

**TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY**  
**California State University**  
**Office of the Chancellor—Glenn S. Dumke Auditorium**  
**401 Golden Shore**  
**Long Beach, CA 90802**

**Agenda**  
**September 20-21, 2016**

<b>Time*</b>	<b>Committee</b>	<b>Place</b>
<b><u>Tuesday, September 20, 2016</u></b>		
<b>8:00 a.m.</b>	<b>Call to Order</b>	<b>Dumke Auditorium</b>
<b>8:00 a.m.</b>	<b>Board of Trustees—Closed Session</b>	<b>Munitz Conference Room</b>
	<b>Executive Personnel Matters</b> Government Code §11126(a)(1)	
	<b>Pending Litigation</b> Government Code §11126(e)(1) Burns v. CSU Gupta v. CSU Sargent v. CSU Butts v. CSU Hudson v. CSU YAF v. CSU	
<b>9:00 a.m.</b>	<b>Committee on Collective Bargaining—Closed Session</b> Government Code §3596(d)	<b>Munitz Conference Room</b>
<b>9:45 a.m.</b>	<b>Committee on Educational Policy</b> <b>Discussion</b> 1. Research, Scholarship and Creative Activities, <i>Information</i> 2. Graduation Initiative 2025, <i>Action</i>	<b>Dumke Auditorium</b>
<b>11:15 a.m.</b>	<b>Committee on Finance</b> <b>Consent</b> 1. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, Sacramento, <i>Action</i> 2. 2017-2018 Lottery Budget, <i>Information</i>	<b>Dumke Auditorium</b>

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled for one day may be heard either the day before or the day after depending upon the time spent on each matter. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

**Discussion**

3. Planning for the 2017-2018 Support Budget, *Information*
4. Final Approval of a Public-Public Partnership Project for the Development of a Public Charter School at California State University, Monterey Bay, *Action*
5. California State University Annual Investment Report, *Information*
6. Presentation on Debt Management at the California State University, *Information*

**12:30 p.m. Luncheon**

**1:30 p.m. Joint Committees on Finance and Campus Planning, Buildings and Grounds Dumke Auditorium**

**Discussion**

1. Approval of the Draft 2017-2018 Capital Outlay Program and the Draft 2017-2018 through 2021-2022 Five-Year Facilities Renewal and Capital Improvement Plan, *Action*

**2:00 p.m. Committee on Campus Planning, Buildings and Grounds Dumke Auditorium**  
**Consent**

1. Approval of Schematic Plans for California State University, Sacramento, *Action*
2. Approve the 2016 Master Plan Revision, Amendment of the 2016-2017 Capital Outlay Program, and Schematic Plans for the Monterey Bay Charter School, Phase I at California State University, Monterey Bay, *Action*

**2:05 p.m. Joint Committees on Educational Policy and Finance Dumke Auditorium**  
**Consent**

1. 2015 Systemwide Hate Crimes and Incident Totals, *Information*

**2:10 p.m. Committee on Audit Dumke Auditorium**  
**Consent**

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*

**Discussion**

2. Report on Responsibilities of the Office of Audit and Advisory Services, *Information*

**2:30 p.m. Committee on University and Faculty Personnel Dumke Auditorium**  
**Discussion**

1. Executive Compensation: Interim Vice Chancellor, Human Resources, California State University, *Action*
2. Proposed Revision of Title 5 Regulations – Amendment of California State University Conflict of Interest Code, *Information*
3. Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees, *Information*

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled for one day may be heard either the day before or the day after depending upon the time spent on each matter. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

**3:15 p.m. Committee on Governmental Relations Dumke Auditorium**  
**Discussion**

1. Proposition 55 – Tax Extension to Fund Education and Healthcare, *Action*
2. State Legislative Update, *Information*
3. Joint Memorandum of Understanding - Voter Registration and Engagement, *Information*

**3:45 p.m. Committee on Institutional Advancement Dumke Auditorium**  
**Discussion**

1. Naming of the Don B. Huntley College of Agriculture – California State Polytechnic University, Pomona, *Action*
2. Naming of the James M. Rosser Hall – California State University, Los Angeles, *Action*
3. 2016-2017 California State University Trustees’ Award for Outstanding Achievement, *Information*

**Wednesday, September 21, 2016**

**8:30 a.m. Board of Trustees Dumke Auditorium**

**Call to Order**

**Roll Call**

**Public Speakers**

**Chair’s Report**

**Chancellor’s Report**

**Report of the Academic Senate CSU: *Chair—Christine Miller***

**Report of the California State University Alumni Council: *President—Dia S. Poole***

**Report of the California State Student Association: *President—David Lopez***

**Board of Trustees**

**Consent**

Approval of the Minutes of the Board of Trustees Meeting of July 19, 2016

Approval of Committee Resolutions as follows:

**Committee on Educational Policy**

2. Graduation Initiative 2025

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled for one day may be heard either the day before or the day after depending upon the time spent on each matter. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

**Committee on Finance**

1. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, Sacramento
4. Final Approval of a Public-Public Partnership Project for the Development of a Public Charter School at California State University, Monterey Bay

**Joint Committees on Finance and Campus Planning, Buildings and Grounds**

1. Approval of the Draft 2017-2018 Capital Outlay Program and the Draft 2017-2018 through 2021-2022 Five-Year Facilities Renewal and Capital Improvement Plan

**Committee on Campus Planning, Buildings and Grounds**

1. Approval of Schematic Plans for California State University, Sacramento
2. Approve the 2016 Master Plan Revision, Amendment of the 2016-2017 Capital Outlay Program, and Schematic Plans for the Monterey Bay Charter School, Phase I at California State University, Monterey Bay

**Committee on University and Faculty Personnel**

1. Executive Compensation: Interim Vice Chancellor, Human Resources, California State University

**Committee on Governmental Relations**

1. Proposition 55 – Tax Extension to Fund Education and Healthcare

**Committee on Institutional Advancement**

1. Naming of the Don B. Huntley College of Agriculture – California State Polytechnic University, Pomona
2. Naming of the James M. Rosser Hall – California State University, Los Angeles

**Discussion**

1. Conferral of the Title of President Emeritus—Mohammad H. Qayoumi, *Action*

**10:45 a.m. Board of Trustees—Closed Session**  
**Executive Personnel Matters**  
Government Code §11126(a)(1)

**Munitz Conference Room**

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled for one day may be heard either the day before or the day after depending upon the time spent on each matter. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

## **Addressing the Board of Trustees**

Members of the public are welcome to address agenda items that come before standing and special meetings of the board, and the board meeting. Comments should pertain to the agenda or university-related matters and not to specific issues that are the subject of collective bargaining, individual grievances or appeals, or litigation. Written comments are also welcome and will be distributed to the members of the board. The purpose of public comments is to provide information to the board, and not to evoke an exchange with board members. Questions that board members may have resulting from public comments will be referred to appropriate staff for response.

*Please note for the September 20-21, 2016 Board of Trustees meeting the Committee on Collective Bargaining will not be meeting in open session. Members of the public are welcome to address the full board during the plenary session on Wednesday, September 21, 2016.*

Members of the public wishing to speak must provide written or electronic notice to the Trustee Secretariat two working days before the committee or board meeting at which they desire to speak. The notice should state the subject of the intended presentation. An opportunity to speak before the board on items that are on a committee agenda will only be provided where an opportunity was not available at that committee, or where the item was substantively changed by the committee.

In fairness to all speakers who wish to speak, and to allow the committees and Board to hear from as many speakers as possible, while at the same time conducting the public business of their meetings within the time available, the committee or board chair will determine and announce reasonable restrictions upon the time for each speaker, and may ask multiple speakers on the same topic to limit their presentations. In most instances, speakers will be limited to no more than three minutes. The totality of time allotted for public comment at the board meeting will be 30 minutes, and speakers will be scheduled for appropriate time in accord with the numbers that sign up. Speakers are requested to make the best use of the public comment opportunity and to follow the rules established.

**Note:** Anyone wishing to address the Board of Trustees, who needs any special accommodation, should contact the Trustee Secretariat at least 48 hours in advance of the meeting so appropriate arrangements can be made.

Trustee Secretariat  
Office of the Chancellor  
401 Golden Shore, Suite 136  
Long Beach, CA 90802  
Phone: 562-951-4020  
Fax: 562-951-4949  
E-mail: [trusteesecretariat@calstate.edu](mailto:trusteesecretariat@calstate.edu)

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled for one day may be heard either the day before or the day after depending upon the time spent on each matter. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

## **AGENDA**

### **COMMITTEE ON EDUCATIONAL POLICY**

**Meeting: 9:45 a.m., Tuesday, September 20, 2016**  
**Glenn S. Dumke Auditorium**

Lillian Kimbell, Chair  
Jane W. Carney, Vice Chair  
Silas H. Abrego  
Douglas Faigin  
Debra S. Farar  
Jean P. Firstenberg  
Thelma Meléndez de Santa Ana  
Steven G. Stepanek  
Maggie K. White

#### **Consent Item**

Approval of Minutes of the Meeting of July 19, 2016

#### **Discussion Items**

1. Research, Scholarship and Creative Activities, *Information*
2. Graduation Initiative 2025, *Action*

**MINUTES OF MEETING OF  
COMMITTEE ON EDUCATIONAL POLICY**

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

**July 19, 2016**

**Members Present**

Lillian Kimbell, Chair  
Jane W. Carney, Vice Chair  
Rebecca D. Eisen, Chair of the Board  
Douglas Faigin  
Debra S. Farar  
Jean P. Firstenberg  
Thelma Meléndez de Santa Ana  
Steven G. Stepanek  
Maggie K. White  
Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

**Approval of Minutes**

The minutes of May 24, 2016 were approved as submitted.

**Graduation Initiative 2025**

An update on the efforts of the Graduation 2025 Advisory Committee was provided by Dr. Loren Blanchard, executive vice chancellor for academic and student affairs and Jeff Gold, senior director for academic technology services. The advisory committee represent a range of California State University (CSU) campuses and stakeholders. They have reviewed literature, promising practices and analyzed comparable institutions to initiate the process for discussing the range of freshman and transfer graduation rates for the CSU. There was appreciation expressed by the Trustees to the work of the advisory committee during the summer months. It was expressed that there was value in delineating goals campus by campus and that those whose current graduation rates are above average, as indicated by comparable institutions, that they continue to be as ambitious as possible in their stretch goals. The final goals for the Graduation Initiative 2025 will be presented at the September 21, 2016 Board of Trustees meeting for approval which will conclude with the Graduation 2025 Symposium to showcase exemplary practices and launch the initiative.

Trustee Kimbell adjourned the Committee on Educational Policy.

## **COMMITTEE ON EDUCATIONAL POLICY**

### **Research, Scholarship and Creative Activities**

#### **Presentation By**

Loren J. Blanchard  
Executive Vice Chancellor  
Academic and Student Affairs

Ganesh Raman  
Assistant Vice Chancellor  
Research

#### **Background**

Research, scholarship and creative activities are central to the academic quality of any university. For the California State University (CSU), these efforts have an applied focus and often include students working with faculty toward solving problems and improving life in our communities. The academic excellence resulting from this approach to research, scholarship and creative activities translates to better student engagement and success, which is at the heart of the Graduation Initiative. This applied approach also provides services that enrich our communities, which is a key principle in the CSU mission. Traditionally, advancing the disciplines through original research, scholarship and creative activity has been seen as being carried out exclusively within the faculty realm. In recent years, we have come to understand that involving students in research, scholarship, and creative activities has a “high impact” on student achievement as well as on the academic quality of the institution.

Research, scholarship and creative activities provide an effective strategy for improving student success. Undergraduate research, for example develops purposefulness, perseverance and collaboration, empowering students and leading to their academic success. Students gain opportunities for deep learning when they work side by side with faculty on research, scholarship, and creative activities.

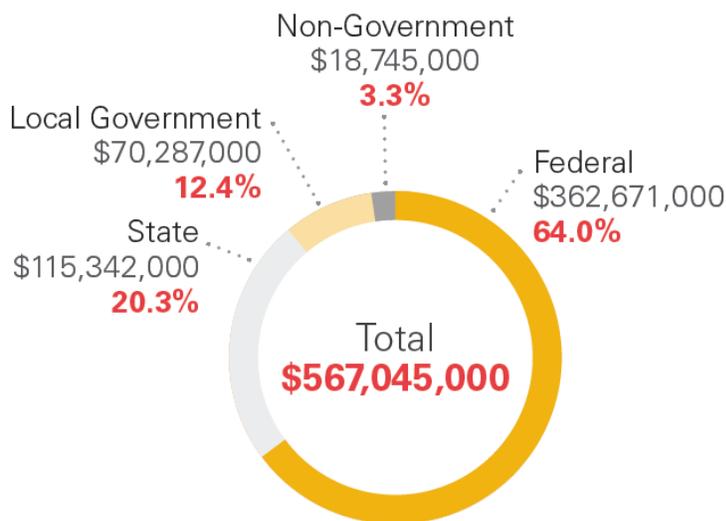
#### **Research**

Participating in research, scholarly and creative activities keeps our faculty engaged and up-to-date in their respective disciplines, preparing them to compete successfully for grants and awards. On a yearly basis, the total grant and contract revenue for the CSU system in 2014-15 was over \$567 million. Approximately 64 percent of the external revenues were from federal sources, indicating the competitiveness of our faculty in the national funding arena. Our faculty have secured funding for example, from the National Institutes of Health, the National Endowment for the Arts, the National Science Foundation and the United States Department of Education.

Many of our larger federal awards relate to community improvement and to student success, especially among underrepresented students, adding to our ability to address the achievement gap. The biotechnology and diversity foci of the National Institutes of Health-funded Building Infrastructure Leading to Diversity (BUILD) grants provide one example. The BUILD program supports the educational success of underrepresented students in educational programs that prepare graduates for biomedical research careers and graduate school. Three CSU campuses—Long Beach, Northridge and San Francisco—won three of the ten BUILD grants awarded nationally, for a combined total of over \$ 61 million. The CSU has been successful in garnering Hispanic Serving Institutions (HSI) grants, as well, including HSI-STEM grants that focus on helping Hispanic students achieve success in science, technology, engineering and mathematics fields. In 2016, the S.D. Bechtel, Jr. Foundation awarded the CSU system more than \$10 million for expansion of the New Generation of Educators Initiative. This transformative initiative assists future teachers to deepen their understanding of the Common Core State Standards and Next Generation Science Standards in diverse schools. Grants ranged in size from \$600,000 to \$1.2 million.

In total, campus efforts generated over \$567 million in external grants and contracts for 2014-15, the most recent year for which data is available. This award revenue different from General Funds used for basic university operations. Our faculty compete for these external funds, which are used for innovative projects that benefits local communities and prepares students for 21<sup>st</sup> Century careers. The high regard for CSU quality, faculty and programs is reflected in the preponderance of external funding being awarded through national competitions for federal resources.

### Research Revenue, by Funding Source 2014-15



In addition to this external funding, CSU faculty compete for internal funding, such as the Faculty-Student Collaborative Research Development Grant Program run through the CSU Program for Education and Research in Biology (CSUPERB). In an effort to benefit students and faculty researchers, the CSUPERB grant program offered up to \$15,000 for projects to increase the overall number of externally funded biotechnology research investigators across the CSU system. The CSUPERB program funds new research efforts and provides faculty with resources to fill gaps in external funding for ongoing research projects. External and internal funding helps maintain the quality of our more than 1,400 graduate degree programs by providing much-needed resources, including funding for participation in academic conferences and to conduct research, funds for purchasing supplies and equipment and support for research and thesis completion.

### **Scholarship**

Faculty scholarship, while required for the tenure and promotion process, also benefits students as faculty weave their research into the curriculum and includes students in the research and scholarship process. Dr. Young-Seok Shon, CSU Long Beach (CSULB) Department of Chemistry and Biochemistry, exemplifies scholarship as academic excellence that fosters student success. Professor Shon, is currently investigating new ways of synthesizing nanomaterials for use in a variety of technological applications, including for cancer diagnosis and therapy, as well as for wastewater treatment. A winner of the CSULB Distinguished Faculty Scholarly and Creative Achievement Award, Dr. Shon's mentorship has resulted in his students co-authoring 11 papers published in peer-reviewed journals and presenting 18 times in national and international conferences and 21 times at regional and local meetings.

### **Creative Activities**

Creative activities are subject to discipline-specific standards for judging academic excellence. Faculty artistic contributions undergo peer evaluation, can qualify for funding from nationally competitive grants, may be included in scholarly conferences and journals, and have specific criteria for tenure and promotion. The role research plays in affecting change and solving problems may be more familiar than is the role played by the academic field of the arts, which has its own disciplines, theories, critical analyses, standards of excellence, grant funders, and procedures for peer review of quality. CSU Northridge, for example, received a National Endowment for the Arts ArtWorks Research grant to study the importance of theater to restructuring self-identity for youth on the autism spectrum. The resulting musical, *Joining the Spectrum*, was presented in five sold-out campus performances. Follow-up research found that the theatrical production played an important role in improving self-esteem, empathy and relationships for these youth.

CSU San Marcos Media Professor Kristine Diekman includes students, faculty and the community in producing videos that serve non-profit organizations and affect social change. Professor Diekman and a colleague were awarded a \$250,000 W.M. Keck Foundation Undergraduate

Education Program grant for the creation of the American Indian Digital Media and Culture Project, serving Southern California tribes and university students. She has won awards and grants for her internationally screened media from California Arts Council, California Humanities Community Stories, Paul Robeson Foundation, New York State Council on the Arts, New York Foundation for Art, The Keck Foundation and others. Her work is in such esteemed collections as the Getty Center, Fales Library in New York City, Video Out in Vancouver, and the Lux Center in London. In 2016, she was awarded the Wang Family Excellence Award for her contributions to the CSU.

### **Systemwide Collaborations**

Collaborative, multi-campus research leads to advancement in the disciplines, innovation and an improved academic environment for our students and faculty. The CSU has many systemwide multi-campus partnerships, existing as brick-and-mortar centers or faculty affinity groups. These collaborative approaches bring together researchers from across the 23 campuses to share expertise, initiatives, and facilities. Their joint efforts result in scholarly publications and advancements in practice, technology and knowledge.

CSU multi-campus efforts have addressed many important problems, such as California's drought. Researchers at CSU Monterey Bay and CSU Fresno are working together on satellite-based systems to gather data to better quantify the effects of water efficiency strategies in the agricultural industry. The Moss Landing Marine Laboratory, now in its fiftieth year, is a marine-science consortium of seven CSU campuses: East Bay, Fresno, Monterey Bay, Sacramento, San Francisco, San José and Stanislaus. Research focus includes marine ecology; the biology of marine plants, invertebrates, fishes, turtles, birds and mammals; oceanography and marine geology; and chemistry and biogeochemistry. One current research project includes students using imagery collected by a remotely operated vehicle, to study the effects of climate change on deep seafloor communities in the Antarctic.

### **Conclusion**

CSU research, scholarship and creative activities contribute to the intellectual and creative vibrancy of campus life and offer solutions to real-world problems. Involving students in research, scholarship and creative activities has a "high impact" on student achievement, the university's reputation for academic quality, and help fulfill our mission to serve the communities around us.

