review the attachments and provide a written response. A board member asked for clarification if, to the University’s knowledge, there are other allegations that were not in the initial letters. Meriwether responded that the breaches as according to the University are outlined in the letter and supported by the attachments. Gordon added that the University Center is also undergoing an audit from the Chancellor’s Office which will highlight areas within business services that have opportunities for improvement. Meriwether noted that the answer to the remaining questions will be the same.

Chair Finley and the Board thanked Dr. Meriwether and Vice President Gordon for their time.

**SUBJECT:** Adjournment

**MOTION:** It was moved (Turnbow) and seconded (Miller) to postpone the remaining agenda items and to adjourn the meeting at 7:18pm

**ACTION:** The motion was approved unanimously and the meeting adjourned.

Minutes Submitted By:

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Casey Park

Date

Minutes Agreed and Accepted:

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Jeremiah Finley, Board Chair

Date