

## AGENDA

### COMMITTEE ON FINANCE

**Meeting: 9:00 a.m., Wednesday, November 19, 2003**  
**Glenn S. Dumke Auditorium**

William Hauck, Chair  
Shailesh J. Mehta, Vice Chair  
Roberta Achtenberg  
Kathleen E. Kaiser  
Ricardo F. Icaza  
M. Alexander Lopez  
Frederick W. Pierce IV  
Daniel Weinstein  
Milton M. Younger

#### **Consent Item**

Approval of Minutes of Meeting of September 16, 2003

#### **Items**

1. California State University 2004/2005 Support and Lottery Budgets, *Action*
2. 2003/2004 Student Fee Report, *Information*
3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, San Bernardino, *Action*
4. Concur with the Final Environmental Impact Report for the California State University Stanislaus, Stockton Off-Campus Center Master Development Plan and Approve Delegation of Authority, *Action*

**MINUTES OF THE MEETING OF  
COMMITTEE ON FINANCE**

**Office of the Chancellor  
Glenn S. Dumke Conference Center  
401 Golden Shore  
Long Beach, California**

**September 16, 2003**

**Members Present**

William Hauck, Chair  
Shailesh J. Mehta, Vice Chair  
Debra S. Farar, Chair of the Board  
Roberta Achtenberg  
Kathleen Kaiser  
Ricardo F. Icaza  
M. Alexander Lopez  
Frederick W. Pierce, IV  
Charles B. Reed, Chancellor

**Other Trustees Present**

Robert G. Foster  
Murray L. Galinson  
Eric Guerra  
Alice A. Huffman  
Ralph R. Pesqueira  
Stanley M. Toy  
Daniel Weinstein  
Milton M. Younger

**Chancellor's Office Staff**

David S. Spence, Executive Vice Chancellor and Chief Academic Officer  
Richard P. West, Executive Vice Chancellor and Chief Financial Officer  
Christine Helwick, General Counsel  
Jackie R. McClain, Vice Chancellor, Human Resources

Chair Hauck called the meeting to order at 2:10 p.m.

**Approval of Minutes**

The minutes of July 16, 2003 were approved.

Trustee Hauck announced there were five discussion items and one action item on the agenda.

**Report on the 2003/2004 Support Budget**

Mr. Richard P. West, executive vice chancellor and chief financial officer, introduced Mr. Patrick Lenz, assistant vice chancellor, financial development and asked him to present the item.

With the assistance of a PowerPoint presentation, Mr. Lenz presented a comprehensive overview of the final 2003/2004 state budget and the fiscal implications for CSU.

Mr. Hauck summarized that the bottom line is there is increasing demand and decreasing resources. Mr. West acknowledged the presentation contained an overwhelming amount of budget data and was simply intended as an informational update for the trustees.

Mr. West reminded the trustees of the special meeting of the Board of Trustees scheduled for Friday, October 31, 2003. The meeting will begin the normal process to obtain the board's approval of the trustee's budget. After approval is obtained, the budget is sent forward to the Department of Finance and the governor for their consideration as part of the governor's January proposal for the overall state budget.

**Report on the 2004/2005 Support Budget Planning Assumptions**

For the benefit of the new trustees, Mr. Lenz explained in detail, the budget process and timelines.

Mr. Lenz then continued the PowerPoint presentation. He acknowledged the information being presented was extensive and indicated the presentation was available online for additional clarification and review.

The primary areas of focus for the 2004/2005 budget will be: development of a long-term student fee policy; exploration of options for recognizing the mandatory costs for CSU; potential CSU requests under the Partnership Agreement; additional CSU budget priorities, and backfilling of budget reductions that occurred this year.

Mr. Lenz indicated we have not yet begun discussions with the Department of Finance and that the contents of the item are simply guidelines for those discussions.

**Recommended 2004/2005 Lottery Revenue Budget**

Mr. West said the item was being presented for information only at this time and is scheduled for adoption at the special October budget meeting.

Mr. West referred to the information contained in the item regarding anticipated revenues from the lottery. He indicated this was a status-quo budget and no major changes are anticipated.

### **Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, Northridge**

Mr. West provided a detailed overview of the bond program and the process by which projects are submitted for review and approval by the trustees.