## **COMMITTEE ON EDUCATIONAL POLICY**

### **Graduation Initiative 2025**

#### **Presentation By**

Loren J. Blanchard  
Executive Vice Chancellor  
Academic and Student Affairs

Jeff Gold  
Assistant Vice Chancellor  
Student Success Strategic Initiatives

#### **Background**

In 2009, CSU launched its first concerted graduation initiative to improve 6-year completion rates and cut in half achievement gaps for first-time freshmen by 2015. As the first phase of the initiative was concluding, faculty, student and campus leaders gathered in fall 2014 to establish new campus and system targets for the year 2025 that included the following expanded set of measurements:

- 4-year freshman graduation rates
- 6-year freshman graduation rates
- 2-year transfer graduation rates
- 4-year transfer graduation rates
- Achievement gaps for underrepresented students
- Achievement gaps for low income students

In fall, 2015, the final results of the first phase of the graduation initiative indicated tremendous improvement in student success. The CSU exceeded its original completion goals, and achieved the highest graduation rates in recent history. As a result of this success, it became evident that more ambitious 2025 goals would need to be developed to build on the success of the first phase of the graduation initiative. As a result, the CSU committed to revisit its 2025 student success goals during summer 2016.

At the July 19, 2016 Board of Trustees meeting, the Board received an update on the work of the CSU Graduation Initiative 2025 Advisory Committee. The committee continues to provide assistance and recommendations that is also guided by the language in Assembly Bill No. 1602, which stipulates the following framework for the goal-setting activities:

- Increase the four-year freshman graduation rate to above the four-year freshman graduation rate for students at other postsecondary educational institutions;

- Increase the two-year transfer graduation rate to above the two-year transfer graduation rate for students at other postsecondary educational institutions; and
- Close achievement gaps on four-year freshman and two-year transfer graduation rates for low-income, underrepresented and first-generation students.

To establish ambitious, yet attainable goals, the Advisory Committee reviewed data from a number of CSU and external sources. These included:

- Projected shortfalls in California college graduates from the Public Policy Institute of California, California Competes, and others;
- National averages of graduation rates;
- Comparisons of student success rates on CSU campuses to those of peer institutions;
- Stretch goals provided by the Presidents for their campuses;
- The Chancellor's commitment to bring achievement gaps to zero by 2025; and
- Consideration of campus level goals on the achievement of system level goals.

### **Methodology for Freshmen Goal-Setting**

The Advisory Committee emphasized the importance of setting goals in a way that is sensitive to the mix of students unique to each campus. As a result of this focus, the committee reviewed information from peer institutions available on the Education Trust web site, *College Results Online*. A web-based visualization tool was created by Chancellor's Office staff to allow the Advisory Committee to explore the peer institution data along with projected growth rate projections ([www.calstate.edu/csupeers](http://www.calstate.edu/csupeers)).

The Ed Trust website provides data from over two thousand four-year institutions throughout the nation. It applies an algorithm to calculate a similarity score that can then be used to identify the ten to fifteen peer universities (i.e. those institutions with the most similar profiles) for each of the twenty-three CSU campuses. The similarity score is calculated using a variety of variables including the university's size and location along with the ethnic profile, socioeconomic status, and academic preparation of its students.

Based on the committee's analysis of the CSU peer comparator data, two recommendations were made:

- Each CSU campus should be assigned completion rate goals equal to the average of their top five peer comparators.
- Because these goals are being established for the year 2025, an annual growth rate in graduation rates should be set equal to the annual improvement made by each campus' top-five peers over the last five years.

This formula was applied to every campus as the basis for determining its 2025 goals. However, after reviewing the goals for all twenty-three campuses, the committee recommended that upper and lower limits be applied to some of the campuses to ensure that all campus goals, while ambitious, were attainable. To derive the final system degree completion targets, a weighted average based on the size of campus freshman cohorts was applied to each set of campus goals.

### **Methodology for Transfer Student Goal Setting**

Historically, national data collection efforts for transfer student completion rates have been incomplete. Review of partial national consortium data revealed that the CSU was already among the highest performing institutions for transfer student success. As a result, the advisory committee was unable to develop aspirational peer comparator transfer data for each CSU campus. The resulting approach used for updating goals was to apply a minimum “floor” of ten to twelve percentage points of improvement to each campus’ current two-year and four-year transfer graduation rates.

### **Benchmarking**

The resulting set of campus and system targets were set at extremely ambitious levels. These goals, if attained, will place CSU campuses among the very top of comparable institutions across the nation. Nationally, virtually no institutions with the profiles comparable to the CSU campuses (funding level, student preparation mix, and diversity) have attained graduation rates at a level consistent with the CSU’s new stretch targets. Indeed, attainment of these goals with the CSU’s diverse mix of students would set unprecedented new national standards for student success and timely degree attainment.

### **Campus Plans, Funding, and Resources**

Assembly Bill No. 1602 appropriated \$35 million in one-time funding to help support campus efforts to increase the four-year freshman graduation rate and two-year transfer student graduation rates. The bill also requires that the CSU develop plans and a timeline for each campus and for the system. These plans must articulate both long-term outlines for how the 2025 goals are to be met as well as specific strategies to be implemented in 2016-17 with the \$35 million budget allocation. The campus plans were submitted to the Executive Vice Chancellor for Academic and Student Affairs in early September.

Discussions with the Graduation Initiative Advisory Committee identified a particular opportunity with regards to improving time-to-degree for two important groups of students. About 11,000 CSU students (initially entering as freshmen and transfers) appear to be on track to graduate in one additional semester or quarter beyond four years (two years for transfers). Moving that group to complete within the four-year timeframe, reducing their academic careers by one term, would raise the freshman graduation rate by about 8 percentage points and the transfer rate by 13 percentage

points. In allocating 2016-17 one-time funds, the CSU will focus on supporting plans to identify and work with freshman-entrant students who are now juniors or seniors and are close to a four-year graduation plan or transfers who are close to a two-year plan. Campuses will seek to identify students, mount proactive advising to work closely with identified students, seek to ensure that students are taking the courses that efficiently move them toward graduation, encourage increased average unit load in the academic year, encourage summer school or winter session course-taking and potentially offer incentives in the form of reduced tuition or registration priority.

Longer-term plans will identify how campuses propose to improve graduation rates and close achievement gaps with a target date of 2025. While campuses are complex organizations which support a wide range of activities including teaching, student services, research, public service and more, the freshman four-year and transfer two-year goals are very specific goals. In order for the CSU to succeed in attaining these ambitious new goals, in one way or another, students must earn more units that fulfill degree requirements in less time. Virtually all of the increase in four-year and two-year graduation rates is likely to occur by shifting students already on a slightly longer plan of study and onto a four-year or two-year pace. Only a limited range of core strategies are within CSU campus control to prompt students to earn more units that fulfill degree requirements in less time. These include increased course-taking during the academic year or summer or winter terms, replacing course-taking that may not contribute to degree requirements with courses which contribute, and reducing course repeats. All have to be targeted to students who are on degree progress plans that have the potential to be shortened to the target 4-year and 2-year timeframes.

These estimates are based on the concept of working with six cohorts of students, four freshman and two transfer cohorts, to increase units earned annually with a combination of increased units per term in the academic year increased summer and winter course-taking, reduced course repeats, and some streamlining of courses selected.

It is useful to note that under the current CSU tuition fee model, increasing average courses taken in the academic year generates additional costs for campuses but does not generate additional student tuition fee revenue. Given the history of budget cuts, most campuses have little flexibility to increase average unit load (AUL) for some students unless they reduce instructional costs elsewhere. Campuses could reduce costs by reducing access for new students but this would be contrary to the CSU mission and not in the best interest of California. Increasing unit load to increase four-year and two-year rates will require resources.

Finally, the lack of financial aid for summer enrollment, especially where summer instruction is offered in a self-support model, creates a significant barrier for students, especially low-income students, to summer enrollment. Options for addressing this barrier are being explored.

### **Serving Students Differently**

The CSU has served the state well in the past but employment and workforce demands are changing. In the current global knowledge economy, jobs that do not require college education are

rapidly diminishing and a college education is necessary for a secure career and middle class attainment. The Public Policy Institute of California forecasts that in 2030 the state will fall short of economic demand by about 1.1 million college graduates if current trends persist. If the shortfalls occur, California businesses seeking to hire educated workers would have to relocate, import workers, or not expand. Californians who did not earn degrees would be un- and under-employed, with disproportionate impacts on first generation, historically underrepresented and low-income students and families. The state needs the CSU to serve a larger proportion of diverse young Californians to complete degrees in a timely manner.

To meet its ambitious goals, the CSU will explore opportunities to serve students differently in areas such as enrollment management, advising, and data analytics. As the Graduation Initiative enters its next phase, the CSU will continue to identify and implement immediate short-term strategies in these areas that have proven to improve time to degree. Subsequently, the system will also engage in longer-term, more strategic planning and examination of how it can serve students differently.

### **Recommendation**

The following resolution is presented for approval:

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

1. The proposed Graduation Initiative 2025 goals for the CSU system and campuses are adopted as herein presented.
2. Plans to achieve the results specified for the CSU system and campuses are adopted as presented herein.

## AGENDA

### COMMITTEE ON FINANCE

**Meeting: 11:15 a.m., Tuesday, September 20, 2016**  
**Glenn S. Dumke Auditorium**

Peter J. Taylor, Chair  
Debra S. Farar, Vice Chair  
Jane W. Carney  
Adam Day  
Jean P. Firstenberg  
Hugo N. Morales  
Lateefah Simon

#### **Consent Items**

Approval of Minutes of the Meeting of July 19, 2016

1. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for Project at California State University, Sacramento, *Action*
2. 2017-2018 Lottery Budget, *Information*

#### **Discussion Items**

3. Planning for the 2017-2018 Support Budget, *Information*
4. Final Approval of a Public-Public Partnership Project for the Development of a Public Charter School at California State University, Monterey Bay, *Action*
5. California State University Annual Investment Report, *Information*
6. Presentation on Debt Management at the California State University, *Information*

**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 19, 2016**

**Members Present**

Peter Taylor, Chair  
Debra Farar, Vice Chair  
Jane W. Carney  
Adam Day  
Jean P. Firstenberg  
Lupe C. Garcia  
Hugo N. Morales  
John Nilon  
Lateefah Simon  
Rebecca Eisen, Chair of the Board  
Timothy P. White, Chancellor

Trustee Peter Taylor called the meeting to order, noting that there were no public speaker requests.

**Approval of Minutes**

The minutes of the March 8, 2016 and May 24, 2016 were approved as submitted.

**Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for projects at California State Polytechnic University, Pomona, California State University, San Bernardino, San Diego State University, and California State University, Monterey Bay**

Trustee Taylor presented agenda item 1 as a consent action item. The committee recommended approval of the proposed resolution (RFIN 07-16-08).

**Conceptual Approval of a Public-Private Partnership to Develop a Sports Complex Project at California State University, Monterey Bay**

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, introduced the item. President Eduardo Ochoa provided an overview on the multi-purpose sports and events facility and described the benefits to the campus and its students. Mr. Robert Eaton, Assistant Vice Chancellor for Financing, Treasury, and Risk Management provided key details of the project.

Fin.

In response to Trustee John Nilon's inquiry, Mr. Eaton replied the developer is responsible for all financing costs, and, in the event the developer failed to complete the project, the financing entities may find a replacement developer or they may foreclose the project at their cost.

Trustee Lupe Garcia requested additional information about the developer's incentive in building and operating the project. Mr. Eaton replied that the developer will be able to bring in third-party events to generate revenue as part of their management plan. President Ochoa added that the developer sees a need for an event facility in the area and is willing to negotiate with the campus on favorable terms as long as it makes financial sense for them.

Trustee Lillian Kimbell inquired if there would be any additional fees for students to use the facilities and Mr. Eaton replied that there will not be any additional fees.

Chancellor White pointed out that this project is a good example of public-private partnerships and aligns with the recommendations of the Task Force for a Sustainable Financial Model.

The committee recommended Conceptual Approval of a Public-Private Partnership to Develop a Sports Complex Project at California State University, Monterey Bay (RFIN 07-16-09).

### **Report on Banking and Investments at the California State University**

Mr. Relyea introduced an item on how the CSU's banking operations are structured and managed, and how funds are invested. Mr. Eaton described how the university's financial resources are managed centrally by Treasury Operations in the Chancellor's Office to ensure optimal utilization and effective stewardship of available funds and explained the benefits of that centralized cash management approach.

In addition, Mr. Eaton provided an update on the investment legislation that will allow the CSU to modestly increase earnings and how to utilize those additional funds for capital needs. He reported that the proposed legislation received support from the State Treasurer in April and then passed unanimously in the Senate in late May. The bill is currently in the Assembly and if passed there it would be signed by the Governor, perhaps in September.

Trustee Garcia requested more information on the competitive bidding process in selecting the investment firms. Mr. Eaton replied that the regular process is to issue a request for proposals (RFP) approximately every five years. If the legislation is passed, an RFP will be issued to select key partners to help manage the new portfolio that takes advantage of these new investment authorities. In addition, there would still be funds in the SWIFT portfolios and additional RFPs will be issued for its management. Trustee Taylor pointed out that if the legislation is passed, there will be two simultaneous paths – one to select managers with different talents, skills, and experience through the RFP process to administer and manage the funds, while the Board will make policy decisions on such matters as asset allocation, risk tolerance and conflicts of interest issues.

Trustee Adam Day inquired about the current rate of return versus year one, two, and three that the new portfolio might return. Mr. Eaton responded that the target rate of return for the new portfolio would be between three and five percent, while the existing portfolio last year earned 0.86 percent. The expected additional earnings in the first year of the new portfolio would be in the \$2 million to \$4 million range for every \$100 million of funds invested.

Trustee Jane Carney inquired on the process for selecting members of the independent advisory committee. Trustee Taylor proposed that he along with Mr. Relyea and Mr. Eaton draft a proposal for the committee formation, membership, and responsibilities for board discussion in November.

### **Report on the 2016-2017 Support Budget**

Mr. Ryan Storm, Assistant Vice Chancellor for Budget, provided information on the Trustees' support budget request for the 2016-2017 fiscal year and the state's final budget decisions related to that request.

Chancellor White shared his perspective on this year's budget allocation and the need for resources to fully fund the CSU.

Trustee Douglas Faigin asked why some segments of the state rose this year, while the CSU's allocation went down. Mr. Storm explained that there are some statutory and constitutional requirements that drive funding in certain areas and higher education is a discretionary investment for the state. Chancellor White responded that some analytical work must be done to explain the subtle difference, while fairly small, in the funding between the CSU and UC.

Chair Rebecca Eisen expressed interest in the amount allocated to Student Success initiatives. Chancellor White replied that over the last three years, the CSU has made progress and permanently added \$47.4 million to the base budget for student success programs but it is still underfunded.

Trustee John Nilon shared his thoughts about using one-time funds for on-going costs related to the employee compensation pool.

Trustee Taylor adjourned the meeting on Finance Committee.

## **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, Sacramento**

#### **Presentation By**

Robert Eaton  
Assistant Vice Chancellor  
Financing, Treasury, and Risk Management

#### **Summary**

This item requests the California State University Board of Trustees to authorize the issuance of long-term Systemwide Revenue Bond (SRB) financing and the issuance of bond anticipation notes (BANs) to support interim financing under the commercial paper (CP) program in an aggregate amount not-to-exceed \$45,900,000 to provide financing for the California State University, Sacramento University Union Renovation and Expansion, Phase I project.

The board is being asked to approve resolutions related to this financing. Long-term bonds will be part of a future SRB sale and are expected to bear the same ratings from Moody's Investors Service and Standard & Poor's as the existing SRBs.

#### **Background**

The SRB program provides capital financing for projects of the California State University – student housing, parking, student union, health center, continuing education facilities, certain auxiliary projects, and other projects, including academic facilities, approved by the CSU Board of Trustees. Revenues from these programs and revenues approved by the board, including CSU operating funds, are used to meet operational requirements for the projects and to pay debt service on the bonds issued to finance the projects. The strength of the SRB program is its consolidated pledge of gross revenues to the bondholders, which has resulted in strong credit ratings and low borrowing costs for the CSU.

Prior to issuance of bonds, some projects are funded through BANs issued by the CSU in support of its CP program. The BANs are provided to the CSU Institute, a recognized systemwide auxiliary organization, to secure the CSU Institute's issuance of CP, proceeds from which are used to fund the projects. CP notes provide greater financing flexibility and lower short-term borrowing costs during project construction than would be available with long-term bond financing. Proceeds from the issuance of bonds are then used to retire outstanding CP and provide any additional funding not previously covered by CP.

**California State University, Sacramento University Union Renovation and Expansion, Phase I**

The California State University, Sacramento University Union Renovation and Expansion, Phase I project was approved by the board for amendment of the Non-State Capital Outlay program in September 2015 and is being presented for schematics approval at the September 2016 meeting of the Committee on Campus Planning, Buildings and Grounds. The approximately 71,800 gross square foot project involves the renovation of the existing University Union, a partial demolition of the structure, and construction of a three-story addition. In addition to creating a main entrance on the northeast corner, the project will provide informal recreation space, student offices, group meeting rooms, special event space, food service, and casual seating to accommodate the growing campus population. The project will be funded from student body center fees, under the student union program.

The not-to-exceed par amount of the proposed bonds is \$45,900,000 and is based on a total budget of \$53,181,000 with a student union reserve contribution of \$11,850,000. Additional net financing costs, such as capitalized interest and cost of issuance estimated at \$4,569,000 are expected to be funded from bond proceeds. The project is scheduled to start construction in March 2017 with completion expected in August 2018.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$45,900,000
Amortization	Approximately level over 30 years
Projected maximum annual debt service	\$2,997,906
Projected debt service coverage including the new project: Net revenue – Sacramento pledged revenue programs: <sup>1</sup>	1.67
Net revenue – Projected for the campus student union program:	1.46

1. Combines 2014-2015 information for all campus' pledged revenue programs and projected 2019-2020 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 5.25 percent, reflective of adjusted market conditions plus 1.00 percent 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 financial plan projects student union program net revenue debt service coverage of 1.46 in 2019-2020, the first full year of operations, which exceeds the CSU benchmark of 1.10 for the program. When combining the project with projected information for all campus pledged revenue programs, the campus overall net revenue debt service coverage for the first full year of operations is projected to be 1.67, which exceeds the CSU benchmark of 1.35 for a campus.

### **Trustee Resolutions and Recommendation**

Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing resolutions to be presented at this meeting that authorize interim and permanent financing for the projects described in this agenda. 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/or the related or stand-alone sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds in an aggregate amount not-to-exceed \$45,900,000 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 assistant vice chancellor, Financing, Treasury, and Risk Management; 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 1 of the Committee on Finance at the September 20-21, 2016, meeting of the CSU Board of Trustees is recommended for:

**California State University, Sacramento University Union Renovation and Expansion, Phase I**

## **COMMITTEE ON FINANCE**

### **2017-2018 Lottery Budget**

#### **Presentation By**

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### **Background**

On November 6, 1984, California voters approved Proposition 37, known as the California Lottery Act. The Lottery Act allows for the expenditure of lottery receipts for public education. To date, the California State University (CSU) has received \$1.13 billion from the state on the basis of total full-time equivalent students, which equals approximately 3.7 percent of all lottery funds distributed for educational purposes. Over the past five years, annual CSU Lottery Fund receipts have averaged \$45 million.

The Lottery Act states that funds are “exclusively for the education of pupils and students” and that no funds be used for non-instructional purposes, such as the acquisition of real property, construction of facilities, or financing research. To that end, the CSU has adopted guidelines to ensure that lottery funds are used only in support of instruction or instructionally-related purposes.

Each year, the CSU Board of Trustees adopts a systemwide lottery budget that incorporates CSU guidelines and adheres to Lottery Act provisions. The plan includes estimates CSU lottery receipts for the budget year and the program areas for allocation of those receipts, including an expenditure allowance for the general management of lottery fund operations and reporting requirements. Approximately 90 percent of anticipated lottery receipts are allocated directly to campuses for instructionally-related programs and activities. Remaining funds are allocated for CSU programs that assist student education across the system, such as the Summer Arts, Pre-Doctoral, Doctoral Incentive, and DREAM Loan programs. The Chancellor’s Office uses only about 1.5 percent of lottery resources to centrally manage lottery fund operations and meet reporting requirements.

