AGENDA

COMMITTEE ON FINANCE

Meeting: 12:45 p.m., Tuesday, September 22, 2009
Glenn S. Dumke Auditorium

William Hauck, Chair
Raymond W. Holdsworth, Vice Chair
Roberta Achtenberg
Herbert L. Carter
Kenneth Fong
Margaret Fortune
Linda A. Lang
A. Robert Linscheid
Henry Mendoza
Russel Statham
Glen O. Toney

Consent Item

Approval of Minutes of Meeting of July 21, 2009

Discussion Items

1. Report on the 2009-2010 Support Budget, Information
2. Report on the 2010-2011 Support Budget, Information
3. 2010-2011 Lottery Revenue Budget, Information
4. Enterprise Risk Management, Information
5. California State University Annual Investment Report, Information
6. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects, Action
MINUTES OF THE MEETING OF
COMMITTEE ON FINANCE

Trustees of The California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California

July 21, 2009

Members Present

William Hauck, Chair
Raymond W. Holdsworth, Vice Chair
Jeffrey L. Bleich, Chair of the Board
Roberta Achtenberg
Herbert L. Carter
Kenneth Fong
Margaret Fortune
Linda A. Lang
Robert Linscheid
Henry Mendoza
Charles B. Reed, Chancellor
Russel Statham
Glen O. Toney

Approval of Minutes

The minutes of May 12, 2009 were approved by consent as submitted.


In his opening remarks, Trustee Hauck reiterated, with respect to management and executive employees of the system, that earlier committee action would apply to all executives including the Chancellor as well as management employees as follows: the Chancellor will take two furlough days per month as will all other employees amounting to the equivalent of approximately a 10 percent reduction in salary. With the exception of public safety employees of the California State University system, Trustee Hauck explained that no one was exempt.

Robert Turnage, assistant vice chancellor for budget, spoke of the budget agreement to close the $26 billion gap and restated that no change in CSU portion of that budget is anticipated, as discussed when the Trustees last met two weeks ago. However, several months from now, Mr. Turnage advised that yet another gap could emerge given the direction of the state’s economy. The Trustees reviewed a media presentation, which served as a visual reminder of the full fiscal impact for the university. There were no questions.
State University Fee Increase

The committee members turned their attention to an action item regarding a recommended increase in the State University Fee. Executive Vice Chancellor and Chief Financial Officer Benjamin F. Quillian discussed the shortfall faced by the university due to the critical fiscal conditions of the state and lack of leadership in the state. As discussed at the July 7, 2009 meeting of the Committee of the Whole, Dr. Quillian explained how the University faces an unprecedented reduction in state support and a 2009-10 budget deficit estimated at $584 million. If this entire deficit were closed through expenditure reductions alone, impacts to student access and to the quality of instruction and services to students would be devastating. In order to provide vitally needed revenues to help address this deficit and thereby mitigate impacts to access and quality, Dr. Quillian described how the following additional rate increases were recommended effective fall 2009 (stated for full academic year for full-time students): $672 for undergraduate students; $780 for teacher credential students; and $828 for graduate students. The estimated revenue from this rate increase is approximately $236 million. The University will set aside one-third of this revenue to increase funding support for CSU State University Grants to cover the fee rate increase for students with most financial need. The set-aside, along with historic increases in federal Pell grants, federal tax credits and federal work-study funds will mitigate the impact of the fee increase for students with financial need. Assuming a 2009-10 increased undergraduate fee rate of $4,026 (approved by the board in May) and including the $801 average campus-based fees students currently pay; total undergraduate academic year fees of $4,827 would continue to be less than any of CSU’s public comparison institutions and significantly lower than the comparison average.

After a media presentation, Lieutenant Governor John Garamendi commented that obligations to adequately fund California services were being transferred from the elected representatives to the CSU Board of Trustees. Over the last two and a half years, student fees had increased at the CSU and the UC by $750 million annually, he continued. The Lieutenant Governor noted that this was a rapid starvation of higher education—starvation of the fundamental economic stimulus for the state of California. 40,000 qualified men and women would not be at this university this budget year. This is a rapid starvation of California’s future, he said. He suggested that an oil severance tax in the form of current legislation—AB 656 would impose an oil severance tax on oil extracted from the state of California that would make over $1 billion dollars a year available to higher education. If the university were to take roughly half, then the problems the university faces would be eliminated. He explained that the bill was in the legislature, that it would take two-thirds to pass, and that the legislature was in special session. He proceeded to describe a list of influential voters including members of the Board, parents of CSU, UC, and community college students, as well as alumni, and staff. He noted that this piece of legislation could be on the Governor’s desk this year if everyone rallied around the idea. The Lieutenant Governor explained that the Governor himself proposed this idea last year and then it was dropped for unknown reasons. He encouraged the CSU to join the UC and community colleges to promote legislation that would help solve the problem this year.
Chancellor Reed stated that he had been speaking to UC President Yudof and would be glad to continue those conversations.

Trustee Gowgani mentioned that there were several other possibilities that could be explored like taxes on internet transactions.

Trustee Statham conceded that this item presents one of the most difficult decisions that he has had to face as a student leader. He has met with hundreds of students across the CSU and the leadership of the CSSA, the twenty-three presidents of CSU associated student organizations, and the students at large. In casting a “no” vote, Statham would fail his responsibilities as a fiduciary officer and as a representative of the students. He explained that this proposal was in the best interest of the students. It was well documented and established that the CSU system would not be able to function without these funds. He understood that this would have a direct impact on students but stated that Trustees had responsibilities as board members to act in the best interest of the long-term vision of the institution and all students. Not passing this fee would slam shut the door of opportunity for future students. He noted that financial aid opportunities were available to include an increase in Pell Grants and the available tax credit. He noted that this solution was not perfect or does not mitigate the personal impact that students would feel, however this decision was the best for CSU students and the institution as a whole. Finally, Trustee Statham stated that he was very supportive of a fee increase in conjunction with the following two items: (1) students of the CSU work with the administration on an increase level of shared governance on how their money is spent. (2) the CSU explore alternative external sources of long-term revenue through the creation of a joint task force comprised of students, Trustees, administrators, and representatives of other systems of higher education.