Mr. Dennis Hordyk, assistant vice chancellor, financial services, explained the item was a request by the CSU, Northridge campus to finance the renovation of the student union facility. The request requires board approval for the issuance of systemwide revenue bonds and interim financing through the commercial paper program in an aggregate amount not to exceed \$7,025,000.

At the July 2002 board meeting, the committee approved the amendment of the non-state capital program and the schematic plans for this project. The project was subsequently delayed because bids came in too high. As a result, the project was re-designed into two phases. The proposed resolution requests funding approval of Phase One of the project which will include renovation of existing food venues, construction of pedestrian walkways, retail and food venues, and a new entrance and restrooms for the performing arts center.

Mr. Hordyk explained Phase Two of the project would be presented to the committee for approval next year.

The committee recommended approval of the proposed resolution (RFIN 09-03-13).

### **California State University, Stanislaus, Stockton Off-Campus Center and California State University, Channel Islands, University Development Status**

Mr. West provided a brief history of the two Trustee initiatives related to new and off-campus development followed by a separate visual presentation on each of the projects.

The visual presentations focused on current accomplishments and provided an update on the physical, financial, and organizational progress to-date at each site.

Mr. West concluded noting that many of the trustees originally involved during creation of the projects were no longer on the board. Therefore, he felt it appropriate to bring the projects back and inform the current board of the status and responsibilities associated with them.

### **California State University Annual Investment Report**

Mr. Hauck announced the item provided the annual investment report for fiscal year 2002/2003 and asked Mr. Dennis Hordyk to present the report.

Mr. Hordyk explained the history of the CSU's investment policy established in 1997. At that time, the board agreed that an external fund manager should be hired to invest CSU funds consistent with the investment policy of the Board of Trustees. The firm of Metropolitan West Securities, Inc. was hired through a competitive bid process to manage the investment program for the CSU, and they have continued to manage the program since its inception.

Mr. Hordyk reviewed the three basic strategies of the program (the short-term, mid-term, and long-term accounts) and provided an update on the status of each account.

Mr. Russ Gould, managing director, Metropolitan West Securities, Inc., addressed the board and thanked them for their confidence and support. He then briefly reviewed highlights of the past year's investment activity. Mr. Gould noted the campuses have become very sophisticated in their use of the three investment accounts and have created real value in their overall use of the funds. He concluded saying he believed the program has continued to be extremely successful despite some challenging and unpredictable circumstances and that he was pleased to be a partner with the university.

The meeting adjourned at 3:20 p.m.

## **COMMITTEE ON FINANCE**

### **California State University 2004/2005 Support and Lottery Budgets**

#### **Presentation By**

Richard P. West  
Executive Vice Chancellor and  
Chief Financial Officer

Patrick Lenz  
Assistant Vice Chancellor  
Budget Development

#### **Summary**

The purpose of the item is to present the 2004/05 Support and Lottery budgets for approval.

#### **State Appropriated 2004/05 Support Budget**

The Board of Trustees reviewed a draft of the chancellor's recommended state support budget for 2004/05 at the September Board of Trustees' meeting. The 2004/05 support budget recommends an increase of \$521,865,000 over the 2003/04 final budget appropriation. With the addition of \$24,699,000 in State University Fee revenue projected as a result of new enrollment growth, the total increase in revenue requested for 2004/05 is \$546,564,000.

Despite the state's fiscal condition and given so many uncertainties with the fiscal and political situation in the next few months, the Board will be presented with budget options that recognize the mandatory costs for the CSU, what the University would request under the Partnership Agreement, additional budget priorities, and backfilling budget reductions that occurred this year. These items represent CSU's strategic approach as discussions begin with the Department of Finance.

#### **2004/05 Lottery Revenue Budget**

Over the past several years, CSU lottery revenue receipts have been strong. However, in light of the downturn in the state's economy and growing uncertainty over the level of support budget appropriations, a more conservative estimate of revenue is prudent as the CSU plans for fiscal year 2004/05. The lottery revenue that will be allocated to the California State University in

2004/05 is estimated to be \$42.9 million. After providing for a \$5.0 million systemwide reserve, the amount available for allocation is \$37.9 million. The \$5.0 million reserve is used to assist with cash-flow variations due to fluctuations in quarterly lottery receipts and other economic uncertainties.