The board has delegated to the chancellor oversight of the lottery budget, including the deposit, control, investment, and expenditure of lottery funds. The CSU prepares a formal report on lottery fund revenues and expenditures each May for the Governor and Legislature.

## Summary

This agenda item reports actual lottery fund expenditures for 2015-2016 and provides a preliminary lottery budget for 2017-2018 in advance of the final lottery budget proposal in November 2016.

## 2017-2018 Lottery Budget Proposal

Total lottery receipts available to the CSU in 2017-2018 are estimated to be \$50.5 million. After setting aside \$5 million as a reserve to assist with cash-flow variations in quarterly lottery receipts and other economic uncertainties, the \$45.6 million 2017-2018 lottery budget proposal remains principally designated for campus-based programs and three systemwide programs that have traditionally received annual lottery funding support. A fourth systemwide program, the newly-created DREAM Loan program, was initially funded with \$1 million in 2016-2017 and \$1 million is again proposed for 2017-2018. The proposed budget also increases funding for the CSU Summer Arts Program by \$300,000 for additional operating expenses and program expansion, as it relocates from CSU Monterey Bay back to CSU Fresno. The proposed budget also includes a \$92,000 increase for administration of the Lottery Fund and administration of systemwide programs.

### *Systemwide Programs*

Approximately \$6 million is allocated to the four systemwide programs and administration costs:

- DREAM Loan Program (\$1.0 million) provides loans to students who satisfy specified academic, enrollment, and high school graduation requirements.
- Chancellor's Doctoral Incentive Program (\$2.0 million) provides financial assistance to graduate students to complete doctoral study in selected disciplines of particular interest and relevance to the CSU.
- California Pre-Doctoral Program (\$814,000) supports CSU students who aspire to earn doctoral degrees and who have experienced economic and educational disadvantages.
- CSU Summer Arts Program (\$1.5 million) offers academic credit courses in the visual, performing, and literary arts.
- Administration of Lottery Fund & System Programs (\$699,000) provides Lottery Fund and program administration functions.

### *Campus-Based Programs*

The remaining \$39.6 million in 2017-2018 lottery receipts will continue to be used for campus-based programs (\$31.6 million) and for Early Start Program fee waivers (\$8.0 million). Campus-based program funding is undesignated and allows presidents flexibility in meeting unique campus needs. Traditionally, projects receiving lottery funds have included the replacement and purchase of new instructional equipment, curriculum development, and scholarships. Early Start Program

funds provide campus-based financial aid as need-based fee waivers to ensure that student financial hardship is not a barrier to enrollment in the Early Start summer curriculum. The program serves first-time freshmen students who need additional college preparation in math and/or English and take courses during the summer term prior to matriculation at any of the CSU campuses.

The CSU Lottery Budget proposed for 2017-2018 is as follows:

<b>2016-2017 Adopted and 2017-2018 Proposed Lottery Budget</b>		
	<b>2016-17 Adopted Budget</b>	<b>2017-18 Proposed Budget</b>
<b>Sources of Funds</b>		
Beginning Reserve	\$ 5,000,000	\$ 5,000,000
Receipts	44,163,000	45,565,000
<b>Total Revenues</b>	<b>\$ 49,163,000</b>	<b>\$ 50,565,000</b>
<i>Less Systemwide Reserve</i>	<i>(5,000,000)</i>	<i>(5,000,000)</i>
<b>Total Available for Allocation</b>	<b>\$ 44,163,000</b>	<b>\$ 45,565,000</b>
<b>Uses of Funds</b>		
<i>System Programs</i>		
Chancellor's Doctoral Incentive Program	\$ 2,000,000	\$ 2,000,000
California Pre-Doctoral Program	814,000	814,000
CSU Summer Arts Program	1,200,000	1,500,000
DREAM Loan Program	-	1,000,000
	<u>\$ 4,014,000</u>	<u>\$ 5,314,000</u>
<i>Campus-Based Programs</i>		
Campus Programs	\$ 31,542,000	\$ 31,552,000
Campus Early Start Financial Aid	8,000,000	8,000,000
	<u>\$ 39,542,000</u>	<u>\$ 39,552,000</u>
<i>Lottery Fund &amp; System Programs Administration</i>	<u>\$ 607,000</u>	<u>\$ 699,000</u>
<b>Total Uses of Funds</b>	<b>\$ 44,163,000</b>	<b>\$ 45,565,000</b>

In 2015-2016, similar to prior years, the vast majority of lottery funds were spent on instructional and instructionally-related programs and services to supplement the CSU operating budget. The following table summarizes how lottery revenues were spent in 2015-2016, which also includes funds available from prior years:

<b>2015-2016 Lottery Expenditure Report</b>		
<b>Program Support Area</b>	<b>Expenditures</b>	<b>Percentage of Total Expenditures</b>
Academic Programs and Support	\$20,956,326	38.8%
Library Services	12,731,224	23.7%
Student Services	7,455,596	13.9%
Administration & Reporting	2,523,006	4.7%
Financial Aid	10,157,146	18.9%
Total	\$53,823,298	100.0%

Note: The amount included in the table for lottery administration in 2015-16 includes both Chancellor's Office and campus costs.

Carry forward balances in 2015-2016 were used to fund several systemwide and campus programs, such as library services, early assessment program support, and technology initiatives.

**Conclusion**

The lottery budget proposal for 2017-2018 is an information item. An action item will follow at the board's November 2016 meeting.

## **COMMITTEE ON FINANCE**

### **Planning for the 2017-2018 Support Budget**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### **Summary**

The California State Constitution requires the submittal of the governor's budget proposal each year by January 10. In order to meet consequent deadlines of the Department of Finance, it is necessary to commence planning for the 2017-2018 California State University Support Budget. The CSU Board of Trustees will be provided preliminary assumptions for purposes of crafting the 2017-2018 budget request to the governor. The final budget request will be presented to the board for review and approval in November 2016.

#### **State Budget Overview**

Significant tax revenues produced by Proposition 30 and ongoing economic recovery have allowed the state to continue to invest in public higher education. Specifically, it is estimated that state tax revenues will have increased by \$33.2 billion (or 38 percent) between the recession low point in 2011-2012 and the current fiscal year 2016-2017. Also, the economic recovery allowed the state to set aside \$8.5 billion in operating reserves and retire \$1.3 billion of operating debt in 2016-2017. The CSU has benefited from the state's recovery with permanent, unallocated general fund increases of \$637.8 million over the last four years. Had the state chosen to invest more in the CSU during this period, the state could have reaped greater civic and economic benefits than experienced over the past several years.

While the state has made significant strides on the path to economic recovery, significant expenditure obligations and risks persist. The state is challenged by long term debts, deferrals, and budgetary obligations in excess of \$200 billion, according to estimates by the Department of Finance. Examples of these obligations include health and pension costs for state employees and teachers and state property deferred maintenance. While the state's economy is growing, capital gains taxes make up a significant portion of the state budget revenue picture and because this revenue source is highly volatile it causes dramatic swings in state revenue from one year to the next.

The message on the near term economy is mixed. If the state's economic expansion continues, revenues could grow by five percent in 2017-2018 but slow to two percent in 2018-2019 and 2019-2020, according to projections by the Legislative Analyst's Office. Separately, the Department of Finance estimates more modest revenue growth of three percent in 2017-2018, one percent in 2018-2019, and three percent in 2019-2020. Under these assumptions, the outlook over the next three fiscal years ranges from continued modest investment in higher education to the potential for additional growth. However, it is widely recognized by economists that the average length of an economic expansion is five years with the longest expansion being ten years. The current period has seen expansion over seven years. The expectation of a downturn in economic growth sometime in the next one to three years would have a negative impact on the state general fund and the state's ability to continue to invest in CSU students.

### **The Governor's Funding Plan for CSU**

In January 2013, Governor Brown's budget proposal included a four-year plan to provide funding stability to CSU and the University of California (UC). This multi-year plan called for state funding increases totaling \$511 million to each university system and required no tuition increases between 2013-2014 and 2016-2017. Recognizing that both CSU and UC endured state funding reductions in equal dollar amounts during the recent fiscal crisis and that an ongoing investment in higher education is important to the vitality of the state's economy, the governor's administration has since added additional years and new permanent funding commitments. The cumulative, potential increase to CSU occurs in annual increments as follows (actual funding provided by the state noted in parenthesis):

- \$125.1 million in 2013-2014 (provided by the state)
- \$142.2 million in 2014-2015 (provided by the state)
- \$119.5 million in 2015-2016 (\$216.5 million provided by the state)
- \$139.4 million in 2016-2017 (\$154 million provided by the state)
- \$157.2 million in 2017-2018
- \$136.5 million in 2018-2019
- \$142.0 million in 2019-2020
- Cumulative, potential increase in CSU funding = \$961.9 million

Although the legislature never formally adopted this multi-year plan, it did approve the first and second year increases of \$125.1 million and \$142.2 million, and, with the governor's agreement, went above and beyond in the third year to fully fund the CSU support budget request of \$216.5 million, and provided \$154 million in 2016-2017. If the increases through 2018-2019 remain at the actual and proposed levels, the new seven-year total would be \$961.9 million.

This is very close, but still short of the cuts totaling approximately one billion dollars from 2008-2009 through 2011-2012.

### **Early Estimates are that CSU Support Budget Request Will Exceed State Plan for 2017-2018**

The preliminary 2017-2018 budget plan would allow the CSU to dedicate funds to Graduation Initiative 2025 priorities, meet its mandatory cost obligations, fund compensation and grow full-time equivalent student (FTES) enrollment by one percent. Additionally, progress can be made on infrastructure and deferred maintenance needs.

The governor's funding plan would provide a \$157.2 million increase in 2017-2018. Under the most likely of scenarios, the governor's funding plan would only afford the CSU the opportunity to fund required current employee compensation commitments and other mandatory cost increases and would not be enough to permanently invest in Graduation Initiative 2025, infrastructure, and FTES enrollment growth.

At this early stage, the state's funding plan does not include sufficient resources to meet the CSU preliminary budget plan. As a result, additional resources above the governor's funding commitment would be required. Three potential options exist: (1) increased state funding from the governor and legislature, (2) increased tuition revenue, and (3) campus budget reductions. The Chancellor's Office will engage in continued consulting with students, faculty, staff, campus executives, the state, and other CSU stakeholders to explore alternatives for balancing budget priorities and necessary resources.

### **2017-2018 CSU Support Budget—Preliminary Planning Approach**

This preliminary plan is to begin the discussion of a support budget request for 2017-2018. The planning approach represents a credible statement of the university's key funding needs. At this stage, it is important for the board to provide input on fiscal policy priorities for 2017-2018.

The preliminary incremental budget request and expenditure plan is summarized on the following page. These estimated recurring amounts are approximate and would add to our 2016-2017 base budget of \$5.4 billion.

**Proposed Incremental Expenditures:**

- Graduation Initiative 2025 \$75.0 million
- Full-Time Equivalent Student Growth: 3,600 FTES \$40.0 million
- Compensation: Current Commitments \$140.0 million
- Compensation: New \$55.0 million
- Facilities and Infrastructure Needs \$10.0 million
- Mandatory Costs \$26.0 million

---

**Total Incremental Expenditures \$346.0 million**

**Anticipated Revenue**

- General Fund Revenue from Governor’s Funding Plan \$157.2 million
- Net Tuition from Enrollment Growth \$20.0 million

---

**Total Anticipated Revenue \$177.2 million**

**Preliminary Support Budget Request \$168.8 million**

*Graduation Initiative 2025*

Under the preliminary plan, the CSU will continue to invest in people, programs, technologies, and strategies that have demonstrated success in improving graduation rates, shortening time-to-degree, and eliminating achievement gaps. Each campus has developed multi-year plans to reach their Graduation Initiative 2025 goals that will require multi-year investments across the system in: tenure track faculty hiring, increased course taking opportunities, enhanced advising and education plans, academic and student support, and leveraging data for campus decision-making. Over the course of this first year of the Graduation Initiative 2025, campuses will plan to spend at least \$75 million on their local priorities to improve student success and completion with particular focus on those efforts that improve 4-year graduation rates for first time freshmen and 2-year graduation rates for transfer students.

*Full-Time Equivalent Student Enrollment Growth*

Over 830,000 undergraduate applications were submitted to CSU campuses for Fall 2016, an increase of over 40,000, or nearly five percent, over the prior year. In spite of this, state budget cuts during the recession continue to have repercussions that constrain the ability of the CSU to admit and enroll every new eligible applicant. Access to education and the preparation of the state’s future workforce depends on the state investing in the CSU.

The proposed expenditure plan to support enrollment represents a one percent increase in full-time equivalent students (FTES). This increase would allow for growth in the average unit load for continuing students in support of graduation rate goals, and a steady number of students admitted and served. The costs of accommodating additional enrollment are covered by additional tuition revenue from new students and state general fund. For planning purposes, a one percent increase in enrollment would cost approximately \$40 million and would allow for growth of approximately 3,600 FTES.

*Employee Compensation: Current Commitments*

This component has two parts. First, collective bargaining agreements and commitments to non-represented employee groups total an estimated \$107 million for 2017-2018. Second, \$33 million of collective bargaining agreement costs were covered by one-time funding in 2016-2017. The preliminary plan for 2017-2018 converts the \$33 million of one-time funding into recurring funding to cover these ongoing costs.

*Employee Compensation: New*

This item would conditionally commit \$55 million for collective bargain units with open contracts in 2017-2018, pending final agreements with collective bargaining units. This amount includes a commitment for non-represented employee groups.

*Facilities and Infrastructure Needs*

There are numerous examples on every CSU campus of academic and plant facilities that are in need of repair or replacement. The systemwide state-supported deferred maintenance backlog will be reduced to approximately \$2.0 billion once funded projects are completed. The previous support from the state of one-time and recurring funds has enabled a reduction in the backlog from \$2.6 billion to \$2.0 billion. This is good progress, but, unfortunately, the backlog will grow by approximately \$150 million per year as facilities continue to age and due to the partial funding of the support budget request in 2016-2017. Unlike 2013-2014 and 2014-2015, the CSU was not able to dedicate new permanent funding for annual debt service on longer-term bond-financed projects due to the 2016-2017 funding level. Instead, the university is utilizing \$25 million from 2015-2016 and \$35 million from 2016-2017 of one-time state funding to address the CSU's most urgent facility maintenance and infrastructure needs.

Under estimated bond market conditions, dedicating \$10 million of recurring funds in 2017-2018 would finance approximately \$150 million of needed infrastructure projects. This would roughly keep pace with the aging infrastructure, but would not reduce the backlog. Also, the CSU continues to look to other ways to fund its infrastructure needs and we will keep the board informed on ways to do so.

Agenda item 1 of the September 20-21, 2016 joint meeting of the Committees on Finance and Campus Planning, Buildings and Grounds includes the draft priority list for the 2017-2018 Capital Outlay program. The list prioritizes critical infrastructure and utility renewal projects and facility renovation to support the academic program needs. The addition of \$10 million in recurring funds would enable the CSU to fund limited capacity student growth to complement the plan to address deficiencies in existing facilities. The CSU continues to refine the planning and financing process in light of the increased capital financing authority granted in 2014.

The CSU would separately request \$50 million from the state to further address the deferred maintenance backlog and \$25 million of cap and trade funds to implement greenhouse gas and energy reduction projects.

#### *Mandatory Costs*

Funds would be used to meet anticipated mandatory costs that the university must pay regardless of available state allocation. There is little to no discretion over these costs, which include recent increases to employee benefits, operations and maintenance of newly-constructed space, as well as new costs associated with state and federal wage laws. Without funding for mandatory cost increases, campuses would have to redirect resources from other program areas to meet obligations. Setting aside funding for mandatory costs helps preserve the integrity of CSU programs.

#### *Preliminary Revenue Plan*

The preliminary expenditure plan continues to address many of the CSU's educational and operational needs. But if required to do so, it would be exceedingly difficult for the CSU to operate within the confines of the governor's funding plan without receiving additional resources. Increased mandatory costs and current compensation commitment costs together would cost approximately \$166 million—more than the \$157.2 million available from the governor's funding plan. Without additional revenue, this could require strategies that include reductions to campus budgets and minimal investment in Graduation Initiative 2025 activities, FTES enrollment growth, and infrastructure. This scenario would not serve prospective and current student needs, would not address the deferred maintenance and critical infrastructure backlog, and would not sustain fiscal stability within the CSU.

At this preliminary stage, the planning effort focuses on stating the CSU's budget priorities and needs. Accounting for enrollment growth revenue and the governor's funding commitment of \$157.2 million, these recommended items would require additional new ongoing revenues from state and tuition revenue sources of roughly \$168.8 million.

A more detailed information item on revenue will be discussed at the November 2016 meeting.

**Conclusion**

This is an information item presenting a preliminary framework for the 2017-2018 CSU Support Budget request to the governor and the Department of Finance. Estimated amounts for each item may be revised based on updated information in the course of preparing the budget for the board's review and approval. The board will be presented with an updated and detailed support budget recommendation in November 2016 as an action item.

## **COMMITTEE ON FINANCE**

### **Final Approval of a Public-Public Partnership Project for the Development of a Public Charter School at California State University, Monterey Bay**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Robert Eaton  
Assistant Vice Chancellor  
Financing, Treasury, and Risk Management

Eduardo Ochoa  
President  
California State University, Monterey Bay

#### **Summary**

At its November 2015 meeting, the California State University Board of Trustees approved a conceptual plan for the development of a public charter school on the campus of California State University, Monterey Bay. This item requests final approval from the board authorizing the campus to enter into a ground lease and final development agreements with Monterey Bay Charter School (“MBCS”).

#### **Background**

MBCS is an independent charter school operating at two sites on the Monterey Peninsula, with its main campus located in the City of Pacific Grove and three kindergarten classes in the City of Seaside. As a County-authorized public school serving families from various surrounding cities, MBCS is challenged by the need for larger and newer classroom facilities located on a central site within the County.

The proposed development of a new MBCS is to be located at the southeastern corner of the CSU Monterey Bay campus. The site is surrounded by Butler Street to the north, Colonel Durham Street to the south, Seventh Avenue to the east, and Sixth Avenue to the west. Thus, the site is defined as a single discrete block covering approximately 18 acres. The northern section of the site, approximately 12 acres, will be leased by the campus to MBCS at an initial market rate of \$0.36 per square foot or \$181,500 per year.

The southern third of the MBCS site, approximately 6 acres, was conveyed to CSU Monterey Bay by the United States Department of Education (DOE) in 2003 as an educational Public Benefit Conveyance (PBC) with a 30-year use restriction. However, the use of such DOE-conveyed land for a charter school was deemed prohibitive and inconsistent with the terms of the PBC. To resolve this matter, the campus will undergo a process of abrogating the original conveyance of land by the DOE and in turn effecting a new conveyance free of such restrictions. MBCS has agreed to cover the cost of abrogation which is based on the fair market value of the restricted land less the costs of improvements made by the campus over the years on the property. Once the land use restriction is removed, the campus will lease the six acres to the MBCS for \$1.00 per year.

### **Project Description**

The MBCS project consists of developing a K-8 grade school, on the southeastern portion of the campus, to accommodate up to 508 students. The project will be completed in phases, with long-term development dependent upon available funding. Phase I will involve the construction of three kindergarten classrooms, 16 classrooms for double-tracking grades 1-8, classrooms for Handwork and Music, workrooms for administration, teachers, and custodial staff, resource and remedial instruction rooms, and storage. In all, Phase I buildings will total approximately 29,000 square feet and, at their highest, will reach two-stories tall. Project completion is scheduled for the second half of the 2017-2018 school year.