Trustee Mehas vocalized the Board’s dilemma of facing real deadlines while questioning the concept of the oil severance tax and its chances of getting through the legislature. Also, he questioned what would happen if the Board takes no action? He stated that the Board needs to make these tough decisions today for the good of the overall system.

Trustee Guzman asked Executive Vice Chancellor Quillian what steps would be taken to provide assistance to those students who had already applied for financial aid assuming the fee increase moved forward and what would be done to assist students who in the past had been reluctant to navigate the process?

Executive Vice Chancellor Quillian clarified that the $180,000 family income would be used to determine eligibility for the tax benefit. He stated that a special initiative to assists parents had been developed including getting the word out to all the parents. He invited Allison Jones, assistant vice chancellor, academic affairs, to elaborate.

Assistant Vice Chancellor Jones noted that 187,000 students currently receive financial aid representing about 86% of all financially needy students. A large percentage of CSU students would not pay one single dollar of the fee increase. He confirmed that should the Board adopt
this item, the CSU was ready to mobilize and that an extensive communication plan was in place for continuing and incoming students. Students, if they had not applied for financial aid, would be encouraged to do so. Information would be located on the CSU website and at campus financial aid offices.

At the conclusion of the committee discussion, the committee recommended approval by the Board of the academic year schedule of the State University Fee effective fall term 2009 and until further amended (RFIN 07-09-04).

Nonresident Tuition Increase

Executive Vice Chancellor and Chief Financial Officer Benjamin F. Quillian presented a second action item asking the Board to establish a nonresident tuition increase proposed of $33 per semester unit ($22 per quarter unit), effective with the fall 2009 term. Dr. Quillian noted this would be the first increase in nonresident tuition since the 2004-05 fiscal year and would raise academic year nonresident tuition from $10,170 to $11,160 for a full-time nonresident student. Dr. Quillian noted that the proposed fee increase is at a level intended to raise additional resources for the CSU. The anticipated revenue increase from this rate change is approximately $11.5 million for 2009-10 and will help address the budget gap identified for CSU’s support budget in 2009-10 and beyond.

With no committee discussion, the committee recommended approval by the Board of the Nonresident Tuition schedule for the 2009-10 academic year, effective for all campuses with the Fall 2009 term and until further amended (RFIN 07-09-05).

Trustee Hauck adjourned the Committee on Finance.
Report on the 2009-2010 Support Budget

Presentation By

Benjamin F. Quillian
Executive Vice Chancellor and
Chief Financial Officer

Robert Turnage
Assistant Vice Chancellor
Budget

2009-10 Support Budget Overview

The Governor signed the revision of the 2009-10 budget act and related legislation on July 28. The original 2009-10 budget act, adopted last February, had been rendered obsolete by a massive deterioration in State revenues. Wholesale revisions were needed to close a $26.3 billion State budget deficit. The Governor’s traditional “May Revision” went through an unprecedented series of revisions, culminating in a “July Revision” that included a major “retroactive” reduction to the CSU appropriation for 2008-09. Due to its timing, the practical impact of that reduction on campus budgets and operations is in 2009-10.

When the Board of Trustees met on July 21, the CSU faced a 2009-10 revenue shortfall of $584 million. This estimated amount took into account federal stimulus funds (from the Education Stabilization Fund) and the additional fee revenues made available by board action last May. Final action on the State budget resulted in a $20 million improvement in CSU’s budget position, as the Legislature acted to make proposed cuts to the CSU and University of California equal. The Legislature also made the entire CSU budget reduction unallocated, recognizing the need for the university to have flexibility in managing its cuts. The Governor had proposed reducing CSU student outreach programs by $18.6 million. The Legislature instead adopted budget act language directing the CSU to avoid reducing these programs disproportionately.

Thus, actions by the Legislature and Governor resulted in a revised revenue shortfall of $564 million. In addition, the CSU faces mandatory costs for 2009-10 of approximately $40 million, resulting in a total budget gap of $604 million. The actions taken by the Board and Chancellor in July address this gap as follows:

- Furloughs $273 million (45 percent of gap)
• Additional increase in State University Fee $157 million (26 percent)
• Increase in nonresident tuition $11 million (2 percent)
• Campus-directed cuts $163 million (27 percent)

Notwithstanding the revision of the 2009-10 budget act, the condition of the State General Fund remains precarious. The reserve built into the State budget is extraordinarily small and could be wiped out by any number of events, including State expenditures to fight fires. The budget’s “balance” is also at risk on the basis of various assumptions that may prove to be unrealistic. Most importantly, State revenues could fall short of projections by billions of dollars due to the extreme sensitivity of the State’s tax structure to the course of the State’s economy.

The State Treasurer will soon attempt to borrow $10.5 billion through revenue anticipation notes (RAN’s) that must be repaid by June 30, 2010. This will be a key test of how credit markets view the viability of the State’s budget plan for 2009-10. A failure to sell the entire amount of RAN’s would add a critical new pressure on the budget that could result in the Legislature and Governor making mid-year cuts to State programs.

At this point, the three public segments of higher education have one significant protection against further cuts in 2009-10. This is the maintenance of effort requirement that is a condition of California’s use of funds from the Education Stabilization Fund created by last February’s federal stimulus bill. Although the maintenance of effort requirement has significance, it is not an absolute protection. For example, the federal act authorizes States to seek a waiver of the requirement from the Secretary of Education.
COMMITTEE ON FINANCE

Report on the 2010-2011 Support Budget

Presentation By

Robert Turnage
Assistant Vice Chancellor
Budget

Summary

It is the time of year to begin consideration of recommendations to the Governor for the 2010-11 CSU support budget. The Board of Trustees will be provided with an overview of the State’s fiscal condition and budget challenges for 2010-11. The Board will be presented with preliminary revenue and expenditure assumptions for purposes of crafting a budget request that will come back to the Board for review and approval in November.