The lottery budget proposed for fiscal year 2004/05 is as follows:

**2004/05 Recommended Lottery Revenue Budget**

	<b>2003/04 Adopted Budget</b>	<b>2004/05 Recommended Budget</b>
<b>Sources of Funds</b>		
Beginning Balance	\$ 5,000,000	\$ 5,000,000
Receipts	32,300,000	36,081,000
Projected Interest Earnings	1,800,000	1,500,000
<b>Total Revenues</b>	<u>\$ 39,100,000</u>	<u>\$ 42,581,000</u>
<i>Less Systemwide Reserve</i>	<u>(1,300,000)</u>	<u>(5,000,000)</u>
<b>Total Available for Allocation</b>	<b>\$ 37,800,000</b>	<b>\$ 37,581,000</b>
<b>Uses of Funds</b>		
<i>System Programs</i>		
Forgivable Loan/Doctoral Incentive Program	\$ 3,000,000	\$ 3,000,000
California Pre-Doctoral Program	633,000	714,000
CSU Summer Arts Program	1,200,000	1,200,000
Systemwide Implementation Costs	341,000	341,000
	<u>\$ 5,174,000</u>	<u>\$ 5,255,000</u>
<i>Campus Based Programs</i>	\$ 32,626,000	\$ 32,326,000
<b>Total Uses of Funds</b>	<b>\$ 37,800,000</b>	<b>\$ 37,581,000</b>

## **Trustee Resolutions**

The following two resolutions are recommended for adoption:

### **1. State Appropriated 2004/2005 Support Budget**

**RESOLVED**, By the Board of Trustees of the California State University, that the 2004/2005 Support Budget is approved as submitted by the chancellor; and be it further

**RESOLVED**, That the chancellor is authorized to adjust and amend this budget to reflect changes in the assumptions upon which this budget is based, and that such changes made by the chancellor be communicated promptly to the trustees; and be it further

**RESOLVED**, That the chancellor is authorized to comply with requests of the Department of Finance and the legislature regarding establishment of priorities within this budget; and be it further

**RESOLVED**, That copies of this resolution be transmitted to the California Postsecondary Education Commission, to the governor, to the director of finance and to the legislature.

### **2. 2004/2005 Lottery Revenue Budget**

**RESOLVED**, By the Board of Trustees of the California State University, that the 2004/2005 Lottery Revenue Budget totaling \$42.9 million be approved for implementation by the chancellor, with the authorization to make transfers between components of the Lottery Revenue Budget and to phase expenditures in accordance with receipt of lottery funds; and be it further

**RESOLVED**, That the chancellor is hereby granted authority to adjust the 2004/2005 Lottery Revenue Budget approved by the Board of Trustees to the extent of receipt of greater or lesser lottery revenue than budgeted in 2004/2005 to respond to opportunities or exigencies; and be it further

**RESOLVED**, That a report of Lottery Revenue Budget receipts and expenditures be made to the Board of Trustees.

## COMMITTEE ON FINANCE

### **2003/2004 Student Fee Report**

#### **Presentation By**

Richard P. West  
Executive Vice Chancellor and  
Chief Financial Officer

#### **Summary**

CSU student fee policy requires that an annual campus student fee report be presented to the Board of Trustees to allow the board to consider the level and range of fees charged to CSU students. Information is included regarding CSU 2003/04 academic year, resident, undergraduate students fee levels by campus and a comparison of 2003/04 versus 2002/03 CSU student fee levels by campus.

Also included is student fee information for CSU comparison institutions. The CSU conducts an annual student survey of 15 CSU comparison public institutions (as identified by California Postsecondary Education Commission) on their academic year resident, undergraduate student fee levels.

#### **2003/04 Student Fee Report**

CSU 2003/04 academic year resident, undergraduate student fees include the systemwide State University Fee (SUF) and campus fees. The 2003/04 total systemwide and campus fees average is \$2,572. The undergraduate SUF (6.1 units or more) represents \$2,046 of that total. The State University Fee level was increased 10 percent at mid-year 2002/03 and an additional 30 percent beginning fall 2003/04. Prior to 2002/03, an increase in SUF had not occurred since 1994/95. Further, SUF reductions of 5 percent occurred in both 1998/99 and 1999/00. The board retains authority to establish, adjust, and abolish systemwide fees.