The MBCS will be responsible for financing, design, construction, and management of the property during the term of the lease. The MBCS plans to obtain private funds for this project. No campus or auxiliary funds will be committed to the project.

### **Summary Agreement Terms**

Key terms of the proposed agreement with the MBCS are as follows:

- A 50-year lease term(no extension options).
- MBCS will finance and construct the school utilizing a Design/Build method of project delivery.
- The lease with MBCS will be “triple net,” with the charter school paying for all operating costs (including taxes, if any) maintenance, and repairs. In addition, the MBCS will fully reimburse CSU Monterey Bay for all costs associated with University Police Department services and periodic use of CSU Monterey Bay facilities.
- Base rent has been established at \$181,500.00 per year.
- Rent commences at 25 percent of base rent until start of construction. The rent will rise to 50 percent of base rent for the duration of construction through final occupancy, at which point the rent will be 100 percent of base rent.
- Rent payments will be escalated at the end of the fourth year based on cumulative changes in the Consumer Price Index. The rent will then be escalated every four years thereafter.

- The property reverts to CSU Monterey Bay upon expiration of the ground lease and any exercised option. The campus has, at its discretion, the option of accepting the improvements or having MBCS return the property to its initial unimproved condition.

### **Recommendation**

The following resolution is presented for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that the development of the Monterey Bay Charter School on the campus of California State University, Monterey Bay as described in Agenda Item 4 of the September 20-21, 2016 meeting of the Committee on Finance is approved, and that the chancellor, the executive vice chancellor and chief financial officer, and their designees are authorized to execute the agreements necessary to complete the transaction.

## **COMMITTEE ON FINANCE**

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

#### **Presentation By**

Robert Eaton  
Assistant Vice Chancellor  
Financing, Treasury, and Risk Management

#### **Summary**

This item provides the annual investment report for fiscal year 2015-2016 for funds under the California State University Investment Policy.

#### **Background**

Most CSU funds are invested through the CSU Systemwide Investment Fund-Trust (SWIFT) investment portfolio, which was established in July 2007 for the purpose of enhancing centralized cash and investment management. On a daily basis, net investable cash from the 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, US Bancorp Asset Management and Wells Fargo Asset Management.

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, or funds held by the state on behalf of state agencies, in a short-term pool. In order to facilitate certain expenditures, the CSU maintains small amounts of funds with the State that might otherwise be invested in the SWIFT portfolio. The Local Agency Investment Fund (LAIF) is used by the State Treasurer to invest local agency funds. Since 2014-2015, the CSU has not invested funds in LAIF. The year-end results for these two funds are reported in Attachment A.

The California State University Investment Policy in effect during fiscal year 2015-2016 is included as Attachment B.

#### **Market Summary**

The financial markets provided many challenges over the last fiscal year, including plunging oil prices, considerable economic slowdown in China, a dramatic rally in the U.S. dollar, uncertainty regarding possible Federal Reserve (Fed) increases in interest rates, and Great Britain's vote to

leave the European Union. While short-term volatility is likely, improvement in the domestic economy, and signs of lower risk abroad would support movement towards market stability in the last half of 2016.

For the fiscal year ending June 30, 2016, U.S. Gross Domestic Product grew 1.2 percent with solid contributions from consumer spending offset by declines in private investment, particularly in the energy sector due to the significant decline in oil and gas prices. Employment conditions continued to strengthen as the unemployment rate fell from 5.3 percent at the end of June 2015 to 4.9 percent at the end of June 2016. Nonfarm payrolls added a healthy 2.5 million jobs in the fiscal year. Inflation remained below the Fed's 2 percent target range.

In December 2015, the Fed increased the federal funds rate of 0.25 percent to a target range of 0.25 - 0.50 percent, eight years to the month since it first lowered rates to the 0.0 - 0.25 percent range. The Fed continues to re-invest all principal proceeds from its investment portfolio in order to maintain the size of its balance sheet. The June 23, 2016 vote for Great Britain to leave the European Union convinced investors that global central banks would remain accommodative to support economic and financial market stability.

Credit market conditions were fairly volatile in the fiscal year, with significant credit spread widening in late 2015 through 2016, due to weak commodity/oil prices and instability in the energy and mining sectors. Companies continued to explore merger, acquisition, and share buyback strategies with less focus on using funds to invest in production activities. Servicing debt is a challenge as they leverage their balance sheets for the benefit of shareholders—all of which eroded credit quality. In general, market liquidity was adequate during the year, but has become more highly correlated with current financial conditions as the ability of Wall Street banks to be reliable market intermediaries is more limited due to regulatory changes.

### **Investment Account Performance**

As of June 30, 2016, the outstanding balance in the SWIFT portfolio totaled \$3.53 billion. The objective of SWIFT is to maximize current income while preserving and prioritizing asset safety and liquidity. Consistent with the California State University Investment Policy and state law, the portfolio is restricted to high quality, fixed income securities.

As of June 30, 2016, the SWIFT portfolio's holdings by asset type were as follows:

US Treasuries	22.00%
US Government Agencies	31.89%
Corporate Securities—Long Term	16.86%
Corporate Securities—Short Term	<u>29.25%</u>
	100.00%

The SWIFT portfolio provided a return of 1.18 percent during the 12 months ended June 30, 2016. This return was greater than the benchmark for the portfolio, which is a treasury based index.

	<u>SWIFT</u> <u>Portfolio</u>	<u>SWIFT</u> <u>Benchmark</u> <sup>1</sup>	<u>LAIF</u> <sup>2</sup>
1 Month Return	0.38%	0.44%	N/A
3 Months Return	0.42%	0.41%	0.14%
12 Months Return	1.18%	1.01%	0.43%
Annualized Return since SWIFT Inception	1.35%	1.76%	1.04%

For the year ended June 30, 2016, investment management and custodial fees totaled just under \$1.8 million, or about 0.048 percent (4.8 basis points) on average outstanding balances throughout the year.

**Update on Proposed California State University Investment Authority Legislation**

As previously presented to the board, staff has been working with key partners in the Assembly, the Senate, the Department of Finance, and the State Treasurer’s Office to change the legislation that governs the CSU investments. Because fixed income securities have generated low returns for the CSU over a number of years, the goal of the legislation is to provide the CSU with more investment options and increase earnings on its existing base of funds. This potential for additional revenues would enhance the CSU’s ability to address its deferred maintenance and critical infrastructure backlog.

The proposed legislation has received support from the State Treasurer, was approved by the Senate in May 2016, was approved by the Assembly in August 2016, and is now with the Governor pending possible approval.

---

<sup>1</sup> Bank of America Merrill Lynch 0-3 Year Treasury Index  
<sup>2</sup> LAIF investment returns are provided for reference only

### **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, or funds held by the State on behalf of State agencies, in a short-term pool. Cash in this account is available on a daily basis. The portfolio's composition includes Certificates of Deposit and Time Deposits, U.S. Treasuries, Commercial Paper, Corporate Securities, and U.S. Government Agencies. As of fiscal year ended (FYE) June 30, 2016, the amount of CSU funds invested in SMIF was approximately \$133 million.

<b>SMIF Performance</b>		<b>Quarterly Apportionment Yield Rate</b>	
<b>Apportionment Annualized Return</b>		<b>FYE 06/30/07 - FYE 06/30/16</b>	
FYE 06/30/16	0.42%	Average	1.44%
FYE 06/30/15	0.26%	High	5.24%
		Low	0.22%

### **Local Agency Investment Fund (LAIF)**

The Local Agency Investment Fund (LAIF) is a vehicle used and managed by the State Treasurer to invest local agency funds. All investments are purchased at market, and market valuation is conducted quarterly. As of June 30, 2016 there were no CSU funds invested in LAIF.

<b>LAIF Performance</b>		<b>Quarterly Apportionment Yield Rate</b>	
<b>Apportionment Annualized Return</b>		<b>FYE 06/30/07 - FYE 06/30/16</b>	
FYE 06/30/16	0.43%	Average	1.45%
FYE 06/30/15	0.27%	High	5.25%
		Low	0.23%

## **The California State University Investment Policy**

The following investment guidelines have been developed for use when investing California State University (CSU) funds.

### **Investment Policy Statement**

The objective of the investment policy of the 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 the chancellor and his designees with the greatest possible flexibility to maximize investment opportunities. However, as agents of the trustees, the chancellor and his designees 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 CSU funds, the primary objective of the CSU shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the CSU. The third objective shall be to return an acceptable yield.

### **Investment Authority**

The CSU may invest monies held in local trust accounts under Education Code Sections 89721 and 89724 in any of the securities authorized by Government Code Sections 16330 and 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)
  - State Agency Investment Fund (SAIF)

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, notes, or warrants, or bonds, notes, or warrants with principal and interest guaranteed by the full faith and credit of the State of California;
  - Various debt instruments issued by: (1) federal land banks, (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank Bd., (4) Federal National Mortgage Association, (5) Federal Home Loan Mortgage Corporation, and (6) Tennessee Valley Authority;
  - 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;
- B. In addition to the restrictions established in Government Code Section 16430, the CSU restricts the use of leverage in CSU 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 reverse repurchase agreements to unencumbered securities already held in the 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**

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 the CSU, including market values.

(Approved by the CSU Board of Trustees in January 1997; and as amended in September 2011 and November 2013)

## **COMMITTEE ON FINANCE**

### **Presentation on Debt Management at the California State University**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Robert Eaton  
Assistant Vice Chancellor  
Financing, Treasury, and Risk Management

#### **Summary**

This item provides information to the California State University Board of Trustees regarding the management of debt at the California State University. Although the CSU has modest amounts of outstanding debt in the form of residual State Public Works Board Bonds, equipment financing, and one stand-alone auxiliary bond, this report shall focus on the Trustees of the California State University Systemwide Revenue Bond (SRB) program and its associated commercial paper (CP) and shorter term debt programs in making optimal use of the CSU's limited debt capacity at the lowest possible risk-adjusted cost of capital to meet the CSU's capital priorities.

#### **Debt Policy**

The board's CSU Policy on Financing Activities, RFIN/CPBG 11-14-01 included herein as Attachment A sets forth the authorities and principles that serve as the basis for the management of debt at the CSU. Key provisions of this policy are as follows:

- Delegates authority to the chancellor to establish procedures for the implementation of debt policy and the management of debt consistent with the board's objectives for the use of debt.
- Establishes that CSU and auxiliary projects shall be financed through a structure supported by a broad, systemwide, multi-source revenue pledge.
- States that the long term debt programs of the CSU shall be managed to credit rating standards in the "A" category, at minimum.
- Provides for the prudent use of variable rate debt or commercial paper to lower the overall cost of debt.

In turn, the chancellor has established procedures for the implementation of debt policy and the management of debt through the issuance of Executive Order 994, included herein as Attachment B which defines the SRB program and the procedures and financial standards for its use in financing capital projects. This executive order is presently under review and pending possible revision, primarily in response to State legislation passed in July 2014 that has affected the CSU's capital financing programs and required new approaches to capital financing at the CSU. Key revisions to Executive 994 that are under consideration are as follows:

- Changes to the financial benchmarks used to evaluate the financial viability of a project and support presentation to the board for financing approval.

The current financial benchmarks were established for and focused on campus projects and programs that generate revenue (e.g. housing, parking, certain auxiliary projects) because historically the SRB program only financed those types of projects. However, with the passage of the capital financing legislation in 2014, the CSU is now responsible for utilizing operating funds and the SRB program to fund/finance deferred maintenance, critical infrastructure, and academic facilities. As such, the financial benchmarks used to evaluate the financial viability of a project may differ depending upon the type of project (i.e. revenue generating projects versus projects supported by operating funds allocated by the board) and may need to take into account the impact on all campus operations, as well as the system, particularly with respect to systemwide debt capacity.

- Requirement that all campuses contribute a minimum of 10 percent to the cost of a project.

By asking campuses to contribute cash to the cost of a capital project and moving away from 100 percent debt financing for projects, the CSU can make greater use of its limited debt capacity. The contribution can be in the form of cash reserves that have been built up specifically for the project or cash donated through fundraising efforts.

- Requirement that campuses annually plan for and reserve an amount at least equal to 10 percent of all annual campus and auxiliary debt service.

This reserve is designed to insulate campus operations from any unforeseen circumstances that might impact the ability to meet debt service payments during the year. If the reserve is not needed for this purpose during the year, then the funds can be utilized for one-time capital needs, or carried over to help meet the reserve requirement for the following year.

- Changes reflecting the addition of student tuition fee revenue to the SRB pledge that occurred with the refinancing of State Public Works Board bond debt in April 2016.

## **Existing Debt Management Structure and Key Characteristics**

### Systemwide Revenue Bond Program

The Systemwide Revenue Bond (SRB) program, under the provisions and authorities of The State University Revenue Bond Act of 1947 (Education Code Sections 90010-90083), was established by the CSU Board of Trustees at its March 2002 meeting. The SRB program provides capital financing for projects of the CSU—student housing, parking, student union, health center, continuing education facilities, certain auxiliary projects, and other projects, including academic facilities, approved by the board. Revenues from these projects and revenues approved by the board, including CSU operating funds, are used to meet operational requirements for the projects and to pay debt service on the bonds issued to finance the projects. Gross revenues from these projects and gross student tuition fee revenues are pledged on a consolidated basis to the bondholders, which has resulted in strong credit ratings and low borrowing costs for the CSU.

In April 2016, the CSU refinanced approximately \$773 million, or approximately 79 percent, of outstanding State Public Works Board bonds. As part of this transaction, the CSU issued \$250 million of three, five, and seven year notes to reduce the overall cost of the refinancing and diversify the debt instrument profile of the SRB program

As of June 30, 2016, the outstanding SRB debt of the CSU was approximately \$4.9 billion.

Key characteristics of the SRB portfolio are as follows:

Debt Ratings:	Aa2 (Moody's) AA- (Standard & Poor's)
Weighted Average Cost of Capital:	3.68%
Weighted Average Maturity:	15.3 Years
Interest Rate Mix:	95% Long Term Fixed Rate 5% Short Term Fixed Rate

### Commercial Paper Program

Since the inception of the SRB program, the CSU has issued CP as part of its overall debt management strategy. CP is comprised of short term notes that can be issued up to 270 days, although the CSU generally issues CP notes in the range of 30-90 days. Because of the short maturity of the notes, interest rates are lower than longer term debt and change with market conditions when the notes are reissued at maturity, thus the CP program is a form of variable rate debt. The CSU utilizes CP primarily as a bridge-financing mechanism to provide campuses with capital financing on projects until long term bonds are sold. The CSU Institute, a systemwide auxiliary of the CSU, issues the CP, which is secured by Bond Anticipation Notes (BANs), issued by the CSU. CP notes provide greater financing flexibility and lower short-term borrowing costs

during project construction than would be available with long term bond financing. Proceeds from the issuance of bonds are then used to retire outstanding CP and provide any additional funding not previously covered by CP.

The CSU currently has a CP program in the amount of \$300 million, although both the board and the CSU Institute have authorized a CP program up to \$500 million. The CP program is supported by letters of credit from State Street and Wells Fargo N.A. that expire in July 2017. As of September 1, 2016, outstanding CP was \$164 million at a weighted average interest rate of 0.55 percent.

### **Debt Capacity**

Debt capacity—the amount of debt that the CSU may issue while still maintaining or pursuing certain strategic and organizational goals—continues to be a limited resource of the CSU. Debt capacity can be estimated based upon a number of quantitative factors (e.g. financial ratios) or qualitative factors (e.g. student demand), however, because of the number of variables and assumption involved, such calculation of debt capacity is only an estimate, and must be managed and monitored accordingly.

Based on the CSU's financial position as of June 30, 2015 and certain forward looking assumptions, staff estimates that the CSU has additional debt capacity of \$2.5 billion over the next five years thru 2021.

### **Potential Debt Management Options**

While the CSU has utilized a CP program for many years to largely provide interim financing for projects until bonds are sold, historically, the CSU has issued almost exclusively long term, fully amortizing, fixed rate debt. This approach has served the CSU well, however, there are other debt instruments and structures that could potentially provide greater flexibility in managing debt and lowering the CSU's risk adjusted cost of capital.

#### Variable Rate or Shorter Term Debt

The primary benefit of issuing variable rate or shorter term debt is the lower cost of capital compared to long term, fixed rate debt. However, the use of variable rate debt and shorter term debt introduces interest rate risk or refinancing risk at the time of initial maturity, specifically, the possibility that interest rates may be higher than otherwise would have been the case had fixed rate debt been issued at the outset.

Generally, prudent use of variable rate or shorter term debt can reduce interest costs relative to long-term, fixed rates in exchange for a reasonable degree of interest rate risk. In order to balance this risk-reward trade-off, the amount of variable rate or shorter term debt within a debt portfolio is generally limited, and in fact, CSU policy limits the use of variable rate debt, including CP, to 25 percent of total debt. As of June 30, 2016, CSU variable rate and shorter debt was approximately 11 percent, assuming full use of the \$300 million CP program.

#### Long Term Fixed Rate, Interest Only Debt

The advantage of long term, fixed rate interest only debt is that the debt service is reduced over the life of the debt and no principal is paid until final maturity, which is generally up to thirty years, but in recent years has been as long as one hundred years in the case of a “century” bonds. By not amortizing principal, use of the debt proceeds can be structured in different ways to make a greater impact over time. For example, proceeds can be used to fund projects through internal system loans that are fully amortized over a medium term period such as ten years and then recycled to make more loans.

The disadvantage of this type of debt structure is that the principal all comes due at maturity and must be repaid or refinanced, requiring significant planning well in advance of maturity. It should also be noted that, in the case of the CSU, changes to state legislation would likely be required in order to take full advantage of these long term, fixed rate interest only structures.

#### Hedging Options

To date, the CSU has not utilized hedging products, such as interest rate swaps, and does not have a swap policy. However, these types of products, when used prudently, can provide flexibility in managing the cost of capital, especially in managing the potential impact of movements in interest rates. Risks associated with hedging products include market risk—changes in value based on interest rate movements—counterparty risk, collateral risk, and reputational risk. Investment balances can also be utilized as a natural hedge against interest rate risk on debt.

#### Other Structural Considerations

In structuring its SRB debt issuances over the years, the CSU has generally issued tax-exempt debt that cannot be called—that is, paid off—for ten years. This approach has helped reduce the CSU’s cost of capital, but has either added greater administration burden to comply with IRS regulations or reduced flexibility in refinancing debt. The CSU could issue more taxable debt or utilize different call structures, each with tradeoffs in flexibility and cost of capital.

Internal Loan Structure

Presently, the size and structure of SRB debt issuance is driven by the individual projects to be financed. In order to ensure financial viability, project financial plans are structured assuming long term, fully amortizing debt. When SRB debt is sold, projects are pooled together and assigned the rate of interest for the bond sale in which their projected is included. This approach can result in significant differences in interest rates charged to different projects in the system based upon market conditions at the time bonds for those particular projects were sold. This approach also limits the ability to take advantage of some of the debt instrument and structural options noted above.

An internal loan structure would establish an internal lending rate that would be charged to each project. Project financial plans would still need to demonstrate an ability to pay off the debt on a long term, fully amortizing basis, albeit at the established internal rate, in order to support financing approval by the board. The debt portfolio would then be managed to achieve a long term, total cost of capital below the internal lending rate, utilizing different debt instruments and structural options.

