

MINUTES OF MEETING OF CSU INSTITUTE BOARD

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

October 7, 2013
11:06 am – 11:23 am

Board Directors Present

1. Timothy P. White, Chair (via teleconference)
2. Ephraim P. Smith, Secretary
3. Benjamin F. Quillian, Treasurer
4. Garrett Ashley, Director
5. Gail Brooks, Director

Staff Present

1. George V. Ashkar, Assistant Vice Chancellor, Financial Services
2. Lori Redfearn, Assistance Vice Chancellor, Systemwide Advancement
3. Robert Eaton, Senior Director, Financing and Treasury
4. Jean Gill, Assistant Controller, Financial Services Accounting
5. Kelly Cox, Associate Director, Financial Services Accounting
6. Syrus En, Senior Financial Manager, Financing and Treasury

Treasurer Quillian called the meeting to order at 11:06 am.

Minutes were taken by staff (Syrus En).

Approval of the Institute Board minutes of July 1, 2013 (action item)

Treasurer Quillian asked for a motion to approve the minutes from the Institute Board meeting on July 1, 2013. Director Smith moved and Director Ashley seconded the motion. The minutes were approved unanimously.

Presentation of the Institute Audit Committee minutes of July 17, 2013 and September 17, 2013 (information item)

Lori Redfearn, Chair of the Audit Committee, presented the minutes of the Institute Audit Committee meetings of July 17, 2013 and September 17, 2013, noting that the Committee approved the draft 2012-13 audited financial statements at its September 17, 2013 meeting and that the financial statements will be presented to the Board for action later in the agenda. Both sets of minutes were entered into the record without discussion.

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

Robert Eaton presented an information item regarding an update of the Institute's commercial paper program (Program).

Eaton explained briefly that the Program's outstanding commercial paper balance was \$166 million at a weighted average rate of 0.12%. During the first quarter, the outstanding CP increased by \$106 million due to new CP issuances

for five projects. The CP balance is expected to reach \$175 million by December 2013, based on two new issuances totaling \$10 million, leaving about \$25 million in remaining CP capacity. Eaton indicated that this level of available CP capacity is smaller than he would like, so he and staff are evaluating options to address this issue, including an increase to the CP program or a bond sale in early 2014.

Presentation to approve the Institute's 2012-13 Audited Financial Statements (action item)

Lori Redfearn presented a brief summary of the Audit Committee's review of the 2012-13 audited financial statements. The Committee had met with KPMG to discuss the statements and most of the discussion centered on fine-tuning the notes to the financial statements for accuracy and consistency. Chairman White asked why campuses were not included as part of "Related Parties". Redfearn clarified that campuses were considered customers rather than related parties, because they derive benefits and services from the Institute.

George Ashkar stated the audit was completed on-time with a clean opinion from KPMG. Ashkar explained that the decline in total assets in 2013 was due to a combination of fewer number of campus projects in the CP pipeline and several prepayments of equipment leases.

Treasurer Quillian asked why revenues and expenses had declined. Ashkar explained that the effects of a slower pipeline impacted revenues and that a reduction in letter of credit fees had contributed to the decline in operating expenses. Ashkar also noted the lower contribution to the CSU Foundation, from \$35,000 to \$26,000.

Treasurer Quillian asked for a motion, which was moved by Director Brooks and seconded by Director Ashley. The motion was approved unanimously.

Presentation to approve Institute Board Officers (action item)

Ashkar presented an action item to reappoint Ephraim P. Smith as Secretary for a three-year term.

Treasurer Quillian asked for a motion, which was moved by Director Brooks and seconded by Director Ashley. The motion was approved unanimously.


Presentation of Institute Audit Committee Charter Update (information item)

Ashkar presented an information item regarding updates to the Audit Committee Charter. Ashkar explained changes were made to provide general clean-up to the Charter, as well as provide additional clarity.

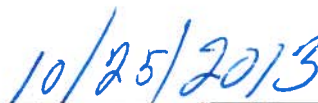
Under the "Meeting Attendees" section, Treasurer Quillian asked why the word "at least annually" was removed and following discussion, the determination was made to leave the wording in. Chairman White asked if the updated Charter had been reviewed by General Counsel, to which staff replied that they had not. Following further discussion, the item was deferred until review by General Counsel had been completed.

Meeting was adjourned at 11:23 am.

Respectfully submitted,



Ephraim P. Smith, Secretary



Date