The 2003/04 average campus based fees that must be paid to apply to, enroll in, or attend the university is \$526. This represents a 5.6 percent or \$28 increase in campus-based fees from the prior year. As outlined in the CSU student fee policy, prior to adjusting or establishing a campus fee, appropriate and meaningful consultation must occur, which includes consultation with the campus fee advisory committee. Campus presidents have the authority to adjust campus fees after appropriate consultation. To establish campus fees, campus presidents must forward a request to the chancellor following appropriate consultation. After an additional review process,

campus fees are established by chancellor's executive order. The following table provides CSU 2003/04 fee levels by campus:

CSU 2003/04 Academic Year, Resident, Undergraduate Student Fees									
	State University Fee (SUF)		Campus Fees <small>(Annual fees that must be paid to apply to, enroll in, or attend the university)</small>						Total <small>(6.1 units or greater)</small>
	Up to 6 units	6.1 units or greater	Health Facilities	Health Services	Instructionally Related Activities	Materials, Services, and Facilities	Student Body Assoc.	Student Body Center	SUF and Campus Fees
Bakersfield	\$1,188	\$2,046	\$6	\$150	\$64	\$6	\$77	\$70	\$2,419
Channel Islands	1,188	2,046	6	120	100	70	0	40	2,382
Chico	1,188	2,046	6	206	190	4	84	260	2,796
Dominguez Hills	1,188	2,046	6	80	10	0	135	206	2,483
Fresno	1,188	2,046	6	130	20	50	58	108	2,418
Fullerton	1,188	2,046	6	50	52	46	108	208	2,516
Hayward	1,188	2,046	6	105	48	3	45	165	2,418
Humboldt	1,188	2,046	6	161	96	10	71	149	2,539
Long Beach	1,188	2,046	6	70	50	2	88	100	2,362
Los Angeles	1,188	2,046	6	120	60	0	54	155	2,441
Maritime Academy	1,188	2,046	6	494	130	10	210	0	2,896
Monterey Bay	1,188	2,046	0	0	0	291	96	40	2,473
Northridge	1,188	2,046	6	60	30	0	132	170	2,444
Pomona	1,188	2,046	6	135	40	0	81	192	2,500
Sacramento	1,188	2,046	6	76	26	0	222	142	2,518
San Bernardino	1,188	2,046	6	122	74	15	66	253	2,582
San Diego	1,188	2,046	50	170	30	20	30	142	2,488
San Francisco	1,188	2,046	6	166	70	4	84	104	2,480
San Jose	1,188	2,046	6	132	40	30	147	162	2,563
San Luis Obispo	1,188	2,046	7	94	181	773 <sup>1</sup>	128	279	3,508
San Marcos	1,188	2,046	6	70	80	12	100	100	2,414
Sonoma	1,188	2,046	6	134	352	22	118	332	3,010
Stanislaus	1,188	2,046	6	172	112	0	67	100	2,503
<b>Systemwide Average</b>	<b>\$1,188</b>	<b>\$2,046</b>	<b>\$8</b>	<b>\$131</b>	<b>\$81</b>	<b>\$59</b>	<b>\$96</b>	<b>\$151</b>	<b>\$2,572</b>
							<b>Average Campus Based Fees:</b>	<b>\$526</b>	

<sup>1</sup>Fee level varies by school/division. The maximum fee level is \$773 and the average fee level for financial aid purposes is \$718.

State University Fee (SUF) levels for graduate and post-baccalaureate students vary from that for undergraduate students. The graduate/post-baccalaureate SUF is \$1,308 for 6 units or less and \$2,256 for 6.1 units or more. Further, nonresident students pay an additional fee. Nonresident tuition fees are \$282 per semester unit, \$188 per quarter system unit, and \$8,460 maximum per academic year. The nonresident tuition fee was increased 15 percent in 2002/03, which was the first increase since 1991/92. Other campus fees may be charged that are not required of all

enrolled students, which include fee policy Category III (user) and Category IV (penalty/deposit) types of fees.

