

MINUTES OF MEETING OF CSU INSTITUTE BOARD

Chancellor's Office
401 Golden Shore, 6th Floor, Rm. 639
Long Beach, CA

July 23, 2015
10:13 a.m. – 10:30 a.m.

Board Directors Present

1. Timothy White, Chairman
2. Loren Blanchard, Secretary
3. Garrett Ashley, Director
4. Lori Lamb, Director

Steve Relyea, Treasurer (absent)

Staff Present

1. Robert Eaton, Assistant Vice Chancellor, Financing, Treasury, and Risk Management
2. Jean Gill, Interim Assistant Vice Chancellor/Controller, Financial Services
3. Lori Redfearn, Assistant Vice Chancellor, Systemwide Advancement
4. Syrus En, Senior Financial Manager, Financing and Treasury
5. Kelly Cox, Associate Director, Financial Services Accounting
6. Randy Libunao, Assistant Financial Manager, Financing and Treasury

Chair White called the meeting to order at 10:13 a.m.

Minutes were taken by staff (Syrus En).

Approval of the Institute Board minutes of January 17, 2015 (action item)

Chair White asked for a motion to approve the minutes from the Institute Board meeting on January 17, 2015. Director Lamb moved and Director Ashley seconded the motion. The motion was approved unanimously.

General Announcements (information)

Gill explained that the Institute bylaws prohibit members from having certain personal economic interest, and in accordance with the Institute's conflict of interest policy, each member is required to complete a conflict of interest form. In another announcement, Gill informed Board members that staff of the Institute is required to have signature authorization when dealing with US Bank, trustee for the commercial paper program. To account for changes in Board and staff members the signatory form needs to be updated via signed form of the Certificate of Designated Representative for the Institute. A copy of the signatory form was circulated among certain authorized officials for signature updates.

Approval of the Officers of the California University Institute Board of Directors(action item)

Chair White asked for a motion to approve Steve Relyea as Treasurer and Loren Blanchard as Secretary of the Institute. Director Lamb moved and Director Ashley seconded the motion. The motion was approved unanimously.

Approval of the California State University Institute FY 2015-16 Budget (action item)

For the benefit of the newly elected Secretary, Eaton gave background information on the commercial paper program, the business segments comprising the budget, and the methodology used to prepare the budget, which has remained the same. Eaton explained the primary focus of the Institute is to provide bridge financing for the All Campus Projects that will ultimately be financed through CSU Systemwide Revenue Bonds, and equipment financing which is very modest in outstanding balance, mostly for software financing. With respect to the All Campus Projects, the budget is designed to operate at break-even, based on the ability to set rates to recover costs of financing and to operate the program. The methodology also remains the same for the Equipment Program. The Institute annually sets the financing rate to cover the Equipment Program's pro-rata costs on the commercial paper program. For FY 2015-16, this rate was set at 1.50%, and includes a buy-down of 2.60%. As has been the case in previous years, the Institute has over-recovered on its costs, creating a surplus, which can be used to buy down the rate. As a result, the budget shows a net loss for the upcoming year, with the difference being covered by the use of the surplus. Eaton stated that the General Fund segment is used mainly for administrative purposes.

Chair White asked why there were large variances for the forecasted FY 2015-16 commercial paper program interest expense and other commercial paper program costs versus actual costs for FY 2014-15. Eaton explained the expected increase for interest expense was based on an expected rate increase by the Fed in 2015-16. The reduction for forecasted other program costs for FY 2015-16 is due to one-time legal costs incurred in FY 2014-15 related to the renegotiation of the Letter of Credit facility. Chair White asked for the size of the carryforward reserve, which was at about \$2.5 million prior to the rate buy down.

Chair White asked for a motion to approve the budget. Director Ashley moved and Director Lamb seconded the motion. The motion was approved unanimously.

Presentation of an update of the Institute's commercial paper program (information item)

Eaton presented a brief update noting the current outstanding balance of \$154 million, of which about \$148 million is scheduled to be paid down in early October with proceeds from the recent issuance of bonds. The current weighted average rate is about 0.10%, or 10 basis points.

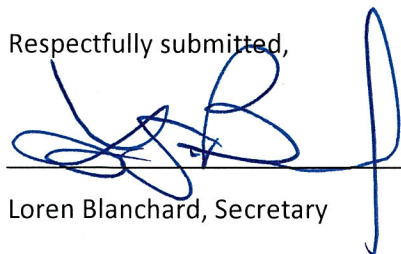
Chair White asked for a report for the next Institute Board meeting, determining whether we have sufficient commercial paper capacity to bridge finance infrastructure needs under the capital financing authority.

Update on the acceptance of the Auditor Engagement Letter and the Auditor Engagement Letter for Form 990 filing by the Audit Committee (information item)

Redfearn informed the Board that at the June 30, 2015 Audit Committee meeting, the committee Directors approved both Auditor Engagement Letters for the annual audit of financial statements and Form 990 filing with KPMG. KPMG made a presentation on the roles and responsibilities of the audit process, and discussed what might be new in the audit process relating to GASB 68 (pension liabilities), which does not apply to the Institute because it does not have any employees, and GASB 72 (fair market valuation of investments).

Meeting was adjourned at 10:30 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be "Loren Blanchard", written over a horizontal line.

Loren Blanchard, Secretary

9/11/15

Date