**CSU Policy for Financing Activities**  
**Board of Trustees' Resolution**  
**RFIN/CPBG 11-14-01**

**WHEREAS**, The Board of Trustees of the California State University ("the Board" or "the Trustees") finds it appropriate and necessary to use various debt financing programs afforded to it through the methods statutorily established by the legislature, and to use to its advantage those programs available to it through debt financing by recognized auxiliary organizations of the California State University; and

**WHEREAS**, The Board recognizes the capital needs of the CSU require the optimal use of all revenues to support its academic mission; and

**WHEREAS**, The Board wishes to establish and maintain policies that provide a framework for the approval of financing transactions for the various programs that enable appropriate oversight and approval by the Trustees; and

**WHEREAS**, Within a policy framework, the Board desires to establish appropriate delegations that enable the efficient and timely execution of financing transactions for the CSU and its recognized auxiliary organizations in good standing; and

**WHEREAS**, The Board recognizes that there is a need from time to time to take advantage of rapidly changing market conditions by implementing refinancings or restructurings; and

**WHEREAS**, The Board finds it appropriate to use the limited debt capacity of the CSU in the most prudent manner; and

**WHEREAS**, There are certain aspects of the tax law related to the reimbursement of up-front expenses from tax-exempt financing proceeds that would be more appropriately satisfied through a delegation to the Chancellor without affecting the Trustees' ultimate approval process for such financings; now, therefore be it

**RESOLVED**, by the Board of Trustees of the California State University as follows:

**Section 1. General Financing Policies**

**1.1** The State University Revenue Bond Act of 1947 (1947 Bond Act) and Education Code Sections 89770-89774 (EC 89770-89774) (collectively, the "CSU Bond Acts") provide the Board of Trustees with the ability to acquire,

construct, finance, or refinance projects funded with debt instruments repaid from various revenue sources.

**1.2** The long-term debt programs of the Board of Trustees established pursuant to the CSU Bond Acts shall be managed by the Chancellor, to the greatest extent possible, to credit rating standards in the "A" category, at minimum.

**1.3** The intrinsic rating of any debt issued by the Trustees shall be at investment grade or better.

**1.4** The Trustees' debt programs should include the prudent use of variable rate debt and commercial paper to assist with lowering the overall cost of debt.

**1.5** The Trustees' programs shall be designed to improve efficiency of access to the capital markets by consolidating bond programs where possible.

**1.6** The Chancellor shall develop a program to control, set priorities, and plan the issuance of all long-term debt consistent with the five-year capital outlay program.

**1.7** The Chancellor shall annually report to the Trustees on the activity related to the issuance of long-term debt.

## **Section 2. Financing Structure of the CSU's Debt Programs**

**2.1** To use the limited debt capacity of CSU in the most cost effective and prudent manner, all on-campus student, faculty, and staff rental housing, parking, student union, health center, and continuing education capital projects will be financed by the Trustees using a broad systemwide multi-source revenue pledge under the authority of the CSU Bond Acts in conjunction with the respective authority of the Trustees to collect and pledge revenues.

Other on-campus and off-campus projects, including academic and infrastructure support projects, will also be financed through this structure under the authority of the CSU Bond Acts, unless there are compelling reasons why a project could not or should not be financed through this structure (see Section 3 below).

**2.2** The Chancellor is hereby authorized to determine which revenues may be added to the broad systemwide multi-source revenue pledge under the authority granted by the CSU Bond Acts, to determine when such revenues may be added,

and to take appropriate action to cause such additional revenues to be pledged to CSU debt in accordance with the CSU Bond Acts.

**2.3** The Chancellor shall establish minimum debt service coverage and other requirements for financing transactions undertaken under the CSU Bond Acts and/or for the related campus programs, which shall be used for implementation of the Trustees' debt programs. The Chancellor shall also define and describe the respective campus program categories.

**2.4** The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in the name and on behalf of the Trustees, to take any and all actions necessary to issue bonds pursuant to the CSU Bond Acts to acquire or construct projects. Authorized Representatives of the Trustees, with the advice of the General Counsel, are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions, bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such financing transactions.

**2.5** The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in the name and on behalf of the trustees, to take any and all actions necessary to refinance any existing bonds issued pursuant to the CSU Bond Acts. Authorized Representatives of the Trustees, with the advice of the General Counsel, are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions, bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such refinancing transactions.

### **Section 3. Other Financing Programs**

**3.1** The Board recognizes that there may be projects, or components of projects, that a campus wishes to construct that are not advantaged by, or financing is not possible for, or are inappropriate for financing under the CSU Bond Acts. A campus president may propose that such a project be financed as an auxiliary organization or third party entity financing, if there is reason to believe that it is more advantageous for the transaction to be financed in this manner than through the CSU Bond Acts financing program.

**3.1.1** Such financings and projects must be presented to the Chancellor for approval early in the project's conceptual stage in order to proceed. The approval shall be obtained prior to any commitments to other entities.

**3.1.2** These projects must have an intrinsic investment grade credit rating, and shall be presented to the Trustees to obtain approval before the financing transaction is undertaken by the auxiliary organization or other third party entity.

**3.1.3** If a project is approved by the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to assist with the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

**3.2** The Chancellor may require campus presidents to establish campus procedures applicable to campus auxiliary organizations for the issuance of debt instruments to finance or to refinance personal property with lease purchase, line-of-credit, or other tax-exempt financing methods. The procedures issued by the

Chancellor need not contain a requirement for approval of the Trustees or the Chancellor but may include authority for campus presidents to take all actions to assist the auxiliary organization on behalf of the Trustees to complete and qualify such financing transactions as tax-exempt.

#### **Section 4. State Public Works Board Lease Revenue Financing Program**

**4.1** The authorizations set forth in this section shall be in full force and effect with respect to any State Public Works Board project which has been duly authorized by the legislature in a budget act or other legislation and duly signed by the Governor and which is then in full force and effect.

**4.2** The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and Assistant Vice Chancellor for Capital Planning, Design and Construction each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all construction agreements, equipment agreements, equipment leases, site leases, facility leases and other documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to provide for the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

#### **Section 5. Credit of the State of California**

**5.1** The delegations conferred by this resolution are limited and do not authorize the Chancellor or other Authorized Representatives of the Trustees to establish any indebtedness of the State of California, the Board of Trustees, any CSU campus, or any officers or employees of any of them. Lending, pledging or otherwise using the credit established by a stream of payments to be paid from funds appropriated from the State of California for the purpose of facilitating a financing transaction associated with a capital project is permitted only if specifically authorized by a bond act or otherwise authorized by the legislature.

## **Section 6. Tax Law Requirement for Reimbursement of Project Costs**

**6.1** For those projects which may be financed under the authority of the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized to make declarations on behalf of the Trustees solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the U.S. Treasury Regulations; provided, however that any such declaration:

**6.1.1** Will not bind the Trustees to make any expenditure, incur any indebtedness, or proceed with the project or financing; and

**6.1.2** Will establish the intent of the Trustees at the time of the declaration to use proceeds of future indebtedness, if subsequently authorized by the Trustees, to reimburse the Trustees for expenditures as permitted by the U.S. Treasury Regulations.

## **Section 7. Effective Date and Implementation**

**7.1** Within the scope of this financing policy, the Chancellor is authorized to further define, clarify and otherwise make and issue additional interpretations and directives as needed to implement the provisions of this policy.

**7.2** This resolution supersedes RFIN 03-02-02 and shall take effect immediately.

THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR



BAKERSFIELD

CHANNEL ISLANDS

October 23, 2006

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

EAST BAY

**TO:** CSU Presidents

FRESNO

**FROM:** Charles B. Reed  
Chancellor

FULLERTON

**SUBJECT:** Financing and Debt Management Policy – Project Development and the Systemwide Revenue Bond Program Executive Order No 994

HUMBOLDT

LONG BEACH

Attached is a copy of Executive Order No 994 relating to the CSU's Financing and Debt Management Policy.

LOS ANGELES

MARITIME ACADEMY

In accordance with policy of the California State University, the campus president has the responsibility for implementing executive orders where applicable and for maintaining the campus repository and index for all executive orders.

MONTEREY BAY

NORTHBRIDGE

If you have questions regarding this executive order, please contact Colleen Nickles, Senior Director, Financing & Treasury, at (562) 951-4570 or [cnickles@calstate.edu](mailto:cnickles@calstate.edu).

POMONA

SACRAMENTO

CBR/tr

SAN BERNARDINO

Attachment

SAN DIEGO

cc: Vice Presidents for Business/Administration  
Executive Staff, Office of the Chancellor

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS

**THE CALIFORNIA STATE UNIVERSITY**  
**Office of the Chancellor**  
**401 Golden Shore**  
**Long Beach, California 90802-4210**  
**(562) 951-4570**

**Executive Order:** 994  
**Effective Date:** October 23, 2006  
**Supersedes:** Executive Order No. 876  
**Title:** Financing and Debt Management Policy — Project Development and the Systemwide Revenue Bond Program

**Section 1: General Policies Regarding Financing Activities of the CSU**

**1.1 Authority:** This policy statement provides information and procedures in connection with financing activities of campuses and auxiliary organizations. It is issued pursuant to Standing Orders of the Board of Trustees, Section 2, and the authority delegated to the Chancellor in the Trustees CSU Policy for Financing Activities, (RFIN 03-02-02; see Attachment B).

**1.2 General Rule:** Use of the capital markets to finance revenue-based, and in some limited cases, non-revenue-based non-state funded capital outlay projects of CSU campuses, auxiliaries, and other affiliated organizations shall be limited to the use of the Chancellor's Office tax-exempt or taxable commercial paper programs and the issuance of notes, bonds and other instruments, as approved by the Trustees, within the CSU Systemwide Revenue Bond Program as described below, hereafter referred to as the SRB Program. Additionally, the tax-exempt or taxable commercial paper program may also be used for the purpose of financing Chancellor's Office, campus, auxiliaries, and other affiliated organizations' personal property needs. The aspects of the Systemwide Revenue Bond Program and this policy are based on the fact that debt management is a dynamic undertaking, that evaluation of debt capacity and credit quality involves many different measures, and that the choice to use the specific criteria and measures in this policy may require change over time.

**1.3 Types of Debt:** The Trustees have traditionally issued variable-rate, short-term commercial paper for the construction period of a project, and fixed-rate, long-term debt for the permanent financing of a project. With the introduction of the commercial paper program use for personal property financing, the Trustees may not refinance these commercial paper issuances with long-term, fixed-rate debt, and the financed amounts will be amortized while the issuance remains in commercial paper.

Given this change in approach, the Trustees will establish a parameter that not more than 25% of its debt be unhedged variable rate debt, including commercial paper, to be consistent with rating agency expectations and market targets appropriate for the CSU's debt rating.

**1.4 Alternative Financing Activities:** An alternative financing structure to Section 1.2 above may be utilized if the Chancellor's Office or the campus is able to demonstrate significant benefits and if the Trustees approve the alternative structure. The Chancellor's Office or campus must not only demonstrate benefits for the use of an alternative structure, but must

also identify the detailed structure of the proposed financing. In reviewing the proposed structure, the Trustees shall evaluate such things as 1) impacts on the CSU's financial statements, 2) the extent to which the financing will be counted as a use of the Trustees' credit, 3) the relative cost of the proposed financing, 4) the proposed use of financing techniques that involve greater repayment risk than are typically used in the SRB Program, and 5) any other short-term or long-term impacts to the Trustees' credit profile.

## **Section 2: Definitions**

**2.1 "Project":** Construction of a facility or group of facilities related to the same use and constructed at the same approximate time (example; one or more dormitories constructed with one construction contract). Project may also be defined as personal property with a dollar value greater than \$100,000.

**2.2 "Stand-Alone Project":** For a campus, a Stand-alone Project is a campus self-supporting activity supported by an Established CSU Fee that provides the source for repayment of debt for only one campus-related Project (e.g. the first campus-operated student housing facility). For an auxiliary organization a Stand-alone Project is a single Project operated by the auxiliary that is supported by the project-related revenue, or all of the auxiliary organization's available revenue (e.g. the first auxiliary-operated bookstore facility).

**2.3 "Debt Program":** For a campus, a Debt Program is a campus self-supporting activity funded by an Established CSU Fee that provides the source for repayment of debt for more than one campus-related Project (e.g. two or more separately financed campus-operated student housing facilities). For an auxiliary organization, a Debt Program is a program operated by the auxiliary that provides the source for repayment of debt for more than one auxiliary-operated Project (e.g. two separately financed auxiliary-operated food service facilities). Note that a general revenue pledge of all available auxiliary organization revenue makes it possible for the entire auxiliary organization program to be classified as a single Debt Program.

**2.4 "Established CSU Fees":** The following fee categories established in the Education Code have been pledged to the repayment of bonds issued by the SRB Program:

- Parking Fees (Education Code Section 89701)
- Student Body Center Fees (i.e., Student Union Fees) (Education Code Section 89304)
- Rental Housing Fees (Education Code Section 89703)
- Health Center Facility Fees (Education Code Section 89702)
- Continuing Education Revenue Fund Fees (Education Code Section 89704)

**2.5 "Net Revenue Debt Service Coverage Ratios" (DSCR):** A DSCR consists of annual gross revenue, less annual operating expenses divided by annual debt service. This ratio serves as a benchmark at the systemwide and campus level for decisions about new debt and the management of debt (See Section 4).

**2.6 "Operating Expenses":** For a Project or Program, Operating Expenses are defined as all costs related to providing a good or service, including regular maintenance charges, expenses of reasonable upkeep, a properly allocated share of charges for insurance, direct or special administrative expenses directly chargeable to the Project or Program, and all other expenses incident to the operation of the Project or Program, but excluding depreciation expense and

other non-cash charges, general administrative expenses of the Board or the State, Extraordinary Expenses and Major Maintenance and Repairs, and Debt Service.

**2.7 “Extraordinary Expenses and Major Maintenance and Repairs”:** For a Project or Program, Extraordinary Expenses and Major Maintenance and Repairs will not be included in the DSCR, and the expenses are expected to be paid from Building Maintenance and Equipment Reserves or from Prior Year Fund Balances.

**Note:** Operating Expenses, as defined in the SRB indenture, include extraordinary repairs in the calculation of debt service coverage; the indenture requires the Board to set rates, charges, and fees for all Projects so that Net Income Available for Debt Service is at least equal to Aggregate Debt Service for all indebtedness. Sections 2.5, 2.6, and 2.7 are intended for internal operations purposes and shall not result in a conflict with indenture requirements. Campuses are expected to monitor their Programs to ensure overall compliance with the indenture requirements for annual DSCR tests.

### **Section 3: Systemwide Revenue Bond Program (SRB)**

**3.1 Trustee Approval:** Each issuance of debt instruments under the SRB Program shall be approved by the Trustees.

**3.2 Gross Revenue Pledge:** Bonds issued under the SRB Program are secured by a gross revenue pledge of all Established CSU Fees.

**3.2.1** Lawfully available revenue may be pledged from a campus, auxiliary, or other organization through a formal binding agreement if approved by the Trustees.

**3.3 Commercial Paper Program:** Within the capacity of the CSU Chancellor's Office commercial paper program, each non-state funded capital outlay or personal property project may receive acquisition or construction funding through the issuance of commercial paper.

**3.4 Auxiliary Organization Projects:** Except as indicated in Section 1.3, Projects of auxiliary or other organizations (special purpose governmental units, such as a joint powers authority) shall be financed through the SRB Program.

**3.4.1** Each auxiliary or other organization SRB project financing shall be supported by the execution of a financing lease between the auxiliary organization and the CSU with a legal structure that is permitted by the provisions of the State University Bond Act and the SRB Master Resolution.

**3.4.1.1** For auxiliary or other organizations with no existing debt obligations, the lease shall contain provisions that 1) pledge all available corporation revenue to the Trustees for payment of the lease obligations; 2) require deposit of all pledged revenues (i.e., all revenues) into a pledged "gross revenue fund" bank account; 3) establish criteria for issuance of additional bonds; and 4) covenant that the auxiliary or other organization will set rates or otherwise maintain pledged income that will generate the required net revenue (See Section 4.4).

**3.4.1.2** For auxiliary or other organizations with existing debt obligations, the lease shall contain provisions that 1) require the corporation to abide by the criteria of existing bonds for the issuance of "parity" debt; 2) establish that Trustees share in

pledged revenue with all other bondholders on a parity basis; and 3) require that Trustees receive the same covenants as existing bondholders for the issuance of additional bonds and the same coverage required for a rate covenant for the existing bonds.

**3.4.1.3** The financing lease shall be considered parity debt with all other, existing auxiliary or other organization debt.

**3.4.1.4** The financing lease payment from the auxiliary or other organization to the CSU shall be calculated to include: 1) debt service associated with the bonds including the cost of participation in the commercial paper program, interest and principal on bonds issued to permanently finance the project and other debt management related costs of the CSU; and 2) any costs incurred by the auxiliary organization's campus for operation and maintenance for the financed facility. (See Executive Order No. 753)

**3.4.2** At each campus the aggregate annual direct and indirect debt service for other third-party financings and for auxiliary or other financings that are either part of or separate from the SRB Program is limited to a maximum amount of 25% of the respective allocation of debt capacity to the respective campus (See Section 5).

**3.5 Structure and Timing of Bond Transactions:** The structure and timing of each issuance of SRB bonds shall be determined by the Chancellor's Office.

**3.6 Allocation of Costs:** Debt service and other debt management costs shall be allocated to campuses on the basis of a formula determined by the Chancellor's Office.

#### **Section 4: DSCR Benchmarks**

**4.1 Systemwide (DSCR):** For the system, the DSCR is computed using the total of the gross revenue of the Established CSU Fee plus any pledged revenue supporting SRB capital lease payments from auxiliary or other organizations. Operating expenses and debt service for the computation consist of the total operating expenses and debt service relating to these programs. The systemwide DSCR should be maintained at or above 1.45. If the SRB systemwide DSCR falls below 1.45, the campus benchmarks may be changed to strengthen the credit position of the Program. (See also Attachment A)

**4.2 Combined Campus and Auxiliary Organizations (DSCR):** At the combined campus and auxiliary organization level, the DSCR is similar to the systemwide DSCR test except that the amounts of pledged revenue, operating expenses, and debt service are related to the combined pledged revenues of the campus and auxiliary organizations' Established CSU Fees plus pledged revenue, operating expense and debt service that is related to the specific auxiliary organization Debt Program. The minimum requirement of the DSCR for a Combined Campus and its Auxiliary Organizations is 1.35.

**4.3 Campus Debt Program (DSCR):** The DSCR for a campus Debt Program must be equal to a minimum of 1.10. The DSCR for a campus Stand-alone Project must be equal to a minimum of 1.10. For these requirements the DSCR is computed from pledged revenue, operating expense and debt service that is related to the specific Debt Program or the Stand-alone Project.

**4.4 Auxiliary Organization Project and Debt Program (DSCR):** The DSCR for a campus auxiliary organization Debt Program must be equal to a minimum of 1.25. The DSCR for a campus SRB auxiliary organization Stand-alone Project must equal a minimum of 1.25. For these requirements the DSCR is computed from pledged revenue, operating expense and debt service that is related to the specific auxiliary organization Debt Program or the Stand-alone Project.

**4.5 DSCR and Effective Year:** The chief financial officer of a campus is responsible to implement plans and budgets so that the required DSCRs for campus CSU Established Fee programs and campus auxiliary organizations be supportable and maintained at or above the minimum level for the first operating year, and at or above the minimum for all subsequent years of operation for Stand-alone or Debt Program Projects.

## **Section 5: Debt Capacity**

**5.1 General Rule:** Financing shall not be recommended by the Chancellor's Office if the issuance of new bonds will cause the total amount of issued and outstanding SRB bonds to exceed the CSU's debt capacity as determined by the Trustees.