2010-11 State Budget Overview

The Governor and the Legislature only recently resolved a $26.3 billion State budget deficit and, as reported in the Finance Committee’s first agenda item, the condition of the State’s General Fund remains precarious for 2009-10. Severe constraints on General Fund revenues and intense competition for the funding of the wide range of programs for which the State is responsible are expected to continue into the 2010-11 fiscal year. An important contributing factor to this situation is the one-time nature of many of the “budget solutions” that were used to balance the budget in 2009-10. Many of these one-time measures cannot be repeated, which raises questions as to how the State can save similar amounts in 2010-11. The Department of Finance already projects that the 2010-11 State budget will start with a deficit of $7 billion, absent corrective steps.

Having raised these notes of caution, the State’s tax structure is extremely sensitive to the course of the State’s economy. Thus, State revenues could rise at a surprisingly fast rate if economic recovery becomes more robust than currently forecast. Nevertheless, on balance, the consensus of State fiscal experts is that 2010-11 will be another year of great difficulty.

The federal maintenance of effort requirement for State spending on higher education that was discussed in the first agenda item is also applicable to 2010-11. This could protect the CSU against further cuts, but as noted previously, this protection is not absolute.
Despite the State’s fiscal condition, the CSU has legitimate funding needs in order to carry out its critically important missions for California. In this agenda item we share with the Board a preliminary plan for the crafting of a CSU support budget request for 2010-11. This plan has received input from campus and system leaders, including the Systemwide Budget Advisory Committee, which has broad representation from campus presidents, academic senate, alumni, labor, and students.

Revenue Framework. This budget plan can be described as a “recovery” budget for the CSU. Its initial foundation is the restoration of two one-time cuts that were imposed by the State for the 2009-10 fiscal year. These two cuts are:

- $255 million line-item veto. The Governor’s veto message described this as a one-time cut, to be replaced with State General Fund in 2010-11.
- $50 million cut by the Legislature as part of the original 2009-10 budget act adopted last February. The Legislature included language in the budget act that indicated its intent to restore these funds when possible.

The assumption in this budget plan is that the CSU should request the restoration of these revenues. The budget plan then builds on this restored base by using the revenue assumptions of the Higher Education Compact. For three fiscal years—2005-06 through 2007-08—the Higher Education Compact provided revenue increases that permitted the CSU to address mandatory cost increases, enrollment growth, and compensation increases, as well as other key priorities. This budget plan calls for the resumption of that revenue framework, which would generate an estimated increase in State funding of approximately $287 million. Consistent with prior budget requests, this amount includes an estimated $94 million of state General Fund that is assumed to “buy out” the amount of fee revenue that would be generated by a 10 percent fee increase (net of one-third return to financial aid).

Finally, the budget plan calls for approximately $290 million for what we describe as “Core Compact Recovery.” The concept is to recover, on a going-forward basis, that part of the Compact for 2008-09 and 2009-10 that would have funded CSU’s collective bargaining agreements had the State been able to provide the funds. Last year, the Board included $116.7 million for this purpose. The estimated amount is now $290 million due to the need to “recover” an amount associated with a second year.

The above revenue planning elements add up to a requested State General Fund increase of $882 million above the current General Fund “base” of $2.338 billion. The resulting General Fund total ($3.22 billion) would exceed State General Fund provided to the CSU in 2007-08 (the last “normal” funding year experienced) by $250 million, or 8.4 percent. This is an ambitious total.
The final necessary element of the revenue framework is a recognition of the loss of student fee revenues associated with the current two-year effort to manage enrollments. Enrollment “targets” are being reduced by an average of 9.5 percent systemwide as a critically necessary response to State budget cuts and the high probability that reduced State funding levels will continue into 2010-11. Given the long lead times needed to plan campus operations and to manage admission cycles, reduced enrollment levels will be the reality in 2010-11. In fact, the long lead times and practical difficulties of suddenly turning around enrollment trends would make higher enrollment levels in 2010-11 impossible even if the 2010-11 budget resulted in a major revenue windfall. For these reasons, this budget plan does not propose enrollment growth and the plan must take into account a year-to-year fee revenue reduction of about $105 million. This $105 million, when subtracted from the $882 million General Fund increase, results in a net increase in CSU revenue of $777 million. The expenditure framework described in the next section ties to this net revenue increase.

Expenditure Framework. The recommended expenditure framework is summarized as follows:

- Restore state support per FTES to 2008-09 (February 2008 revision) $289 million.
- Mandatory costs (health benefits, new space, energy) $26 million.
- Compensation increase (2.5 percent “pool”) $71 million.
- Access to Student Services and Instruction $61 million.
- “Long term needs” (technology, libraries, facility maintenance) $40 million.
- “Core Compact Recovery” (compensation) $290 million.

Total expenditure increase $777 million.

One item on the list above that requires some additional description is the “Access to Student Services and Instruction.” This item builds and expands upon a $24.6 million proposal, entitled “Student Services for Success and Authentic Access,” that was included in last year’s Board-approved budget request. The “success” part of last year’s request was proposed to improve and expand advising opportunities for students, hire more tutors, strengthen student orientation programs, provide additional staff at learning centers and improve articulation efforts with community colleges. The “access” part was proposed to support outreach and authentic access efforts to California’s lowest income families and disabled students, as well as enhance online access to degree programs for underserved populations and those without direct access to a CSU campus. This preliminary expenditure plan assumes an expanded scale of effort of last year’s proposal, but also envisions a broader sweep of improved services—such as increased access to psychological counseling or financial aid assistance—and would also encompass various quality enhancements for instruction. In some respects, this expenditure option is less developed than the other items on the list, but will be developed in detail for the Board’s consideration of the support budget in November.
Estimated amounts for other items on the list may be revised, based on updated information, in the course of preparing the budget for the Board’s review and approval in November. Attachment A presents the revenue and expenditure assumptions described here in a chart.