The following table compares 2003/04 with 2002/03 fee levels by campus for academic year, resident, undergraduate student fees (6.1 units or greater):

**CSU 2003/04 versus 2002/03 Academic Year Resident, Undergraduate  
 Student Systemwide and Campus Fees**

(6.1 units or more)

Campus	2003/04	2002/03	Increase
<b>Bakersfield</b>	\$2,419	\$1,897	\$522
<b>Channel Islands</b>	2,382	1,796	586
<b>Chico</b>	2,796	2,186	610
<b>Dominguez Hills</b>	2,483	1,917	566
<b>Fresno</b>	2,418	1,868	550
<b>Fullerton</b>	2,516	1,937	579
<b>Hayward</b>	2,418	1,896	522
<b>Humboldt</b>	2,539	1,963	576
<b>Long Beach</b>	2,362	1,816	546
<b>Los Angeles</b>	2,441	1,920	521
<b>Maritime Academy</b>	2,896	2,340	556
<b>Monterey Bay</b>	2,473	1,927	546
<b>Northridge</b>	2,444	1,886	558
<b>Pomona</b>	2,500	1,891	609
<b>Sacramento</b>	2,518	1,963	555
<b>San Bernardino</b>	2,582	2,027	555
<b>San Diego</b>	2,488	1,942	546
<b>San Francisco</b>	2,480	1,898	582
<b>San Jose</b>	2,563	1,987	576
<b>San Luis Obispo</b>	3,508	2,928	580
<b>San Marcos</b>	2,414	1,868	546
<b>Sonoma</b>	3,010	2,298	712
<b>Stanislaus</b>	2,503	1,958	545
<b>System Average</b>	<b>\$2,572</b>	<b>\$2,005</b>	<b>\$567</b>
<b>Systemwide State University Fee:</b>	<b>\$2,046</b>	<b>\$1,507 *</b>	<b>\$539</b>
<b>Average Campus Based Fees:</b>	<b>\$526</b>	<b>\$498</b>	<b>\$28</b>

\*2002-03 State University Fee level based on the average of actual fee rates for the academic year that includes the mid-year increase and lower rate for the fall term

Lastly, the following table provides CSU 2003/04-comparison institution student fee levels. Once again CSU fees are the lowest among 15 comparison public institutions. The 2003/04-comparison institutions student fee average of \$5,272 represents an increase of 15 percent or \$689 over the prior year.

<b>2003/04 CSU Comparison Institution Academic Year Resident, Undergraduate, Student Fee Levels</b>				
<b>University</b>	<b>2003/04</b>	<b>2002/03</b>	<b>2003/04 Increase</b>	
Rutgers University (Newark, NJ)	\$7,927	\$7,308	\$619	8.5%
University of Maryland, at Baltimore	7,388	6,362	1,026	16.1%
University of Connecticut (Storrs, CT)	6,844	5,843	1,001	17.1%
State University of New York, at Albany	6,343	5,337	1,006	18.8%
Cleveland State University	5,916	5,196	720	13.9%
Wayne State University (Detroit, MI)	5,693	5,031	662	13.2%
Illinois State University	5,340	5,037	303	6.0%
<b>COMPARISON AVERAGE*</b>	<b>5,272</b>	<b>4,584</b>	<b>689</b>	<b>15.0%</b>
George Mason University (Fairfax, VA)	5,112	4,416	696	15.8%
University of Wisconsin, at Milwaukee	5,107	4,356	751	17.2%
North Carolina State University	4,985	3,827	1,158	30.3%
University of Texas, at Arlington	4,423	4,123	300	7.3%
Georgia State University, at Atlanta	3,920	3,472	448	12.9%
University of Colorado, at Denver	3,662	3,238	424	13.1%
Arizona State University, at Tempe	3,595	2,585	1,010	39.1%
University of Nevada, at Reno	2,830	2,622	208	7.9%
<b>CALIFORNIA STATE UNIVERSITY*</b>	<b>2,572</b>	<b>2,005</b>	<b>567</b>	<b>28.3%</b>

\*Average does not include CSU; CSU 2002/03 fee level reflects fall, winter, and spring term systemwide State University Fee (SUF) level variances; CSU 2002/03 fee level with annualized mid-year SUF increase is \$2,070