**5.2 Calculation of the CSU's Debt Capacity:** Debt service on all issued and outstanding SRB bonds shall not at any time exceed an amount that would cause the quality of the CSU's credit to fall below a minimum level as determined by the Trustees.

**5.3 Allocation of Debt Capacity to Campuses:** Capacity, as measured by debt service on campus debt, shall be allocated to CSU campuses as follows:

**5.3.1 Campus general allocation:** The aggregate debt service related to a campus' individual projects shall not exceed an amount computed from its net unrestricted expenditures times two-thirds (2/3) of the same ratio that the Trustees have recognized as appropriate for the system.

**5.3.2 Chancellor's Office special allocation:** With concurrence of the Trustees, the Chancellor's Office may allocate portions of up to an additional one-third (1/3) of the CSU's debt service capacity to individual campuses for special priority purposes.

## **Section 6: General Financial Planning Principles For Projects**

**6.1 Project Size:** The CSU SRB Program is intended to provide a mechanism to finance revenue based, and in some limited cases, non-revenue-based non-state capital outlay projects pursuant to the State University Revenue Bond Act of 1947 and the issuance of debt to the public through a complex legal structure and financial marketing process. As such, the Program is suitable for projects of greater than \$3 million, and with a useful life of greater than ten years. For personal property financed through the commercial paper program, financings should be \$100,000 to \$5,000,000, with a useful life of 1-8 years. See Section 7 for program-related costs that should be funded through a reserve plan rather than through the issuance of debt.

**6.2 Allocation of Debt Service:** The plan of finance for SRB Projects shall assume level debt service and allocation of long-term debt over 25 or 30 years unless the useful life of the asset

financed is less. In some cases, the debt service may be structured to allow for accelerating debt service, bullet repayments of principal, shorter repayment terms, or other special arrangements as determined appropriate for a project. The Trustees will be notified in the Financing item at the time of approval if an alternative debt service repayment schedule will be utilized.

**6.3 Timing of Bond Sale:** The plan of finance shall assume the sale of long-term debt at the time of initiation of construction (i.e., including capitalized construction period interest) to meet net revenue debt coverage ratio tests.

**6.4 Interest Rate Assumptions:** The plan of finance for Projects shall incorporate a moderate interest rate contingency for unfavorable changes in interest rates between the time of the initial financial plan and the time long-term bonds will be sold.

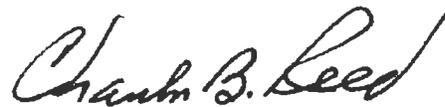
**6.5 Consistency of Computations:** Upon request the Chancellor's Office will provide the debt service information to be used in all financial plans relating to debt issuance in order to ensure that information regarding the debt is consistently prepared.

#### **Section 7: Reserves**

**7.1 Reserve Development:** The campus president and chief financial officer are responsible for developing and maintaining a campus policy to provide reserves from Project revenues for projects funded by debt issued by the Board of Trustees. The campus reserve policies, at a minimum, should address the following needs:

- Major Maintenance and Repair/Capital Renovation and Upgrade
- Working Capital
- Capital Development for New Projects
- Catastrophic Events

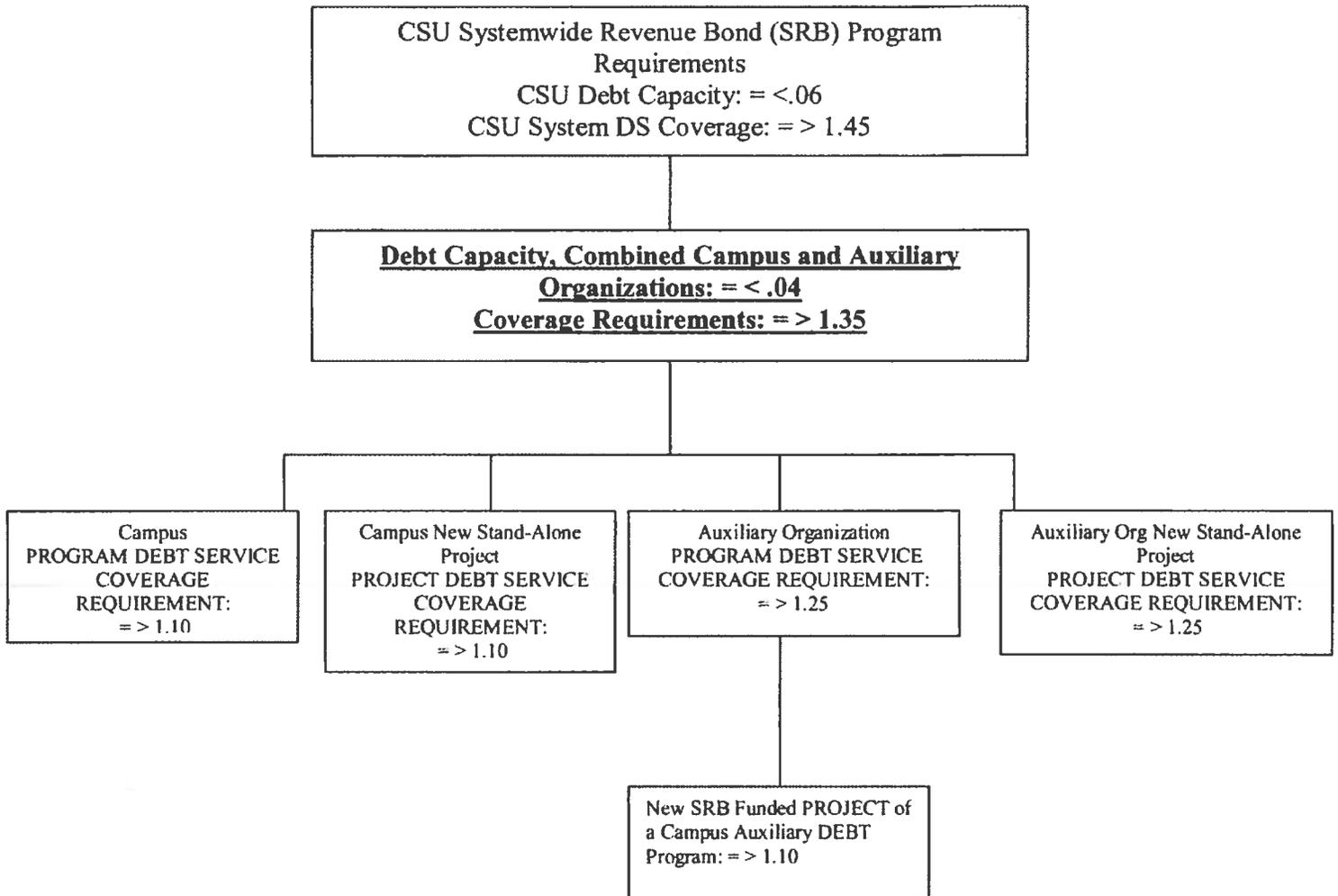
**7.2 Reserve Review:** At a minimum of once every three years, each campus shall conduct an in-depth review to assess the adequacy of the reserves and the campus reserve policies applicable to the projects funded by debt, and shall make necessary adjustments and changes to account for changing conditions. For Major Maintenance and Repair/Capital Renovation and Upgrade Reserves, the reviews should include formal studies of facility systems and necessary funding levels to cover all aspects of cost of replacement through the reserve-funding plan.



Charles B. Reed, Chancellor

Date: October 23, 2006

**Attachment A**



## **Attachment B**

### **CSU Policy for Financing Activities Board of Trustees' Resolution RFIN 03-02-02**

**WHEREAS**, The Board of Trustees of The California State University ("the Board" or "the Trustees") finds it appropriate and necessary to use various debt financing programs afforded to it through the methods statutorily established by the legislature, and to use to its advantage those programs available to it through debt financing by recognized auxiliary organizations of the California State University; and

**WHEREAS**, The Board wishes to establish and maintain policies that provide a framework for the approval of financing transactions for the various programs that enable appropriate oversight and approval by the Trustees; and

**WHEREAS**, Within a policy framework the Board desires to establish appropriate delegations that enable the efficient and timely execution of financing transactions for the CSU and its recognized auxiliary organizations in good standing; and

**WHEREAS**, The Board recognizes that there is a need from time to time to take advantage of rapidly changing market conditions by implementing refinancings that will lower the cost of debt financing for the CSU and its auxiliary organizations and that such refinancings could be better implemented by reducing the time required to authorize such refinancings; and

**WHEREAS**, The Board finds it appropriate to establish the lowest cost debt financing programs for the CSU, and to use the limited debt capacity of the CSU in the most prudent manner; and

**WHEREAS**, There are certain aspects of the tax law related to the reimbursement of up-front expenses from tax-exempt financing proceeds that would be more appropriately satisfied through a delegation to the Chancellor without affecting the Trustees' ultimate approval process for such financings; now, therefore be it

**RESOLVED**, by the Board of Trustees of The California State University as follows:

#### **Section 1. General Financing Policies**

**1.1** The State University Revenue Bond Act of 1947 (Bond Act) provides the Board of Trustees with the ability to acquire, construct, or refinance projects funded with debt instruments repaid from various revenue sources.

**1.2** The long-term debt programs of the Board of Trustees established pursuant to the Bond Act shall be managed by the Chancellor to credit rating standards in the "A"e category.

**1.3** The intrinsic rating of any debt issued by the Trustees shall be at investment grade or better.

**1.4** The Trustees debt programs should include the prudent use of variable rate debt and commercial paper to assist with lowering the overall cost of debt.

**1.5** The Trustees programs shall be designed to improve efficiency of access to the capital markets by consolidating revenue bond programs where possible.

**1.6** The Chancellor shall develop a program to control, set priorities and plan the issuance of all long-term debt consistent with the five-year non-state capital outlay program.

**1.7** The Chancellor shall annually report to the Trustees on the activity related to the issuance of long-term debt.

## **Section 2. Financing Program Structure of the CSU's Debt Program**

**2.1** To use the limited debt capacity of CSU in the most cost effective and prudent manner, all on-campus student, faculty and staff rental housing, parking, student union, health center, and continuing education capital projects will be financed by the Trustees using a broad systemwide multi-source revenue pledge under the authority of the Bond Act in conjunction with the respective authority of the Trustees to collect and pledge revenues.

Other revenue-based on-campus and off-campus projects will also be financed through this program and the Bond Act unless there are compelling reasons why a project could not or should not be financed through this program (see Section 3 below).

**2.2** The Chancellor shall establish minimum debt service coverage and other requirements for Bond Act financing transactions and/or for the related campus programs, which shall be used for implementation of the Trustees' debt programs. The Chancellor shall also define and describe the respective campus program categories.

**2.3** The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Senior Director of Financing and Treasury, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in the name and on behalf of the trustees, to take any and all actions necessary to refinance any existing bonds issued pursuant to the Bond Act of 1947 if the refinancing transaction will result in net present value savings, as determined by an Authorized Representative of the Trustees and which determination shall be final and conclusive. Authorized Representatives of the Trustees are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions, bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such refinancing transactions.

## **Section 3. Other Financing Programs**

**3.1** The Board recognizes that there may be projects, or components of projects, that a campus wishes to construct that are not advantaged by, or financing is not possible, or is inappropriate for the Bond Act financing program. A campus president may propose that such a project be financed as an auxiliary organization or third party entity financing if there is reason to believe that it is more advantageous for the transaction to be financed in this manner than through the Bond Act financing program.

**3.1.1** Such financings and projects must be presented to the Chancellor for approval early in

the project's conceptual stage in order to proceed. The approval shall be obtained prior to any commitments to other entities.

**3.1.2** These projects must have an intrinsic investment grade credit rating, and shall be presented to the Trustees to obtain approval before the financing transaction is undertaken by the auxiliary organization or other third party entity.

**3.1.3** If a project is approved by the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Senior Director of Financing and Treasury, and each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to assist with the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

**3.2** The Chancellor may require campus presidents to establish campus procedures applicable to campus auxiliary organizations for the issuance of debt instruments to finance or to refinance personal property with lease purchase, line-of-credit, or other tax-exempt financing methods. The procedures issued by the Chancellor need not contain a requirement for approval of the Trustees or the Chancellor but may include authority for campus presidents to take all actions to assist the auxiliary organization on behalf of the Trustees to complete and qualify such financing transactions as tax-exempt.

#### **Section 4. State Public Works Board Lease Revenue Financing Program**

**4.1** The authorizations set forth in this section shall be in full force and effect with respect to any State Public Works Board project which has been duly authorized by the Legislature in a budget act or other legislation and duly signed by the Governor and which is then in full force and effect.

**4.2** The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Senior Director of Financing and Treasury, and each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all construction agreements, equipment agreements, equipment leases, site leases, facility leases and other documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to provide for the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

#### **Section 5. Credit of the State of California**

**5.1.** The delegations conferred by this resolution are limited and do not authorize the Chancellor or other Authorized Representatives of the Trustees to establish any indebtedness

of the State of California, the Board of Trustees, any CSU campus, or any officers or employees of any of them. Lending, pledging or otherwise using the credit established by a stream of payments to be paid from funds appropriated from the State of California for the purpose of facilitating a financing transaction associated with a capital project is permitted only if specifically authorized by a bond act or otherwise authorized by the legislature.

#### **Section 6. Tax Law Requirement for Reimbursement of Project Costs**

**6.1** For those projects which may be financed under the authority of the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the Senior Director of Financing and Treasury, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized to make declarations on behalf of the Trustees solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the U.S. Treasury Regulations; provided, however that any such declaration:

**6.1.1** Will not bind the Trustees to make any expenditure, incur any indebtedness, or proceed with the project or financing; and

**6.1.2** Will establish the intent of the Trustees at the time of the declaration to use proceeds of future indebtedness, if subsequently authorized by the Trustees, to reimburse the Trustees for expenditures as permitted by the U.S. Treasury Regulations.

#### **Section 7. Effective Date and Implementation**

**7.1** Within the scope of this financing policy, the Chancellor is authorized to further define, clarify and otherwise make and issue additional interpretations and directives as needed to implement the provisions of this policy.

**7.2** This resolution supercedes RFIN 11-98-18 and shall take effect immediately. However, the Chancellor shall have the authority to authorize on a individual basis, auxiliary organization projects that are in the planning stage as of the adoption of this policy to proceed under the previous policy in order to prevent situations that would result in additional project costs or additional time-to-completion.

## AGENDA

### JOINT COMMITTEES ON FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

**Meeting:** 1:30 p.m., Tuesday, September 20, 2016  
Glenn S. Dumke Auditorium

**Committee on Finance**

Peter J. Taylor, Chair  
Debra S. Farar, Vice Chair  
Jane W. Carney  
Adam Day  
Jean P. Firstenberg  
Hugo N. Morales  
Lateefah Simon

**Committee on Campus Planning,  
Buildings and Grounds**

Steven G. Stepanek, Chair  
John Nilon, Vice Chair  
Jane W. Carney  
Adam Day  
Thelma Meléndez de Santa Ana  
J. Lawrence Norton  
Peter J. Taylor

**Consent Item**

Approval of Minutes of the Meeting of November 12, 2014

**Discussion Item**

1. Approval of the Draft 2017-2018 Capital Outlay Program and the Draft 2017-2018 through 2021-2022 Five-Year Facilities Renewal and Capital Improvement Plan,  
*Action*

**MINUTES OF THE MEETING OF JOINT  
COMMITTEES ON FINANCE AND CAMPUS PLANNING, BUILDINGS AND  
GROUNDS**

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

**November 12, 2014**

**Members Present**

**Finance**

Roberta Achtenberg, Chair  
Steven M. Glazer, Vice Chair  
Talar Alexanian  
Adam Day  
Rebecca D. Eisen  
Debra S. Farar  
Margaret Fortune  
Lupe Garcia

**Campus Planning, Buildings and  
Grounds**

J. Lawrence Norton, Chair  
Rebecca D. Eisen, Vice Chair  
Talar Alexanian  
Adam Day  
Lillian Kimbell  
Steven G. Stepanek

Timothy P. White, Chancellor  
Lou Monville, Chair of the Board

Trustee Achtenberg called the meeting to order.

**Approval of Minutes**

The minutes of September 9, 2014 were approved by consent as submitted.

**New Capital Financing Authority and Revisions to the California State  
University Policy for Financing Activities, *Action Item***

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer stated that the Board is being asked to take action and approve amendments to its debt policy as a key step toward implementing the CSU's new capital financing authorities. He stated that at the last four Board meetings there had been discussions about the new capital financing authorities that were given to the University from the State of California along with the transfer of budget responsibility for State General Obligation (GO) and State Public Works Board (SPWB) bond debt service. He added that the new authority will help address pressing needs for new academic buildings, infrastructure, and critical deferred maintenance projects. He stated that similar authority had been provided to the University of California and other universities and that the Board will continue to approve the capital program as it has done in the past.

Ms. Vi San Juan, Assistant Vice Chancellor for Capital Planning, Design, and Construction provided the Board with background on the fundamental issues the CSU is facing with aging facilities. She stated that the last GO bonds appropriated to the CSU were approved by voters in 2006 providing the CSU an average of \$345 million per year. She also stated that SPWB lease revenue bond funds can only be used for new buildings or full building renovations. This limitation has not enabled the CSU to address utility infrastructure renewal or partial renovations like seismic upgrades, energy improvements or addressing accessibility needs. The CSU started the capital renewal program in 2005-2006 to address the renewal backlog and funded about \$145 million from GO bonds for infrastructure improvements through 2009-2010.

Ms. San Juan responded to an earlier trustee inquiry on the use of capital outlay funds and noted that funds had been used to address bottlenecks by increasing the amount of academic space and addressing life safety and code related projects. She stated that one of the benefits of this new financing authority is that the CSU is able to take control over the financing process. During the state fiscal crisis over \$350 million in projects in process were suspended and another \$200 million in projects approved by the legislature were put on hold.

Ms. San Juan stated that the trustees requested over \$293 million in operational funds from the state to reduce the deferred maintenance backlog since 2000. Of that amount, the state has funded only \$9.3 million. The many needs of the state has left the CSU with insufficient resources to address its capital outlay and deferred maintenance needs. The new capital financing authority provides the CSU with a management tool to best use its available resources to address growing facility and infrastructure needs.

Ms. San Juan called on President Hirshman to comment on the new financing authority.

President Hirshman stated that San Diego State University has over \$400 million in deferred maintenance. He added that many of the CSU presidents are experiencing similar challenges. He stated that the CSU needs to look at the new financing authority as part of the solution. He referred to the engineering building on his campus which is old and technologically obsolete. He added that this should not happen to an academic building. President Hirshman stated that with the new authorities, and through prudent and appropriate use of debt, the annual debt service for a replacement building would be manageable. He thanked the board and encouraged them to endorse a prudent, appropriate, cautious use of the new authority as envisioned in the resolution.

Ms. San Juan thanked President Hirshman and then called on President Morishita to comment on the new financing authority.

President Morishita appreciated the opportunity to comment on the broader use of operating funds for capital outlay and the policy before the board. He hoped that funding would start to address the \$1.9 billion backlog of deferred maintenance projects across the system. The new capital financing authority will help each president and the system to make judgments on how to

best prioritize the use of operating funds to serve the needs of the university. He stated that while long term debt is not desirable, interest rates are low and the CSU may risk missing out on an opportunity to fix its' failing infrastructure systems. He added that the state still has the responsibility to adequately resource the CSU to address the backlog of facility needs and the new authority would enable the system to make the necessary reinvestments and help reduce the risk of utility failures. He stated that the continued deferral of maintenance is increasing future costs. He strongly urged the board to support the proposal.