**Conclusion**

This is an information item, presenting a preliminary framework for the 2010-11 support budget request, and the Board will be presented with an updated and detailed budget recommendation in November as an action item.
### 2010-2011 Preliminary Budget Planning Estimates

#### 2010-11 General Fund Planning Assumption

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td><strong>2009-10 Final Budget General Fund Appropriation</strong></td>
<td>$2,337,952,000</td>
</tr>
<tr>
<td>Restoration of $255 Million Line Item Veto (Governor)</td>
<td>255,000,000</td>
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<tr>
<td>Restoration of $50 Million Federal Stimulus Trigger (Legislature)</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Compact Operating Budget Growth (4%)</td>
<td>105,346,000</td>
</tr>
<tr>
<td>Center for California Studies Compact Growth (4%)</td>
<td>122,000</td>
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<tr>
<td>Compact Long Term Need Growth (1%)</td>
<td>26,337,000</td>
</tr>
<tr>
<td>Access to Student Services and Instruction <em>(in lieu of Compact 2.5% Enrollment Growth)</em></td>
<td>61,326,000</td>
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<tr>
<td>Fee Increase General Fund Buyout (net of 1/3 set aside for CSU grants)</td>
<td>94,272,000</td>
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<tr>
<td><strong>Total, General Fund Revenue Increase (Planning Budget)</strong></td>
<td>$592,403,000</td>
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<tr>
<td><strong>2008-09 and 2009-10 Core Compact Recovery</strong></td>
<td>$290,033,000</td>
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<td><strong>Planning Budget - 2010-11 Total General Fund Appropriation Request</strong></td>
<td>$882,436,000</td>
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<td><strong>2010-11 Final Budget General Fund Appropriation</strong></td>
<td>$3,220,388,000</td>
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<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td><strong>Planning Document - General Fund Revenue Increase</strong></td>
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<tr>
<td>Planning Budget - 2010-11 Total General Fund Appropriation Request</td>
<td>$882,436,000</td>
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<tr>
<td>Net Revenue Loss from 9.5% Enrollment Reduction (discounted for reduced Financial Aid pool funding)</td>
<td>(104,548,000)</td>
</tr>
<tr>
<td><strong>Net 2010-11 Budget Plan Revenue Increase</strong></td>
<td>$777,888,000</td>
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</tbody>
</table>

#### 2010-11 Preliminary Budget Plan

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Restore General Fund Support per FTES to February Revised 2008-09 Level</td>
<td>$289,215,000</td>
</tr>
<tr>
<td>Center for California Studies</td>
<td>122,000</td>
</tr>
<tr>
<td><strong>Mandatory Costs</strong></td>
<td></td>
</tr>
<tr>
<td>Health Benefits Premium Increase</td>
<td>12,000,000</td>
</tr>
<tr>
<td>New Space</td>
<td>7,194,000</td>
</tr>
<tr>
<td>Energy</td>
<td>7,000,000</td>
</tr>
<tr>
<td><strong>Access to Student Services and Instruction</strong></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td></td>
</tr>
<tr>
<td>2.5% General Compensation Increase</td>
<td>70,998,000</td>
</tr>
<tr>
<td><strong>Long Term Needs</strong></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Libraries</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Facility Maintenance <em>(Health and Safety Repairs, Scheduled Maintenance)</em></td>
<td>12,000,000</td>
</tr>
<tr>
<td>Compensation to address prior collective bargaining negotiations</td>
<td>290,033,000</td>
</tr>
<tr>
<td><strong>2010-11 Preliminary Budget Plan Expenditure Increase</strong></td>
<td>$777,888,000</td>
</tr>
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</table>
COMMITTEE ON FINANCE

2010-2011 Lottery Revenue Budget

Presentation By

Robert Turnage
Assistant Vice Chancellor
Budget

Summary

This is an information item presenting a preliminary version of the recommended lottery revenue budget for fiscal year 2010-11. The lottery revenue projection for 2010-11 is $44 million, with $39 million available for allocation after setting aside CSU’s annual $5 million systemwide reserve. Lottery revenue reflects no increase in projected support from fiscal year 2009-10 based on indications that state lottery revenues remain relatively flat in the current state economy. Beginning CSU reserves are maintained at $5 million and campuses’ interest earnings from lottery allocations are incorporated in their total revenue earnings achieved under the CSU Revenue Management Program implemented in 2006-07. CSU does not anticipate any additional carry forward funds in 2010-11 above the planned $5 million budget reserve. The $5 million reserve is used to assist with cash-flow variations due to fluctuations in quarterly lottery receipts and other economic uncertainties.

2010-11 Lottery Budget Proposal

The $39 million lottery budget plan proposal will continue to be designated to campus based programs and the three system-designated programs that have traditionally received annual lottery funding support: Chancellor’s Doctoral Incentive Program, California Pre-Doctoral program, and CSU Summer Arts Program. The Chancellor’s Doctoral Incentive Program will receive $2 million for financial assistance to graduate students to complete doctoral study in selected disciplines of particular interest and relevance to the CSU. The California Pre-Doctoral Program will receive $714,000 to support CSU students who aspire to earn doctoral degrees and who have experienced economic and educational disadvantages. The CSU Summer Arts program will receive $1.2 million for academic credit courses in the visual, performing, and literary arts. These amounts are the same as approved by the Board for 2009-10.

A total of $491,000 is proposed for systemwide administration—approximately one percent of the total lottery budget and the same amount as 2009-10. The remaining $34.6 million in 2010-11 lottery funds would continue to be used for campus-based programs. The campus-based programs represent a significant source of funds that allow presidents maximum flexibility in meeting unique campus needs. Traditionally, projects receiving campus based funds have
included the purchase of new instructional equipment, equipment replacement, curriculum development, and scholarships.

The following table summarizes how lottery funds allocated for the 2008-09 fiscal year were expended.