## COMMITTEE ON FINANCE

### **Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, San Bernardino**

#### **Presentation By**

Dennis Hordyk  
Assistant Vice Chancellor  
Financial Services

#### **Summary**

This item requests the Board of Trustees to authorize the issuance of Systemwide Revenue Bonds and the issuance of interim financing under the CSU's commercial paper program in an aggregate amount not-to-exceed \$17,480,000 to provide needed funds for the expansion of the San Bernardino student union program. The long-term bonds for the project will be part of a future Systemwide Revenue Bond sale and are expected to bear the same ratings from Moody's Investor Services and Standard and Poor's Corporation as the existing Systemwide program.

The project is as follows:

#### **California State University, San Bernardino Student Union Expansion**

Previously, the Board of Trustees approved the amendment of the Nonstate Funded Capital Outlay program and schematics for the student union expansion project. In March 2001, the California State University, San Bernardino students passed a student fee referendum to expand the student union and to build a student recreation center. The student union expansion project will renovate 22,000 gross square feet of space in the existing student union facility, and construct an addition of 40,000 gross square feet. Renovation of existing areas shall include functional modifications and code upgrades, such as compliance with the Americans with Disabilities Act, fire alarm systems, and structural work. The additional space will include lounge/study areas, a small 200-seat theater, meeting rooms, club and organization workspace, retail space, and office space. Part of the existing building will be demolished for functional space arrangements and proper circulation. Portions of the new expansion will be built on top of the existing one-story building. The not-to-exceed par value of proposed bonds is \$17,480,000 and is based on estimated student union expansion project costs of \$17,119,000 of which \$600,000 will be paid from campus student union reserves and the remaining balance will be paid from financing proceeds. At the time the agenda item was written the campus was awaiting receipt of construction bids. The campus expects to award the project in December 2003 to the

successful bidder, and expects the expansion to be completed in August 2005. The project amount and not-to-exceed amount above includes a small bid contingency, which would allow the project to go forward should bids exceed the planned cost.

The student recreation center is a recreational and multipurpose facility to enhance student life on campus and will be located on a separate site from the student union. It is anticipated that the project will be presented to the Board of Trustees during the January board meeting for financing approval.

The following table provides information about the financing transaction.

Not-to-exceed amount:	\$17,480,000
Amortization:	Approximately level over 30 years
Pro-forma maximum annual expected debt service:	\$1,174,430
Projected debt service coverage including the two new projects: <sup>1</sup>	
Gross revenue – all San Bernardino pledged revenue programs:	3.00
Net revenue – all San Bernardino pledged revenue programs:	1.16
Net revenue – projected for the campus Student Union Program:	1.13

1. Projected information – Combines the 2002/03 information for the campus-operated pledged revenue programs, the first year of operation of the new project with expected full debt service.

The not-to-exceed amount for the project totaling \$17,480,000, the maximum annual debt service, and the ratios above are based on an estimated construction project bid amount, expected debt service and capitalized interest at the current interest rate environment plus 50 basis points (computed average coupon rate – 5.38%; October 8, 2003), which provides a modest safeguard to be used if needed for changing financial market conditions that could occur before the permanent financing bonds are sold. The campus has developed a financial plan that demonstrates its ability to meet its student union program and debt service obligations for the new project. The financial plan also includes level amortization of debt service, which is our CSU program standard.

The campus combined net revenue debt service coverage from all pledged revenue programs for the campus is 1.16, which is below our 1.35 times debt-service system benchmark. This number reflects some difficulties that the campus has experienced in housing operations in connection with a new facility that recently opened. The campus has recently investigated the problems, is implementing improvements in managing the administrative and accounting aspects of the program and is confident that it will improve its housing and overall campus position in the current fiscal year. The campus is managing its overall use of debt so that with the student union expansion project the campus debt payments will total approximately 2.63% of its net

unrestricted expenditures, which is within the maximum CSU internal benchmark allocation of 4.0% for campuses.