Mr. Robert Eaton, Acting Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management, reviewed the key provisions of the new capital financing authorities. He stated that the new authorities would allow the CSU to pledge and use its annual general fund support budget and any of its other revenues to secure CSU debt issued pursuant to the State University Revenue Bond Act of 1947. He stated that the new authorities would provide the CSU with a set of tools to address its capital needs, provide greater autonomy, lower the costs of projects, and create valuable funding flexibility to address the CSU's most pressing needs for new academic buildings, infrastructure, and critical deferred maintenance projects. Mr. Eaton stated that taking on additional debt service is always a form of risk, however, any new debt service would come before the Board and staff would provide a business plan identifying the revenue that would service the debt.

Mr. Relyea stated that by January 2015, staff plans to finalize the additional program structure and policy details through the Chancellor's Executive Order process, present not-to-exceed financing amounts for a slate of projects for approval by the Board, and then target the spring of 2015 to be prepared for an initial issuance of debt under the new authorities, subject to favorable market conditions. He emphasized that the requested action before the Board represents changes to the Board's debt policy in order to take advantage of the new authorities.

Trustee Glazer stated that he believes this proposal could lead to tuition increases. He added that without a commitment from the state, if state funding is reduced in the future options to cover borrowing could include increases in tuition or reductions in staff or student enrollment. He added that the responsibility for all of CSU's capital needs and borrowing will now be transferred onto the students attending the CSU. Trustee Glazer recommended asking the state to change its plan and to reinvest in the CSU with one-time monies to fix infrastructure issues the CSU is facing.

Trustee Day concurred with Trustee Glazer's points, but also expressed his support for the proposal before the Board. Speaker Atkins also agreed with Trustee Glazer's suggestion for a renewed discussion with the state. She added she would continue to be a part of this discussion.

Mr. Relyea stated that CSU presidents need to be able to deploy resources in the most optimal ways to solve problems. He added that he does not believe moving forward with the proposed policy would diminish the CSU's ability to go back to the state and make the argument for incremental funding to help with capital projects. He also stated that the CSU should identify other ways to infuse revenue into the system.

Trustee Achtenberg agreed with Trustee Glazer's comments regarding engaging in further discussions with the state, pointing out that it would be better policy if the State of California continued to be responsible for maintaining its investment in buildings and infrastructure. She stated that staff's proposal in regards to the authorities and delegations is a reasonable, business-like and prudent. As a result, she indicated she would be voting in favor of the item.

Trustee Kimbell agreed with Trustee Achtenberg and Mr. Relyea but added that she is concerned that if the CSU accepts these new responsibilities it might make it more difficult to negotiate with the state.

Trustee Norton echoed Trustee Achtenberg's comments on the desire for a better policy. He stated that at the last meeting there was a discussion about going back to Sacramento to ask for reconsideration on the debt transfer. He asked for an update on the status of that possibility. Chancellor White responded that the Department of Finance and the Executive Office are aware of the concerns of the Board. He stated this new law has been put in place and there is no indication of any inclination to change the law in the near-term. He added that staff would diligently continue to point out the policy shortcomings.

Chancellor White stated that he is heartened by Speaker Atkins' leadership. He acknowledged that the board is managing two kinetics; one is to approach the state to refine to the policy, the other is to work within the authorities that have been given to the CSU to improve its facilities. He added that the CSU must do something now to improve conditions and not wait for the policy to be changed.

Trustee Achtenberg stated that she hopes that the Board can address how things might unfold over the next 10 years. She added that she would like better projections before the Board begins putting money forward to issue bonds that will take 30 years to retire. At the same time, she would like to continue to implore policymakers to consider other options. Trustee Fortune added that the transferred responsibility for public facilities from the state to the students is wrong.

Ms. Kelsey Brewer, Student Trustee, stated that she attends a university that has \$250 million in deferred maintenance. She has friends that are STEM majors who are looking forward to becoming innovators in their field and are being taught off of chalkboards. Ms. Brewer concluded with stating that the Board must be committed to making sure that students have the opportunity to succeed and graduate with degrees that can be applied within their fields.

Trustee Monville stated that he is optimistic about the opportunity ahead and Speaker Atkin's commitment to an ongoing discussion that could lead to better policy opportunities. He stated that the Board needs to have an ongoing dialogue about the policy and to look for a more sustainable plan that is in the best interest of students and the system. He noted that he will be supporting the item and appreciates the hard work of staff and the Chancellor.

Trustee Eisen indicated that she was also in support of the revision to the policy for many of the reasons already stated. She also noted that she was optimistic because although the Board is making extraordinarily tough decisions, she felt the Board was doing a good job paying attention to priorities and is impressed with the staff's ability to explore ways to maximize resources.

Trustee Norton added that he would like the Board to have a very specific plan regarding continued discussions with the state or have a commitment from the Department of Finance with regard to funding levels.

The committee recommended approval of the New Capital Financing Authority and Revisions to the California State University Policy for Financing Activities (RFIN/CPBG 11-14-01).

There being no further questions, Trustee Achtenberg adjourned the Joint Committee on Finance and Capital Planning, Buildings and Grounds.

**JOINT COMMITTEES ON  
FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS**

**Approval of the Draft 2017-2018 Capital Outlay Program and the Draft 2017-2018 through 2021-2022 Five-Year Facilities Renewal and Capital Improvement Plan**

**Presentation By**

Elvyra F. San Juan  
Assistant Vice Chancellor  
Capital Planning, Design and Construction

Robert Eaton  
Assistant Vice Chancellor  
Financing, Treasury, and Risk Management

**Summary**

The purpose of this joint meeting is to present campus capital renewal and improvement priorities and propose a multi-year funding and financing approach. The intent of this approach is to increase campus certainty of funding by utilizing a portion of available funds appropriated to the California State University for annual debt service payments on previously approved State General Obligation and State Public Works Board lease revenue bonds.

This item seeks CSU Board of Trustees approval of the Draft 2017-2018 Capital Outlay Program and the Draft 2017-2018 through 2021-2022 Five-Year Facilities Renewal and Capital Improvement Plan. It also provides information for discussion on the multi-year capital outlay financing plan. The Final Capital Outlay Program budget, Final Five-Year Facilities Renewal and Capital Improvement Plan, and proposed Capital Outlay Program Financing Plan will be presented for approval at the November 2016 meeting.

**Draft 2017-2018 Capital Outlay Program Overview**

The primary objective of the capital outlay program is to provide facilities appropriate to the CSU's educational programs, to create environments conducive to learning, and to ensure that the quality and quantity of facilities at each of the 23 campuses serve the students equally well. The board approved the Categories and Criteria for priority setting for the 2017-2018 Facilities Renewal and Capital Improvement Plan at its March 2016 meeting. The Categories and Criteria help guide the development of the campuses' five-year plans and the proposed priority list.

The 2017-2018 Capital Outlay Program priority and project lists are provided in Attachments A and B. If approved by the board, the Draft Five-Year Plan will be published and distributed. The board's approval of the Draft 2017-2018 Capital Outlay Program and Five-Year Facilities Renewal and Capital Improvement Plan enables its submittal to the state in September as required by statute.

### **Draft 2017-2018 through 2021-2022 Five-Year Facilities Renewal and Capital Improvement Plan**

The Draft Five-Year Plan identifies the campuses' capital project priorities to address facility deficiencies and accommodate student enrollment growth. For academic facilities, campuses have identified a five-year need of over \$5 billion, and for self-support entities over \$3 billion in facility needs have been identified. The plan can be viewed at:

[http://www.calstate.edu/cpdc/Facilities\\_Planning/majorcapoutlayprogram.shtml](http://www.calstate.edu/cpdc/Facilities_Planning/majorcapoutlayprogram.shtml).

### **Draft Capital Outlay Program Financing Plan**

The capital outlay program continues to be transformed as a result of the enactment of the June 2014 legislation granting the CSU greater authority to utilize operating funds and other revenue sources to finance deferred maintenance and capital outlay projects. In order to provide campuses greater certainty in project funding to address critical projects, a multi-year financing approach is proposed for the board's consideration.

The proposal is to commit up to \$50 million per annum to support Systemwide Revenue Bond and related debt issuance to finance roughly \$750 million to \$1 billion in academic facility and infrastructure projects. The actual amount funded will depend on interest rates and financing structure at the time debt is issued. The \$50 million is proposed to be funded from the \$352 million in expected state appropriations to the CSU to pay the debt service on State General Obligation and State Public Works Board lease revenue bonds. The recent restructuring of part of the State Public Works Board lease revenue bond debt with Systemwide Revenue Bonds has helped to reduce the annual debt service and enable this approach to address our backlog of facility deficiencies.

As to the financing of the self-support capital projects, the projects will continue to come forward to the board on an individual basis and no changes are proposed at this time. Currently, the debt for self-support projects already approved or planned is estimated to total \$595 million.

An action item will be proposed in November on the multi-year financing approach for academic facilities incorporating board comments received during the September meeting.

**Recommendation**

The following resolution is presented for approval:

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

1. The Draft 2017-2018 through 2021-2022 Five-Year Facilities Renewal and Capital Improvement Plan is approved; and
2. The Draft 2017-2018 Capital Outlay Program included in the five-year plan distributed with the agenda is approved.

**DRAFT 2017-2018 to 2021-2022 Five-Year Capital Improvement Program**  
Cost Estimates are at Engineering News Record California Construction Cost Index 6255 and Equipment Price Index 3298

**ACADEMIC PROJECTS PRIORITY LIST**

This Draft Priority List and order is subject to change as campuses are confirming project scope, budget, campus co-funding and schedule.

Priority Order	Category	Campus	Project Title	FTE	Phase	Campus Reserves/ Other Budget	Systemwide Revenue Bonds - Academic Program (SRB-AP)					Total Budget	Cumulative Total Budget	Cumulative Multi-Year SRB-AP Budget
							2017-18	2018-19	2019-20	2020-21	2021-22			
1	IA	Statewide	Water Conservation - GO Bonds	N/A	PWC	4,000,000						4,000,000	4,000,000	0
2	IA	Statewide	Infrastructure Improvements *	N/A	PWC		70,000,000	70,000,000	70,000,000	70,000,000	70,000,000	350,000,000	354,000,000	350,000,000
3	IA	Statewide	Minor Capital Outlay **	N/A	PWC		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	150,000,000	504,000,000	500,000,000
4	IB	Statewide	Solar Energy, Ph. 4	N/A	PWC	204,388,000						204,388,000	708,388,000	500,000,000
5	IB	Bakersfield	Humanities Building	N/A	E	412,000						412,000	708,800,000	500,000,000
6	IB	Pomona	Administration Replacement Building	N/A	E	1,380,000						1,380,000	710,180,000	500,000,000
7	IB	Dominguez Hills	Center for Science and Innovation◇	43	CE	10,248,000	61,757,000					72,005,000	782,185,000	561,757,000
8	II	Monterey Bay	Academic Building III	1,500	WCE	1,307,000	34,364,000					35,671,000	817,856,000	596,121,000
9	IB	Fullerton	McCarthy Hall Renovation, Ph. 1	0	PWC	2,039,000		12,726,000				14,765,000	832,621,000	608,847,000
10	IB	Humboldt	Jenkins Hall Renovation	435	PWCE	1,195,000	9,524,000					10,719,000	843,340,000	618,371,000
11	IB	Chico	Siskiyou II Science Replacement (Seismic)	25	PWCE	6,338,000	3,096,000	73,499,000				82,933,000	926,273,000	694,966,000
12	II	San José	Interdisciplinary Science Replacement Bldg.	325	PWCE	6,941,000	2,755,000	78,183,000				87,879,000	1,014,152,000	775,904,000
13	IB	Los Angeles	Physical Sciences (Seismic), Ph. 4	N/A	CE	32,755,000	28,000,000					60,755,000	1,074,907,000	803,904,000
14	IB	Fresno	Central Plant Replacement	N/A	PWCE	3,950,000		27,887,000				31,837,000	1,106,744,000	831,791,000
15	IB	Long Beach	Student Success Bldg./Peterson Hall 2	83	CE	2,762,000	38,156,000					40,918,000	1,147,662,000	869,947,000
16	IB	Stanislaus	Library Renovation/Infrastructure (Seismic)	0	PWCE	3,017,000		3,141,000	49,178,000			55,336,000	1,202,998,000	922,266,000
17	IB	East Bay	Library Renovation (Seismic)	N/A	PWCE	7,235,000			74,755,000			81,990,000	1,284,988,000	997,021,000
18	IB	Sonoma	Stevenson Hall Renovation	0	PWCE	1,200,000		2,257,000		69,019,000		72,476,000	1,357,464,000	1,068,297,000
19	II	Maritime	Learning Commons	TBD	PWCE	1,208,000		1,523,000	24,817,000			27,548,000	1,385,012,000	1,094,637,000
20	IB	San Luis Obispo	Kennedy Library Renovation	566	PWCE	5,000,000				50,000,000		55,000,000	1,440,012,000	1,144,637,000
21	II	Channel Islands	Gateway Hall	TBD	PWCE	5,334,000				63,926,000		69,260,000	1,509,272,000	1,208,563,000
22	II	San Bernardino	Theatre Arts Building ◇	18	PWCE	6,171,000				60,395,000		66,566,000	1,575,838,000	1,268,958,000
23	IB	Northridge	Sierra Hall Renovation, Ph. 1	0	PWCE	4,605,000				52,330,000		56,935,000	1,632,773,000	1,321,288,000
24	IB	San Diego	Electrical Utilities Upgrade, Ph. 1	N/A	PWC	13,200,000					11,800,000	25,000,000	1,657,773,000	1,333,088,000
25	IB	San Francisco	Science Replacement Building ◇	TBD	PWCE	86,203,000					40,172,000	126,375,000	1,784,148,000	1,373,260,000
26	IB	Sacramento	Folsom 3rd Floor Improvements	TBD	PWCE	2,214,000					16,567,000	18,781,000	1,802,929,000	1,389,827,000
27	IB	San Diego	Dramatic Arts Renovation	N/A	PWCE	8,300,000					13,200,000	21,500,000	1,824,429,000	1,403,027,000
28	II	San Marcos	Applied Sciences and Technology	545	PWCE	4,605,000	1,491,000	25,748,000				31,844,000	1,856,273,000	1,430,266,000
29	IB	Pomona	Classroom Lab Bldg. Renovation (Seismic)	TBD	PWC	2,362,000					44,636,000	46,998,000	1,903,271,000	1,474,902,000
<b>Total Academic Projects</b>				<b>3,540</b>		<b>\$ 428,369,000</b>	<b>\$ 279,143,000</b>	<b>\$ 324,964,000</b>	<b>\$ 248,750,000</b>	<b>\$ 395,670,000</b>	<b>\$ 226,375,000</b>	<b>\$ 1,903,271,000</b>	<b>\$ 1,903,271,000</b>	<b>\$ 1,474,902,000</b>

**SELF-SUPPORT / OTHER PROJECT LIST**

Project financial plans for the below list of projects proposing to use Systemwide Revenue Bonds have not been approved by Finance and Treasury at the time of posting the Draft 2017-2018 Capital Outlay Program. Projects that do not secure Finance and Treasury approval will be moved to the 2018-2019 budget year prior to the presentation of the Final 2017-2018 Capital Outlay Program to the board planned for November 2016.

Alpha Order	Category	Campus	Project Title	Spaces	Phase	Campus Reserves/ Other Budget	Systemwide Revenue Bonds - Self-Support Program (SRB-SS)					Total Budget	Cumulative Total Budget	Cumulative Multi-Year SRB-SS Budget	
							2017-18	2018-19	2019-20	2020-21	2021-22				
1	II	Channel Islands	Student Housing, Ph. IV	TBD	PWCE	86,425,000						86,425,000	86,425,000	0	
2	II	Dominguez Hills	Student Housing, Ph. 1 (PPP)	600	PWCE	48,000,000						48,000,000	134,425,000	0	
3	IB	Fresno	Parking Lot Improvements	0	PWC	2,025,000						2,025,000	136,450,000	0	
4	IB	Humboldt	Parking Lot Replacements	0	PWC	185,000	1,904,000					2,089,000	138,539,000	1,904,000	
5	II	Long Beach	Alumni Center	N/A	PWC	12,000,000						12,000,000	150,539,000	1,904,000	
6	II	Los Angeles	Parking Structure	TBD	PWC		74,441,000					74,441,000	224,980,000	76,345,000	
7	II	Maritime	Student Housing, Ph. 2	132	PWCE	3,738,000	37,313,000					41,051,000	266,031,000	113,658,000	
8	II	Pomona	Student Housing & Dining	980	PWCE		179,000,000					179,000,000	445,031,000	292,658,000	
9	II	San Bernardino	Student Union Expansion	N/A	PWCE	6,006,000		81,967,000				87,973,000	533,004,000	374,625,000	
10	II	San Francisco	Lower Valley Student Housing, Ph. 1	1,500	PWCE		288,110,000					288,110,000	821,114,000	662,735,000	
11	IB	San José	North Parking Facility Retrofit/Solar	0	PWC	6,419,000						6,419,000	827,533,000	662,735,000	
12	II	San Luis Obispo	Science/Ag. Teaching Research Complex	N/A	PWCE	65,702,000						65,702,000	893,235,000	662,735,000	
13	IB	San Luis Obispo	Ornamental Horticulture Greenhouse Repl.	N/A	PWCE	15,500,000						15,500,000	908,735,000	662,735,000	
14	II	San Luis Obispo	Engineering Projects Building	N/A	PWCE	39,242,000						39,242,000	947,977,000	662,735,000	
15	II	San Marcos	Extended Learning Building (PPP)	N/A	PWCE	57,317,000						57,317,000	1,005,294,000	662,735,000	
16	II	Sonoma	Baseball Stadium Improvements	N/A	PWC	3,788,000						3,788,000	1,009,082,000	662,735,000	
17	II	Stanislaus	Student Recreation Complex Addition	N/A	PWCE		36,895,000					36,895,000	1,045,977,000	699,630,000	
<b>Total Self-Support / Other Projects</b>						<b>\$ 346,347,000</b>	<b>\$ 617,663,000</b>	<b>\$ 81,967,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,045,977,000</b>	<b>\$ 1,045,977,000</b>	<b>\$ 699,630,000</b>	
<b>Grand Total Academic and Self-Support Projects</b>						<b>3,540</b>	<b>\$ 774,716,000</b>	<b>\$ 896,806,000</b>	<b>\$ 406,931,000</b>	<b>\$ 248,750,000</b>	<b>\$ 395,670,000</b>	<b>\$ 226,375,000</b>	<b>\$ 2,949,248,000</b>	<b>\$ 2,949,248,000</b>	<b>\$ 2,174,532,000</b>

Categories:

- I Existing Facilities/Infrastructure
  - A. Critical Infrastructure Deficiencies
  - B. Modernization/Renovation
- II New Facilities/Infrastructure

Notes:

P = Preliminary Plans W = Working Drawings C = Construction E = Equipment  
PPP = Public Private Partnerships

\* The Infrastructure Improvements Program addresses smaller scale utility, building systems renewal and upgrades. Projects are listed separately on Attachment B.

\*\* The Minor Capital Outlay Program are improvement projects (classroom upgrades, ADA, etc.) estimated to cost \$656,000 or less.

◇ This project is dependent upon state and non-state funding.

