

MINUTES OF MEETING OF CSU INSTITUTE BOARD

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

January 9, 2015
2:06 pm – 2:14 pm

Board Directors Present

1. Timothy P. White, Chair
2. Steve W. Relyea, Treasurer
3. Ephraim Smith, Secretary
4. Garrett Ashley, Director
5. Loretta (Lori) Lamb, Director

Staff Present

1. George V. Ashkar, Assistant Vice Chancellor, Financial Services
2. Robert Eaton, Deputy Assistant Vice Chancellor, Financing, Treasury, and Risk Management
3. Syrus En, Senior Financial Manager, Financing and Treasury
4. Jean Gill, Assistant Controller, Financial Services Accounting
5. Kelly Cox, Associate Director, Financial Services Accounting

Chair White called the meeting to order at 2:06 p.m.

Minutes were taken by staff (Syrus En).

Approval of the Institute Board minutes of October 6, 2014 (action item)

Treasurer Relyea asked for a motion to approve the minutes from the Institute Board meeting on October 6, 2014. Director Lamb moved and Secretary Smith seconded the motion. The motion was approved unanimously.

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

Eaton presented two items on the Institute's commercial paper (CP) program. The first item was a snapshot of the program's outstanding CP balance as of January 1, 2015, at approximately \$55 million at a weighted average rate of 0.08%. The balance increased by about \$30 million since the last Board meeting due to new issuance for the Channel Islands Student Housing Phase III project. The program's balance is expected to increase by \$60 million in February, based on upcoming new issuance for the San Diego State University South Campus Plaza project.

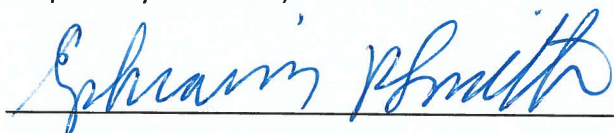
Chair White asked whether the recent decline in mortgage refinancing rates would bode well for the CP program. Eaton explained that such situation would benefit the upcoming bond sale more so than the CP program because short-term rates have already been compressed.

On the second item, Eaton updated the RFP for CP dealers, which was completed late last year, resulting in the retention of Barclays and JPMorgan and replacement of a third dealer, Morgan Stanley, with Bank of America Merrill Lynch. Annual dealer fees under the new commercial paper dealer agreements declined to 5 basis points versus 7 to 7.5 basis points under the prior agreements, potentially yielding \$30,000 in annual savings assuming an average annual balance of \$150,000,000, which could fluctuate depending on changes to the portfolio's profile.

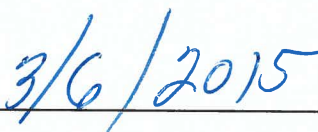
Chair White asked how the new agreements' 5-year term and two 2-year renewal options would apply in practice. Eaton explained that staff can evaluate dealer performance to determine whether or not to exercise its option to renew or render inactive a certain dealer for its underperformance and shift the amount of allocated CP to another dealer. Chair White also asked about the advantage of having 3 dealers, to which Eaton noted the need to diversify the concentration of dealer risk in the aftermath of the liquidity crisis in 2008.

Meeting was adjourned at 2:14 p.m.

Respectfully submitted,



Ephraim P. Smith, Secretary



Date