### **Trustee Resolutions and Recommended Action**

Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing a set of resolutions to be presented at this meeting for the project described in this agenda item that authorize interim and permanent financing for the project. The proposed set of resolutions will be distributed at the meeting and will achieve the following:

- (1) Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes and the related sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds in an amount not-to-exceed \$17,480,000 and certain actions relating thereto.
- (2) Provide a delegation to the Chancellor, the Executive Vice Chancellor And Chief Financial Officer, and their designees to take any and all necessary actions to execute documents for the sale and issuance of the bond anticipation notes and the revenue bonds.

Approval of the financing resolutions for the project as described in this agenda item is recommended for:

### **San Bernardino Student Union Expansion**

## COMMITTEE ON FINANCE

### **Concur with the Final Environmental Impact Report for the California State University Stanislaus, Stockton Off-Campus Center Master Development Plan and Approve Delegation of Authority**

#### **Presentation By**

Richard P. West  
Executive Vice Chancellor and  
Chief Financial Officer

#### **Summary**

This action item provides a review of a Final Environmental Impact Report (FEIR) and the Master Development Plan for the Stockton Center Site. The item also requests approval of a delegation to the Chancellor to appoint the Executive Director of the Joint Powers Authority (JPA).

#### **Background**

The State closed the Stockton Developmental Hospital Center in 1996 and transferred the site to the California State University (CSU) system in 1997. A portion of the site has and is being used to house the CSU Stanislaus, Stockton Off-Campus Center, which had 505 full time equivalent students as of Spring 2002. The site of the Stockton Developmental Center was designated a California Historical Landmark (CHL) #1016 in 1996.

In September 1999, the Governor signed SB 679 authorizing the preparation of a Feasibility Analysis regarding the reuse of the Stockton Center Site. The Feasibility Analysis evaluated several issues and development options, with the identified goals to:

- Maintain the campus
- Improve security
- Connect with the neighborhood
- Develop a feasible plan
- Address stakeholders

The Feasibility Analysis concluded that the highest and best use of the site is as a campus with an emphasis on education, occupied by a mix of university oriented facilities and government/private sector tenants. Subsequently, the CSU Board of Trustees and the City of Stockton established the JPA to manage and operate the site, and have engaged the Master

Developer (Grupe Commercial Company) to create and implement a specific reuse plan (the Master Development Plan).

CSU remains the landowner of the site and the JPA by virtue of its Ground Lease interest from CSU maintains specific authority to approve the Master Development Plan prior to city action. The JPA, through its Executive Director, also retains certain authority to approve specific components of the Master Development Plan that may require determinations of consistency or appropriateness at a later date once plans and specifications are prepared for physical improvements. Long-term Ground Sub-Lease and Operating Agreements have been executed with Grupe Commercial Company that documents the organizational scheme and parameters for development of the Stockton Center Site (University Park). These set forth authorized uses and goals with a focus on retaining higher education opportunities.

### **The Master Development Plan**

The CSU has expressed a specific objective to be met in undertaking the proposed project:

- Establish a long-term educational center to provide higher education to the local and regional population.

The educational component would continue to be the main focus of the proposed project and would remain at the heart of the community and campus. The CSU Stanislaus, Stockton Off-Campus Center will benefit from the adjoining development plans. The construction of a charter school, elementary school and possible magnet school would further expand the educational possibilities of the site and help serve the needs of the Midtown Neighborhood. Residential uses would be included on the site to provide additional housing opportunities within the City of Stockton.

The Master Development Plan is the primary land use and regulatory document that establishes the vision, standards and strategies used to guide development of the project. The Master Development Plan is intended to provide flexibility and simplify the project planning and review process by providing the city's decision makers with comprehensive information to guide, manage, implement and monitor the development of University Park. The Master Development Plan includes the vision and objectives of the project, summarizes the inherent issues and development opportunities, and establishes the policies and standards that both control and provide flexibility for build out of the project area, consistent with the Ground Lease and Ground Sub-Lease noted above.

### **Final Environmental Impact Report**

An Environmental Impact Report (EIR) has been prepared consistent with requirements of the California Environmental Quality Act (CEQA). This EIR is a Program and Project EIR and is

intended to evaluate the environmental impacts of the General Plan Amendment from Institutional to Mixed Use, rezone from Public Lands to Mixed Use District, Adoption of the Master Development Plan and development and operation of a 12.3-acre elementary school site for the Stockton Unified School District in the southern portion of the Proposed Project site. The City of Stockton is the Lead Agency for certification of the EIR.

