

MINUTES OF MEETING OF CSU INSTITUTE BOARD

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

June 27, 2012

1:05 pm – 1:20 pm

Board Directors Present

1. Charles Reed, Chairman
2. Ephraim P. Smith, Secretary

Board Directors Absent

1. Benjamin F. Quillian, Treasurer

Staff Present

1. George V. Ashkar, Assistant Vice Chancellor, Financial Services
2. Robert Eaton, Senior Director, Financing and Treasury
3. Jean Gill, Assistant Controller, Financial Services Accounting
4. Kelly Cox, Associate Director, Financial Services Accounting
5. Colleen Zenger, Financial Manager, Financing and Treasury
6. Lisa Tran, Financial Analyst, Financing and Treasury

Chairman Reed called the meeting to order at 1:05 pm.

Minutes were taken by staff (Colleen Zenger).

Approval of Institute Board minutes of April 2, 2012 (action item)

Chairman Reed asked the Board if there were any questions regarding the Institute Board minutes of April 2, 2012 and, as there were none, asked for a motion to approve the minutes. Secretary Smith so moved and Chairman Reed seconded the motion. The minutes were approved unanimously.

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

Colleen Zenger presented an information item regarding an update of the California State University Institute's Commercial Paper Program (Program).

Zenger stated that the Program's outstanding commercial paper balance is approximately \$77 million with a weighted average interest rate of 18 basis points. Zenger noted that the commercial paper pipeline remains light. She stated that the commercial paper program's Letter of Credit Reimbursement Agreement was renewed for a two year term with an expiration date of July 18, 2014. The previous annual fee of 125 basis points was negotiated down to 79 basis points resulting in an annual savings of \$920,000.

Presentation of the California State University Institute's fiscal year 12-13 budget (action item)

Robert Eaton presented an action item regarding the California State University Institute's fiscal year 2012-13 budget.

Eaton noted that the budget is broken into three sections General Fund, All Campus Projects, and Equipment. The General Fund reflects revenues and expenses that fall outside the commercial paper program such as the Institute's annual donation of \$35,000 to the CSU Foundation and the CTAC sub-accounting fee for the Auxiliary Investment Platform of \$15,000.

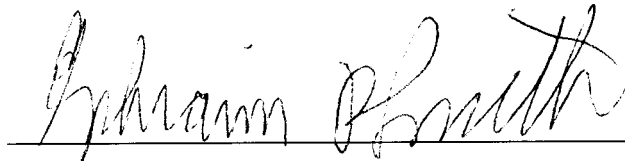
Eaton noted that the All Campus Projects program is designed to operate at, or just above, a break-even amount resulting in a budgeted Net Income of \$4,000. As some program costs fluctuate, the cost rate charged to campuses, as part of the CP Program Cost Recovery, is adjusted as needed. The BAN Interest Revenue and CP Program Interest Expense move in tandem and are always the same amount. Eaton stated that for the actual results (through May) for 2011-12, there is a \$346,000 deficit. This is due to the fact that it does not reflect program cost recovery funds to be received in June 2012.

In contrast to the All Campus Projects program, where we have the ability to adjust our cost recovery based on movements in interest rates, for the Equipment Program, the rate is set annually thus the cost rate charged to campuses cannot be adjusted during the fiscal year. As such, the Equipment program's rate has a cushion built into it for fluctuating costs that may occur during the year. Over time this cushion has built up a reserve currently at \$2.9 million. When the reserve becomes large, we buy down the annual rate as a means of returning some of the surplus to the campuses. This is in fact what we are doing for fiscal year 2012-13. The annual Equipment rate for fiscal year 2012-13 is 2.50%. As a point of reference, the previous year's annual rate was 3.5%. This is the reason for the budgeted Net Loss of \$182,000 for the Equipment program as we intend to use a portion of the \$2.9 million reserve to cover program costs.

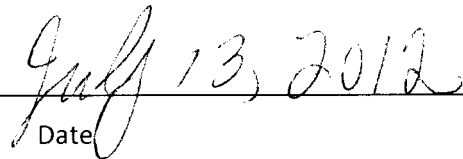
Chairman Reed asked for a motion to approve the fiscal year 2012- 13 budget. Secretary Smith so moved and Chairman Reed seconded the motion. The fiscal year 2012- 13 budget was approved unanimously.

Meeting was adjourned at 1:20 pm.

Respectfully submitted,



Ephraim P. Smith, Secretary



Date