<table>
<thead>
<tr>
<th>Program Support Area</th>
<th>Expense</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic</td>
<td>$ 25,329,150</td>
<td>60%</td>
</tr>
<tr>
<td>Library Services</td>
<td>$ 7,745,413</td>
<td>18%</td>
</tr>
<tr>
<td>Student Services</td>
<td>$ 5,122,446</td>
<td>12%</td>
</tr>
<tr>
<td>Administration</td>
<td>$ 1,227,702</td>
<td>3%</td>
</tr>
<tr>
<td>University Maintenance</td>
<td>$ 607,742</td>
<td>1%</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>$ 1,434,524</td>
<td>3%</td>
</tr>
<tr>
<td>Community Relations</td>
<td>$ 632,921</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 42,099,898</td>
<td>100%</td>
</tr>
</tbody>
</table>

Ninety-seven percent of lottery allocations are spent on supplemental programs and services for students and faculty.
The CSU lottery revenue budget proposed for 2010-11 is as follows:

### 2010-11 Proposed Lottery Revenue Budget

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>2009-10 Proposed Budget</th>
<th>2010-11 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Reserve</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>39,000,000</td>
<td>39,000,000</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$44,000,000</td>
<td>$44,000,000</td>
</tr>
<tr>
<td>Less Systemwide Reserve</td>
<td>(5,000,000)</td>
<td>(5,000,000)</td>
</tr>
<tr>
<td><strong>Total Available for Allocation</strong></td>
<td>$39,000,000</td>
<td>$39,000,000</td>
</tr>
</tbody>
</table>

#### Uses of Funds

**System Programs**
- Chancellor's Doctoral Incentive Program $2,000,000 $2,000,000
- California Pre-Doctoral Program 714,000 714,000
- CSU Summer Arts Program 1,200,000 1,200,000
- Program Administration 491,000 491,000

Total Uses of Funds $4,405,000 $4,405,000

**Campus Based Programs**
- Campus/CO Programs $34,595,000 $34,595,000

Total Uses of Funds $39,000,000 $39,000,000

This item is for information only and an agenda item will be presented at the November meeting to adopt the 2010-11 Lottery Revenue budget.
Enterprise Risk Management

Presentation By

Benjamin F. Quillian
Executive Vice Chancellor and
Chief Financial Officer

Robert Eaton
Director
Financing and Treasury

Background

With the State of California’s economic and financial problems impacting the CSU directly as a backdrop, the Executive Vice Chancellor/CFO, working with Financial Services, is undertaking a comprehensive examination of risk factors that can affect the University. The examination will utilize the Enterprise Risk Management (ERM) process. This information item is to make the Board aware of the ERM initiative.

In an ongoing manner, the CSU actively assesses and addresses risk throughout the institution. However, the ERM process is consistent with accepted best practices of risk management in the changing economic environment. Some of the rating agencies have already begun to analyze ERM as part of the credit rating process, and Standard & Poor's is expected to include an assessment of overall enterprise risk management processes beginning in late 2010. Utilizing the ERM process will benefit the CSU as we interact with rating agencies.

This agenda item will preview the ERM process for the Board of Trustees and explain the approach being taken. The preliminary work of the Chancellor’s Office has yielded a wide range of risk factors to consider, with the goal of examining each of them systematically through a common template. The results should provide a framework that will enable staff and the Board of Trustees to evaluate the severity or impact of a particular risk factor, its likelihood of occurrence, and a strategy for addressing and minimizing the risk on an ongoing basis.

As a starting point, the staff has begun the preliminary review of three risk factors in the area of finance deemed to be significant. The goal is to examine a multiplicity of risk factors over the twelve to eighteen months and build on those factors going forward. At the Board meeting the
ERM process will be explained and the preliminary risk factors that have been identified in the area of finance thus far will be examined.
COMMITTEE ON FINANCE

California State University Annual Investment Report

Presentation By

George V. Ashkar
Interim Assistant Vice Chancellor
Financial Services

Summary

This item provides the annual investment report for fiscal year 2008-09 for funds managed under the California State University (CSU) Investment policy.

Background

The bulk of CSU funds are invested through the CSU Systemwide Investment Fund-Trust (SWIFT), which was established in 2007 for the purpose of enhancing centralized cash and investment management. On a daily basis, net investable cash from Chancellor’s Office and campus-controlled bank depository and disbursement accounts is pooled and moved into SWIFT for investment. All SWIFT cash and securities are held by US Bank, the custodian bank for SWIFT, and for investment management purposes, the SWIFT portfolio is divided equally between two investment management firms, FAF Advisors and Wells Capital Management (WCM). (WCM assumed its role as one of the two investment managers through its acquisition of Wachovia Corporation in December 2008.)

The State Treasurer also provides investment vehicles that may be used for CSU funds. The Surplus Money Investment Fund (SMIF) is used by the State Treasurer to invest State funds in a short-term pool. The Local Agency Investment Fund (LAIF) is used by the State Treasurer to invest local agency funds.

The year-end results for these two funds are reported in Attachment A.

The Board of Trustees’ Investment Policy is included as Attachment B.

Market Summary

The fiscal year ended June 30, 2009 was marked by a continued economic decline driven primarily by deterioration in the subprime mortgage market, the housing slump, rising unemployment, and stress in the credit markets with financial firms making significant write-downs and seeking new capital to bolster their balance sheets. The uncertainty continued to
affect liquidity in normally stronger, higher rated investment sectors, prompting a flight to quality (i.e. Treasuries). In the last quarter of the fiscal year, both the real economy and the financial markets began to stabilize with credit spreads tightening and the debt and equity markets opening up to issuers who had been locked out of new capital issuance during the better part of the year.

The economy contracted sharply in the fiscal year with GDP shrinking by 3.9%. In response to this difficult environment, the Federal Reserve (Fed) continued to be accommodating, notwithstanding growing concerns about inflation. The Fed left the federal funds rate target unchanged at the 0.0% to 0.25% range and indicated that the rate may stay exceptionally low for an extended period. In addition, the federal government approved and implemented a number of asset purchase/funding programs in an effort to drive down interest rates, facilitate the extension of credit to households and small businesses, stimulate the economy, and help cleanse bank balance sheets of distressed or “toxic” assets.

**Investment Account Performance**

As of June 30, 2009, the asset balance in the SWIFT portfolio totaled $1.36 billion. The objective of SWIFT is to maximize current income while preserving asset safety and liquidity. Consistent with the CSU investment policy and State law, the portfolio is restricted to high quality, fixed income securities.