In accordance with CEQA, the Initial Study and Notice of Preparation was circulated for public review in June 2000 for a mandatory 45-day review and comment period as required by CEQA. Mitigation measures are proposed to be adopted as part of the Proposed Project to reduce potential significant impacts related to biological resources (heritage trees) and public services (provision of parkland, and storm drainage systems).

The City of Stockton Planning Commission, acting in the capacity as Lead Agency under CEQA, reviewed the FEIR on October 9, 2000 and recommended its approval to the City Council.

The City Council reviewed the FEIR on November 18, 2000 and certified the FEIR.

The Board of Trustees is a Responsible Agency for the project and is required to consider the FEIR in the board's review of this project.

### **Delegation of Authority**

In establishing the Site Authority for this project, the Board of Trustees and the City Council of Stockton entered into a JPA agreement. The agreement provides for three members of the Site Authority to be appointed by the trustees, three by the Stockton City Council, and a seventh member by joint concurrence. In its action of September 20, 2000 to approve the JPA agreement, the Board of Trustees agenda item specified that the Assistant Vice Chancellor for Capital Planning, Design and Construction would serve as the Executive Director of the Site Authority for day-to-day management.

In addition, the Board of Trustees approved resolution (RFIN 09-14-00) included the following authority: "Section 2. The Treasurer, the officers of the Board, the Chancellor or the Executive Vice Chancellor and Chief Financial Officer or the Assistant Vice Chancellor, Capital Planning, Design and Construction, are each hereby authorized and directed, jointly and severally to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to assist the City and the Site Authority with the development, operation, maintenance, and financing for the Stockton Center Site."

Because of changes in workload and organization, it is recommended that the appointment of the Executive Director of the Site Authority be delegated to the Chancellor. This will allow

flexibility to provide a manager of the day-to-day business affairs of the Site Authority based on levels of activity related to the development of the site. The Stockton Center Site Authority meets at a minimum on a quarterly basis. However, the management requirements are anticipated to increase commensurate with activities that will increase with the implementation of the Master Development Plan.

The following resolution is presented for approval:

**RESOLVED**, By the Board of Trustees of the California State University, that:

1. The FEIR was prepared to include the conceptual Master Development Plan for the Stockton Center Site, and this Board of Trustees concurs with the findings identified in the Final EIR pursuant to the requirements of the California Environmental Quality Act.
2. Based on the Information contained in the subject Final EIR and the mitigation measures identified therein, the proposed project will not have a significant effect on the environment.
3. No additional mitigation measures by the Board of Trustees as the Responsible Agency are necessary.
4. The project will benefit the California State University.
5. The Stockton Center Site Master Development Plan, including the CSU Stanislaus, Stockton Off-Campus Center, dated November 2003, is approved (Attachment A).
6. This Board delegates to the Chancellor the authority to appoint the Executive Director of the Stockton Center Site Authority, with the concurrence of the Site Authority Board.
7. Section 2 of the trustees' September 19-20, 2000 resolution RFIN 09-14-00 is hereby amended to substitute reference to the Assistant Vice Chancellor, Capital Planning, Design and Construction with "... or the Chancellor appointed Executive Director to the Site Authority, are each hereby authorized and directed, jointly and severally...."

Stockton Center Site Master Development Plan  
University Park

LEGEND- LAND USE

1	RESIDENTIAL	10.1 ACRES	10	CSU CAMPUS	9.1 ACRE
2	OFFICE	4.7 ACRES	11	OFFICE	2.3 ACRES
3	OFFICE	7.7 ACRES	12	OFFICE	11. ACRES
4	COMMUNITY CENTER	4.1 ACRES	13	RETAIL	4.9 ACRES
5	SCHOOL- CHARTER	4.4 ACRES		PARKING	7.1 ACRES
6	RESIDENTIAL	14.2 ACRES		DMV (Department of Motor Vehicles)	4.3 ACRES
7	SCHOOL- ELEMENTARY	12.0 ACRES		ROAD R.O.W.	5.8 ACRES
8	OFFICE/RESIDENTIAL	1.3 ACRES			
			<b>TOTALS:</b>		<b>103.0 ACRES</b>