As of June 30, 2009, the SWIFT portfolio’s holdings by asset type were as follows:

<table>
<thead>
<tr>
<th>California State University Systemwide Investment Fund-Trust</th>
<th>Asset Breakdown as of June 30, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>4.73%</td>
</tr>
<tr>
<td>US Treasuries</td>
<td>2.42%</td>
</tr>
<tr>
<td>US Government Agencies</td>
<td>45.87%</td>
</tr>
<tr>
<td>FDIC Guaranteed</td>
<td>18.32%</td>
</tr>
<tr>
<td>Corporate Securities—Long Term</td>
<td>25.94%</td>
</tr>
<tr>
<td>Corporate Securities—Short Term</td>
<td>2.72%</td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
</tr>
</tbody>
</table>

The SWIFT portfolio provided a return of 2.63% during the 12 months ended June 30, 2009. This return was less than the benchmark for the portfolio, which is a treasury based index and benefitted from the flight to quality during certain periods of the year. However, the SWIFT outperformed the 12-month return for the Local Agency Investment Fund (“LAIF”).
<table>
<thead>
<tr>
<th></th>
<th>SWIFT Portfolio</th>
<th>SWIFT Benchmark(^1)</th>
<th>LAIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Month Return</td>
<td>0.22%</td>
<td>-0.09%</td>
<td>N/A</td>
</tr>
<tr>
<td>3 Month Return</td>
<td>0.81%</td>
<td>-0.02%</td>
<td>0.38%</td>
</tr>
<tr>
<td>12 Month Return</td>
<td>2.63%</td>
<td>3.46%</td>
<td>2.18%</td>
</tr>
<tr>
<td>Annualized Return since SWIFT Inception</td>
<td>3.54%</td>
<td>4.84%</td>
<td>3.25%</td>
</tr>
</tbody>
</table>

(1) Merrill Lynch 0-3 Year Treasury Index
Surplus Money Investment Fund (SMIF)

The Surplus Money Investment Fund (SMIF) is a vehicle used and managed by the State Treasurer to invest State funds in a short-term pool. Cash in this account is available on a daily basis. The portfolio’s composition includes CD’s and Time Deposits, U.S. Treasuries, Commercial Paper, Corporate Securities, and U.S. Government Agencies. As of June 30, 2009, the amount of CSU funds invested in SMIF was approximately $705.7 million, which includes approximately $643 million that was transferred from the CSU SWIFT portfolio in June 2009 in anticipation of budget actions by the State.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Apportionment Yield Rate</td>
<td>Average 3.62%</td>
</tr>
<tr>
<td>06/30/2009</td>
<td>High 6.49%</td>
</tr>
<tr>
<td>06/30/2008</td>
<td>Low 1.44%</td>
</tr>
</tbody>
</table>

Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is a vehicle used by the State Treasurer to invest local agency funds. LAIF is administered by the State Treasurer’s Office. All investments are purchased at market, and market valuation is conducted quarterly. As of June 30, 2009, the amount of CSU funds invested in LAIF was approximately $35,000.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Apportionment Yield Rate</td>
<td>Average 3.78%</td>
</tr>
<tr>
<td>06/30/2009</td>
<td>High 6.52%</td>
</tr>
<tr>
<td>06/30/2008</td>
<td>Low 1.44%</td>
</tr>
</tbody>
</table>
The California State University Investment Policy

The following investment guidelines have been developed for CSU campuses to use when investing funds.

**Investment Policy Statement**

The objective of the investment policy of the California State University (CSU) is to obtain the best possible return commensurate with the degree of risk that the CSU is willing to assume in obtaining such return. The Board of Trustees desires to provide to each campus president the greatest possible flexibility to maximize investment opportunities. However, as agents of the Trustees, campus presidents must recognize the fiduciary responsibility of the Trustees to conserve and protect the assets of the portfolios, and by prudent management prevent exposure to undue and unnecessary risk.

When investing campus funds, the primary objective of the campus shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the campus. The third objective shall be to return an acceptable yield.

**Investment Authority**

The California State University may invest monies held in local trust accounts under Education Code Sections 89721 and 89724 in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, listed in Section A subject to limitations described in Section B.

A) State Treasury investment options include:

- Surplus Money Investment Fund (SMIF)
- Local Agency Investment Fund (LAIF)

B) Eligible securities for investment outside the State Treasury, as authorized by Government Code Section 16430 and Education Code Section 89724, include:

- Bonds, notes or obligations with principal and interest secured by the full faith and credit of the United States;
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States;
- Bonds or warrants of any county, city, water district, utility district or school district;
California State bonds or bonds with principal and interest guaranteed by the full faith and credit of the State of California;


Commercial paper exhibiting the following qualities: (1) “prime” rated, (2) less than 180 days maturity, (3) issued by a U.S. corporation with assets exceeding $500,000,000, (4) approved by the PMIB. Investments must not exceed 10 percent of corporation’s outstanding paper, and total investments in commercial paper cannot exceed 30 percent of an investment pool;

Bankers’ acceptances eligible for purchase by the Federal Reserve System;

Certificates of deposit (insured by FDIC, FSLIC or appropriately collateralized);

Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Administration;

Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration;

Student loan notes insured by the Guaranteed Student Loan Program;

Debt issued, assumed, or guaranteed by the Inter-American Development Bank, Asian Development Bank or Puerto Rican Development Bank;

Bonds, notes or debentures issued by U.S. corporations rated within the top three ratings of a nationally recognized rating service;

C) In addition to the restrictions established in Government Code Section 16430, the CSU restricts the use of leverage in campus investment portfolios by limiting reverse repurchase agreements used to buy securities to no more than 20 percent of a portfolio. Furthermore, the CSU:

Prohibits securities purchased with the proceeds of a reverse repurchase from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding;
• Limits the maturity of each repurchase agreement to the maturity of any securities purchased with the proceeds of the repurchase (but in any event not more than one year) and;

• Limits reverse repurchase agreements to unencumbered securities already held in the portfolio.

Investment Reporting Requirements

A. Annually, the Chancellor will provide to the Board of Trustees a written statement of investment policy in addition to a report containing a detailed description of the investment securities held by all CSU campuses and the Chancellor’s Office, including market values.

B. Each campus will provide no less than quarterly to the Chancellor a report containing a detailed description of the campus’s investment securities, including market values. A written statement of investment policy will also be provided if it was modified since the prior submission. These quarterly reports are required:

• to be submitted to the Chancellor within 30 days of the quarter’s end

• to contain a statement with respect to compliance with the written statement of investment policy; and

• to be made available to taxpayers upon request for a nominal charge.

(Approved by the CSU Board of Trustees in January, 1997)
COMMITTEE ON FINANCE

Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects

Presentation By

Benjamin F. Quillian
Executive Vice Chancellor and
Chief Financial Officer

George V. Ashkar
Interim Assistant Vice Chancellor
Financial Services

Summary

This item requests the Board of Trustees (the “Board”) to authorize the issuance of Systemwide Revenue Bonds and the issuance of interim financing under the California State University’s (the “CSU”) commercial paper program in an aggregate amount not-to-exceed $60,985,000 to provide funds for two campus projects and one auxiliary project. The Board is being asked to approve a set of resolutions relating to these projects. The long-term bonds will be part of a future Systemwide Revenue Bond sale and are expected to bear the same ratings from Moody’s Investors Service and Standard and Poor’s Corporation as the existing Systemwide Revenue Bonds.

The projects are as follows:

1. East Bay Recreation and Wellness Center Project

In November 2008, the Board approved the amendment of the non-state capital outlay program and schematics for the Recreation and Wellness Center project (the “Project”). The Project will construct a 54,500 gross square foot facility located in the eastern portion of the campus, adjacent to the Pioneer Heights student housing complex. The new building will be located on the site of the existing Student Services Hub and the American Language Program Modular, both of which will be demolished and relocated. Approximately 20 parking spaces from parking lot D will be removed to accommodate the new building. The Project will include a gymnasium for multi-sport use, an elevated jogging track, two fitness centers, locker rooms, multi-purpose rooms, administrative offices and associated support space.
The not-to-exceed par value of the proposed bonds is $27,385,000 and is based on a total Project cost of $24,548,000. Additional financing costs are to be funded from the bond proceeds. The Project delivery method is Construction Manager at Risk. The campus received good construction bids in June 2009. The campus anticipates a construction start of September 2009 with an estimated completion in August 2010.

The following table provides information about this financing transaction.

<table>
<thead>
<tr>
<th>Not-to-exceed amount</th>
<th>$27,385,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>Approximately level over 30 years</td>
</tr>
<tr>
<td>Pro-forma maximum annual debt service</td>
<td>$2,032,237</td>
</tr>
</tbody>
</table>

Projected debt service coverage including the new project:
- Net revenue – All East Bay pledged revenue programs: 1.20
- Net revenue – Projected for the campus student union program: 1.07

1. Projected information – Combines 2008-09 unaudited information for the campus-pledged revenue programs and 2011-12 operations of the project with expected full debt service.

The not-to-exceed amount for the Project, the maximum annual debt service, and the ratios above are based on an all-in interest cost of 6.63%, reflective of mid-2009 market conditions plus 100 basis points as a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan includes level amortization of debt service, which is the CSU program standard. The campus has submitted a financial plan that has 1.07 times projected program net revenue debt service coverage in 2011-12, the first full year of operations, which is slightly below the CSU benchmark of 1.10. With the new Project, the campus’ overall projected net revenue debt service coverage for the first full year of operations in 2011-12 is 1.20 times. This coverage is calculated using 2008-09 actual program revenues plus the new Project’s revenues. The campus developed a forecast that shows overall campus net revenue debt service coverage of 1.33, incorporating projected program revenues in 2011-12, which is slightly below the CSU’s 1.35 times debt service campus benchmark. For both the program and campus debt service coverage ratios, the forecasts indicate improving trends after the first full year of operations with the ability to meet CSU benchmarks within a couple of years. For the program, 1.16 and 1.25 debt service coverages in fiscal years 2013-14 and 2014-15, respectively, and for the campus, 1.41 and 1.51 debt service coverages in fiscal years 2012-13 and 2013-14, respectively. The campus forecasts have taken into account expected enrollment targets in the current fiscal environment. The campus plans on monitoring the program’s performance to assure that it increases its debt service coverage ratios as expected.
2. **Los Angeles Dobbs Street Apartments Acquisition Project**

The Los Angeles campus is seeking financing approval for the acquisition and renovation of the Dobbs Street Apartment property (the “Project”), which will be used for student housing, and for reimbursement of roofing costs associated with existing housing facilities. Concurrent with this request for financing approval, the Board, during its Committee on Campus Planning, Buildings and Grounds at this same September 2009 meeting, also will be asked to approve a campus master plan revision and an amendment of the 2009-10 non-state capital outlay program to accommodate the Project. The Project is located at 5425 Dobbs Street, adjacent to the north entrance to the campus between Valley Boulevard and Mariondale Avenue. It consists of 26 apartments (one and two bedroom units) in three, two-story buildings, a single family residence, a laundry and recreation room building, and 13 covered and 14 open parking spaces, on approximately 0.66 acres. The Project will allow the campus housing program the option of filling these spaces with graduate students, thus freeing up spaces for first year students in the existing housing program. The campus believes that the acquisition will better align its housing program with its recruitment efforts and long term enrollment strategies.

In order to execute the acquisition, the campus will be relying on an existing purchase option contract between the CSULA University Auxiliary Services (UAS) and the current owner of the property. The campus anticipates that UAS will exercise its option to purchase the Dobbs Street Apartment property in October 2009. On the same day that the acquisition transaction closes escrow, the campus’ housing program will pay UAS for costs related to the purchase option contract and the acquisition, and, in turn, will receive title to the property.

On September 2, 2009, Capital Planning Design and Construction administratively approved the due diligence performed by the campus that satisfactorily addressed CSU requirements for the proposed property acquisition. The property was appraised at a fair market value of $2,740,000 in July 2009.

The not-to-exceed par value of the proposed bonds is $6,850,000 and is based on (1) the acquisition and renovation of Dobbs Apartments ($4,774,000); (2) the reimbursement of roofing costs for the existing on campus student housing ($1,350,000); and (3) estimated capitalized interest and financing costs.
The following table provides information about this financing transaction.

<table>
<thead>
<tr>
<th>Not-to-exceed amount</th>
<th>$6,850,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>Approximately level over 30 years</td>
</tr>
<tr>
<td>Pro-forma maximum annual debt service</td>
<td>$510,313</td>
</tr>
<tr>
<td>Projected debt service coverage including the new project:</td>
<td>$510,313</td>
</tr>
<tr>
<td>Net revenue – All Los Angeles pledged revenue programs:</td>
<td>1.49</td>
</tr>
<tr>
<td>Net revenue – Projected for the campus housing program:</td>
<td>2.15</td>
</tr>
</tbody>
</table>

1. Projected information – Combines 2008-09 unaudited information for the campus-pledged revenue programs and 2011-12 operations of the project with expected full debt service.

The not-to-exceed amount for the Project, the maximum annual debt service, and the ratios above are based on an all-in interest cost of 6.64%, reflective of mid-2009 market conditions plus 100 basis points as a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan includes level amortization of debt service, which is the CSU program standard. The campus has submitted a financial plan that has 2.15 times projected program net revenue debt service coverage, which exceeds the CSU benchmark of 1.10. The campus’ combined net revenue debt service coverage from all pledged revenue programs for the campus is projected at 1.49 which exceeds the CSU’s 1.35 times debt service coverage campus benchmark.

3. San Diego Aztec Shops Limited — Albert’s College Apartment Acquisition Project

The Aztec Shops, Limited (the “Corporation”), a recognized auxiliary organization at San Diego State University (the “University”), proposes to acquire a privately-owned apartment complex on a total land area of 20.63 acres currently known as Albert’s College Apartments, adjacent and contiguous to the northwest portion of the University campus (the “Project”). The property was developed as six individual apartment complexes between 1959 and 1962. It includes 16 separate, two-story buildings with a combined total of 236 living units (188,842 rentable square feet) along with 311 parking spaces. The living units include studio apartments along with one-bedroom, two-bedroom and three-bedroom bedroom apartments that range in size from 410 square feet to almost 1,500 square feet. At full capacity, the complex could house up to 700 students.

The proposed acquisition plan supports the University’s Master Plan goal of expanding its existing portfolio of university-administered housing by 3,000 beds in the coming years. The acquisition will almost double the number of affordable, apartment-style housing units controlled by the University and its auxiliaries. Housing studies conducted by the University show a strong and increasing demand for apartment-style units adjacent to the campus. The Corporation will continue the current use of the property as primarily student rental housing managed by a third-
party company under a qualified management contract. The Corporation anticipates that at some point during the first 1-3 years of operation, increased enrollment will make it financially and operationally advantageous to enter into an operating agreement with the University’s Office of Housing Administration (OHA) to provide services related to marketing, leasing, rent collection and on-site supervision.

On August 24, 2009, Capital Planning Design and Construction administratively approved the due diligence performed by the Corporation and University that satisfactorily addressed several California State University requirements for the proposed property acquisition. The property was appraised at a fair market value of $31,750,000 in April 2009.

On June 19, 2009, the Corporation’s Board of Directors adopted a resolution approving the acquisition and finance of the Project. The Corporation is seeking Board approval through the issuance of Systemwide Revenue Bonds and/or commercial paper (the “Bonds”) to finance $24,500,000 in purchase price and associated costs, including $532,000 in capital improvement costs, $75,000 in preliminary costs, $50,000 in relocation program cost, and $15,000 in real estate closing costs. The Bonds will be issued as tax-exempt debt at a not-to-exceed par amount of $26,750,000. The Bonds par amount is based on an all-in interest cost of 6.53% reflective of mid-2009 market conditions plus 100 basis points as a cushion to account for any market fluctuations that could occur before the permanent financing bonds are sold. The Bonds will be amortized over 30 years based on level debt service repayments, with a maximum annual debt service of $1,975,275.

At present, the Corporation has an outstanding, stand-alone series of bonds originally issued in 2000 to finance the University Towers housing project (the “UT Bonds”), as well as a bank loan to finance the Brawley office building project. Debt holders on these two properties have pledges of the revenues from the respective projects. Because of certain restrictions in the UT Bonds indenture, the Corporation is prohibited from granting a general obligation pledge of available remaining revenues to secure repayment of the Bonds as typically required by the Board. However, to mitigate this inability to grant a general obligation pledge to the Board, the loan agreement for the bonds between the Board and the Corporation will contain provisions that will restrict the Corporation’s ability to issue additional debt or grant further pledges of available revenues to other debt holders. The effect will be to ensure that the Corporation’s available revenues will be available to meet debt service on the bonds.

Based on the financial plan, the Corporation demonstrates debt service coverage of 1.23 in 2010-11, the first full year of Project operation, and expects to meet the CSU coverage benchmark of 1.25 for auxiliary organizations in the second year of operations (1.37 and 1.52 debt service coverage ratios in fiscal years 2011-12 and 2012-13, respectively). The Project itself provides coverage of 1.10, which does not meet the CSU’s 1.25 coverage benchmark for
auxiliary projects, however, net revenues available from the Corporation will provide further assurance that the Project bond debt service will be satisfied.

**Trustee Resolutions and Recommended Action**

Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing a set of resolutions as presented in Agenda Item 6 of the Committee on Finance at the September 22-23, 2009, meeting of the Board of Trustees for the projects described in this agenda item that authorize interim and permanent financing. The proposed 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 $60,985,000 and certain actions relating thereto.

2. Provide a delegation to the Chancellor; the Executive Vice Chancellor and Chief Financial Officer; the Assistant Vice Chancellor, Financial Services; and the Director, Financing and Treasury; 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 projects as described in Agenda Item 6 of the Committee on Finance of the September 22-23, 2009, meeting of the CSU Board of Trustees is recommended for:

**East Bay Recreation and Wellness Center**

**Los Angeles Dobbs Street Apartments Acquisition Project**

**San Diego Aztec Shops Limited — Albert’s College Apartment Acquisition Project**