### DRAFT 2017-2018 Infrastructure Improvements Program Project List

*Cost Estimates are at Engineering News Record California Construction Cost Index 6255 and Equipment Price Index 3298*

Campus	Project Title	Phase	Campus Reserves Budget	SRB-AP Budget	Total Project Budget	Funds to Complete	Cumulative Total Project Budget
Bakersfield	Natural Gas Line Replacement	PWC		300,000	300,000		300,000
Bakersfield	PE Building Renovation (Seismic)	PWC	130,000	1,870,000	2,000,000		2,300,000
Bakersfield	Replace Electrical Distribution, Ph. 2	C		1,781,000	1,781,000		4,081,000
Bakersfield	Lab Modernization/Infrastructure	PWC	132,000	1,654,000	1,786,000		5,867,000
Bakersfield	Chilled Water Line Upgrade	PW	129,000	1,711,000	1,840,000		7,707,000
Bakersfield	Domestic Water Line Upgrades	PWC	103,000	1,263,000	1,366,000		9,073,000
Bakersfield	PE Field Artificial Turf	PWC	98,000	1,212,000	1,310,000		10,383,000
Channel Islands	Electrical and Fire Alarm Upgrades	PWC		327,000	327,000		10710000
Channel Islands	ADA Pathway Upgrade	PWC		350,000	350,000		11060000
Channel Islands	Aliso Hall and Arroyo Hall HVAC Upgrade	PWC	11,000	489,000	500,000		11560000
Channel Islands	Sanitary Sewer Replacement	PWC	11,000	389,000	400,000		11960000
Chico	Electrical Distribution & Switchgear, Ph. 1	P	25,000	475,000	500,000	7,200,000	12,460,000
Chico	North Campus Utilities, Ph. 1	PWc	30,000	600,000	630,000	3,000,000	13,090,000
Chico	Plumas Building Renewal, Ph. 1	PWc	160,000	3,100,000	3,260,000		16,350,000
Chico	EMS System Renewal	PWc	90,000	1,750,000	1,840,000	4,332,000	18,190,000
Chico	Acker & Shurmer Fire/Life Safety	PWc	125,000	2,375,000	2,500,000	1,505,000	20,690,000
Dominguez Hills	Central Plant Electric Chiller Upgrade	PWC		6,688,000	6,688,000	1,312,000	27,378,000
Dominguez Hills	Academic Bldgs. Renewal	PWC	1,200,000	11,800,000	13,000,000	29,170,000	40,378,000
East Bay	12Kv Substations, Ph. 2	PWC		815,000	815,000		41,193,000
East Bay	Electrical Infrastructure Upgrade, Ph.2C	PWC	45,000	2,032,000	2,077,000		43,270,000
East Bay	Boiler Replacement	PWC	199,000	1,857,000	2,056,000		45,326,000
East Bay	Chiller Replacement	PWC	315,000	3,000,000	3,315,000		48,641,000
East Bay	Infrastructure Improvements	PWC	769,000	1,795,000	2,564,000		51,205,000
Fresno	Underground Utility Infrastructure Improvements	PWC	541,000	4,871,000	5,412,000		56617000
Fullerton	Physical Services Complex, Ph. 1	PW	1,000,000		1,000,000	6,549,000	57,617,000
Humboldt	Controls Upgrade	PWC		2,000,000	2,000,000		59,617,000
Humboldt	Redundant Fiber Optic Pathways	PWC		813,000	813,000		60,430,000
Humboldt	Mill Street Water & Sewer Infrastructure Retrofit	PWC		100,000	100,000		60,530,000
Humboldt	17th Street Water & Sewer Infrastructure Retrofit	PWC		100,000	100,000		60,630,000
Humboldt	Gist Hall Renovation & Retrofit Systems	PWC		4,982,000	4,982,000		65,612,000
Long Beach	Microbiology HVAC Replacement, Ph. 1, 2	PWC	930,000	5,570,000	6,500,000	2,800,000	72,112,000
Los Angeles	Central Plant Chiller Replacement	PWC	211,000	2,506,000	2,717,000		74,829,000
Maritime Academy	Faculty Road Repairs	PWC		1,400,000	1,400,000		76,229,000
Maritime Academy	Boiler Replacement (Ship)	PWC	48,000	432,000	480,000		76,709,000
Maritime Academy	Domestic Water Pipe Replacement	PWC	66,000	594,000	660,000		77,369,000
Monterey Bay	Demolition, Ph. 3	C		9,580,000	9,580,000		86,949,000
Monterey Bay	Electrical Distribution System, Ph. 1	PWC		1,800,000	1,800,000		88,749,000
Monterey Bay	Infrastructure Improvements, Ph. 2, 3	PWC	687,000	6,875,000	7,562,000		96,311,000
Northridge	Building Electrical System Replacement, Ph. 1	WC		1,500,000	1,500,000		97,811,000
Northridge	Heating System Replacement, Ph. 3, 4	PWC	63,000	3,387,000	3,450,000		101,261,000
Northridge	Building Electrical Sys. Replacement, Ph. 2, 3	PWC	361,000	3,251,000	3,612,000	5,651,000	104,873,000
Northridge	Fifth Substation Upgrade	PWC	134,000	1,564,000	1,698,000	4,685,000	106,571,000
Northridge	Domestic Water Line Upgrade, Ph. 1, 2	PW	400,000	6,034,000	6,434,000	12,434,000	113,005,000
Northridge	Sewer Replacement	PW	166,000		166,000	1,874,000	113,171,000
Pomona	Domestic Water Line Upgrades	C		2,354,000	2,354,000		115,525,000
Pomona	Natural Gas Line Upgrades	PWC		2,394,000	2,394,000		117,919,000
Pomona	HVAC/Fume Hood Replacement, Bldg. 8	PWC	575,000	5,175,000	5,750,000		123,669,000
Pomona	Sanitary Sewer Upgrades	PWC	200,000	1,800,000	2,000,000		125,669,000

**DRAFT 2017-2018 Infrastructure Improvements Program Project List**

*Cost Estimates are at Engineering News Record California Construction Cost Index 6255 and Equipment Price Index 3298*

Campus	Project Title	Phase	Campus Reserves Budget	SRB-AP Budget	Total Project Budget	Funds to Complete	Cumulative Total Project Budget
Sacramento	Fire Alarm System Upgrade, Ph. 2	PWC	306,000	1,052,000	1,358,000		127,027,000
Sacramento	Building Main Switchgear Replacement	PWC	290,000	1,750,000	2,040,000		129,067,000
Sacramento	Sewer Relining	PWC	344,000	1,000,000	1,344,000		130,411,000
Sacramento	ADA Upgrades	PWC	55,000	795,000	850,000		131,261,000
Sacramento	Fire Alarm System Upgrade, Ph. 3	PWC	306,000	1,941,000	2,247,000		133,508,000
San Bernardino	Replace Gas Switches	PWC		354,000	354,000		133,862,000
San Bernardino	Biology Teaching Labs Renovation	PWCE	206,000	2,713,000	2,919,000		136,781,000
San Bernardino	Performing Arts Elevator Upgrade	PWC	31,000	290,000	321,000		137,102,000
San Bernardino	Pfau Library Elevator Upgrade	PWC	126,000	1,248,000	1,374,000		138,476,000
San Bernardino	Sierra Hall Roof Replacement	PWC	68,000	472,000	540,000		139,016,000
San Diego	Replace Roofs	PWC		700,000	700,000		139,716,000
San Diego	IVC North Classroom Renovation (Seismic)	PWC	200,000	1,822,000	2,022,000		141,738,000
San Diego	HVAC System and Fume Hood Replacement	PWC	1,128,000	4,525,000	5,653,000		147,391,000
San Diego	Extend Fire Sprinkler System	PWC	175,000	700,000	875,000		148,266,000
San Diego	Drain Pipe Replacement, Project 1	PWC	110,000	440,000	550,000		148,816,000
San Diego	Roof Replacements	PWC	115,000	450,000	565,000		149,381,000
San Diego	Electrical Infrastructure Renewal	PWC	250,000	2,328,000	2,578,000		151,959,000
San Francisco	Central Plant/Utility Upgrades	PWC	100,000	1,171,000	1,271,000		153,230,000
San Francisco	Sanitary Sewer/Storm/Domestic Water Risk Projects	PWC	141,000	1,501,000	1,642,000		154,872,000
San Francisco	Data Center Emergency Power and Condenser	PWC	65,000	741,000	806,000		155,678,000
San José	Utilities Infrastructure, Ph. 2	PWC	611,000	5,502,000	6,113,000		161,791,000
San Luis Obispo	Central Heating and Chilled Water Upgrade, Ph. 3	C		5,000,000	5,000,000	5,000,000	166,791,000
San Luis Obispo	Substation Redundancy	PWC	380,000	3,819,000	4,199,000		170,990,000
San Marcos	Craven Hall HVAC Upgrade	PWC	215,000	3,033,000	3,248,000		174,238,000
San Marcos	Central Plant Generator	PWC	108,000	1,428,000	1,536,000		175,774,000
Sonoma	Central Plant Main Switchgear	PWC		836,000	836,000		176,610,000
Sonoma	In-ground Transformer, Ives Hall	PWC		208,000	208,000		176,818,000
Sonoma	Cooling Tower	PWC		923,000	923,000		177,741,000
Sonoma	Chiller No. 3	PWC		1,110,000	1,110,000		178,851,000
Sonoma	IDEC Unit Replacement, Salazar and Darwin	PWC		2,941,000	2,941,000		181,792,000
Sonoma	In-ground Valve Replacements, Campuswide	PWC		2,348,000	2,348,000		184,140,000
Stanislaus	Central Plant Infrastructure, Ph. 1	PWC		1,776,000	1,776,000		185,916,000
Stanislaus	Drama Air Handler Replacement	PWC	114,000	1,425,000	1,539,000		187,455,000
Stanislaus	Heating Hot Water Line Replacement, Ph. 1, 2	PWC	218,000	1,924,000	2,142,000	1,828,000	189,597,000
Systemwide	EMS/Controls/Metering/MMS/Water	PWC		50,000,000	50,000,000		239,597,000
<b>Total Infrastructure Improvements Program</b>			<b>\$14,616,000</b>	<b>\$ 224,981,000</b>	<b>\$ 239,597,000</b>	<b>\$ 87,340,000</b>	<b>\$ 239,597,000</b>

## AGENDA

### COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

**Meeting:**      **2:00 p.m., Tuesday, September 20, 2016**  
                    **Glenn S. Dumke Auditorium**

Steven G. Stepanek, Chair  
John Nilon, Vice Chair  
Jane W. Carney  
Adam Day  
Thelma Meléndez de Santa Ana  
J. Lawrence Norton  
Peter J. Taylor

#### **Consent Items**

Approval of Minutes of the Meeting of July 19, 2016

1. Approval of Schematic Plans for California State University, Sacramento, *Action*
2. Approve the 2016 Master Plan Revision, Amendment of the 2016-2017 Capital Outlay Program, and Schematic Plans for the Monterey Bay Charter School, Phase I at California State University, Monterey Bay, *Action*

**MINUTES OF MEETING OF  
COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

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

**July 19, 2016**

**Members Present**

Steven G. Stepanek, Chair  
John Nilon, Vice Chair  
Jane W. Carney  
Adam Day  
Rebecca D. Eisen, Chair of the Board  
Thelma Meléndez de Santa Ana  
J. Lawrence Norton  
Peter J. Taylor  
Timothy P. White, Chancellor

Trustee Steven G. Stepanek called the meeting to order.

**Approval of Minutes**

The minutes of May 24, 2016 were approved as submitted.

**Approval of the Amendment of the 2016-2017 Capital Outlay Program and Schematic Plans for California Polytechnic State University, San Luis Obispo**

Assistant Vice Chancellor Elvyra F. San Juan presented the revised agenda item 1, Approval of the Amendment of the 2016-2017 Capital Outlay Program and Schematic Plans for the Baseball Clubhouse Replacement building for Cal Poly San Luis Obispo. The project will seek Leadership in Energy and Environmental Design (LEED) Silver certification and will be funded entirely from donations. Staff recommended approval.

The committee recommended approval of the proposed resolution (RCPBG 07-16-08).

Trustee Steven G. Stepanek adjourned the meeting.

## **COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

### **Approval of Schematic Plans for California State University, Sacramento**

#### **Presentation By**

Elvyra F. San Juan  
Assistant Vice Chancellor  
Capital Planning, Design, and Construction

#### **Summary**

Schematic plans for the following project will be presented for approval. The California State University Board of Trustees approved the project budget and scope in September 2015. Financing will be presented at the September 2016 meeting of the Committee on Finance.

#### **California State University, Sacramento – University Union Renovation and Expansion, Phase I**

*Architect: Dreyfuss + Blackford Architects*  
*Collaborative Design-Build Contractor: McCarthy*

#### **Background and Scope**

The University Union (#47<sup>1</sup>) was originally built in 1975 and located centrally on campus at the intersection of primary pedestrian pathways. Over time the three-story concrete structure has received limited additions in 1990, 1992, and 2003, and a major addition in 1996. The proposed demolition of 18,200 gross square feet (GSF), construction of a 60,849 GSF three-story addition and a 10,881 GSF renovation will accommodate the growing campus population and provide needed program enhancements.

The project addition includes new student offices, meeting rooms, special event spaces, a coffee bar with casual seating, and new spaces for Peak Outdoor Adventures, Women's Resource Center, Event Services offices, and the Dean of Student Affairs. The renovated areas will include informal recreation space, accessible restroom facilities, student lounge space, and improved circulation and building access.

The new construction will contain structural steel framing with reinforced concrete floors and a reinforced lightweight concrete-topped metal deck roof. The expansion will utilize the existing concrete structure to provide some lateral stability in order to minimize the extent of required structural retrofit. The exterior will consist of materials such as fiber cement panel and cast in place

---

<sup>1</sup> The facility number is shown on the master plan map and recorded in the Space and Facilities Database.

concrete, selected for durability and ease of maintenance. The expansion design will contain elements of the existing building as well as exterior finishes and colors to match the existing University Union.

The proposed project addition will create a main entrance on the northeast corner of the Union with a covered pavilion which transitions a four-foot grade change from the street to the building entrance. The grade change requires pedestrian steps and accessible ramps that have been arranged with a series of planters and seat walls designed to encourage student engagement and outdoor activities.

The building's interior space will be oriented to maximize natural daylighting. The project will provide upgrades to the fire suppression, domestic water, and sanitary sewer lines that serve the facility.

Sustainable building features will include LED lighting, water efficient plumbing fixtures, and natural daylighting. The shading devices along the east elevation will deflect direct sunlight to reduce solar heat gain. This project will be designed to be Leadership in Energy and Environmental Design (LEED) Gold equivalent.

**Timing (Estimated)**

Preliminary Plans Completed	October 2016
Working Drawings Completed	December 2016
Construction Start	March 2017
Occupancy	August 2018

**Basic Statistics**

New Construction	
Gross Building Area	60,849 square feet
Assignable Building Area	34,643 square feet
Efficiency	57 percent
Renovation	
Gross Building Area	10,881 square feet
Assignable Building Area	8,060 square feet
Efficiency	74 percent

**Cost Estimate – California Construction Cost Index (CCCI) 6151<sup>2</sup>**

Building Cost (\$511 per GSF)	\$36,677,000
<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 22.65
b. Shell (Structure and Enclosure)	\$ 111.81
c. Interiors (Partitions and Finishes)	\$ 103.29
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 149.30
e. Built-in Equipment and Furnishings	\$ 11.14
f. Special Construction & Demolition	\$ 35.65
g. General Conditions and Insurance	\$ 77.49
Site Development	<u>2,368,000</u>
Construction Cost	\$39,045,000
Fees, Contingency, Services	<u>12,627,000</u>
Total Project Cost (\$720 per GSF)	\$51,672,000
Fixtures, Furniture & Movable Equipment	<u>1,509,000</u>
Grand Total	<u>\$53,181,000</u>

**Cost Comparison**

This project’s building cost of \$511 per GSF is higher than the \$497 per GSF for the California State University, Fullerton Titan Student Union Expansion approved in March 2015 and the \$452 per GSF for the San José State Student Union Expansion and Renovation approved in March 2009, both adjusted to CCCI 6151. The higher building cost is due in large part to the demolition costs associated with the existing facility and the higher costs of materials and labor to bring the existing facility in line with current codes. Additionally, program enhancements such as acoustical elements and folding partitions in the large meeting rooms also contribute to the higher building cost.

---

<sup>2</sup> The July 2015 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

### **Funding Data**

The project will be financed from the CSU Systemwide Revenue Bond program. The bonds will be repaid from University Union fees, approved by the university president per Executive Order 1054 on April 23, 2015 via the alternative consultation process. The Committee on Finance will consider project financing at this meeting.

### **California Environmental Quality Act (CEQA) Action**

An Environmental Impact Report for the 2015 Campus Master Plan was certified by the trustees in May 2015. The University Union Renovation and Expansion, Phase I project is consistent with the Campus Master Plan EIR findings.

### **Recommendation**

The following resolution is presented for approval:

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

1. The proposed project will not have significant adverse impacts on the environment and the project will benefit the California State University.
2. The schematic plans for California State University, Sacramento University Union Renovation and Expansion, Phase I are approved at a project cost of \$53,181,000 at CCCI 6151.

## **COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS**

### **Approve the 2016 Master Plan Revision, Amendment of the 2016-2017 Capital Outlay Program, and Schematic Plans for the Monterey Bay Charter School, Phase 1 at California State University, Monterey Bay**

#### **Presentation By**

Elvyra F. San Juan  
Assistant Vice Chancellor  
Capital Planning, Design, and Construction

#### **Summary**

This agenda item requests the following actions by the California State University Board of Trustees with regard to the Monterey Bay Charter School (MBCS) at California State University, Monterey Bay:

- Adopt the Final Initial Study/Mitigated Negative Declaration dated July 7, 2016
- Approve the proposed campus master plan revision dated September 2016
- Approve the Amendment of the 2016-2017 Capital Outlay Program
- Approve the Phase 1 Schematic Design

The Committee on Finance will consider approval of the public-public partnership development agreement with the MBCS at this September 2016 meeting.

Attachment “A” is the proposed campus master plan that includes the changes needed to site the MBCS and changes to the campus’ future boundaries to express the long term vision to acquire parcels contiguous to the university. Attachment “B” is the existing campus master plan approved by the trustees in May 2009.

The CSU Board of Trustees requires that every campus have a long range physical master plan showing existing and anticipated facilities necessary to accommodate a specified academic year full-time equivalent student enrollment. Each master plan reflects the physical requirements of academic program and auxiliary activities on the campus. By board policy, significant changes to the master plan and approval of a project’s schematic design require board approval. Authority for minor master plan revisions or schematic designs for project that are not architecturally significant, are utilitarian in nature, or have a cost of \$5,000,000 or less are delegated to the chancellor or his designee.

### **Proposed Master Plan Revision**

The campus is proposing revisions to the physical master plan to primarily: 1) accommodate the development of the MBCS, and 2) identify land that the campus may acquire in the future to support the university.

The master plan revision identifies the proposed location of the charter school and relocates student housing and support functions previously planned for the site. The proposed MBCS partnership received conceptual approval by the Board of Trustees in November 2015. The concept approval was granted to develop the MBCS as a partnership between a public charter school entity and CSU Monterey Bay on approximately 18 acres of campus property.

The MBCS complex consists of developing a 60,000 square-foot kindergarten through 8<sup>th</sup> grade school to accommodate up to 508 students situated on the southeastern portion of the CSU Monterey Bay campus. The construction of permanent buildings will be completed in phases with long-term development dependent upon available charter school funding.

The land use at the proposed MBCS project site is currently designated as “Student Housing.” The proposed master plan revision identifies the siting of the MBCS and relocation of a future 600-bed student resident hall. The proposed relocation aligns with the master plan intent to densify the campus’s central core and develop new residence halls within walking distance of the main campus quadrangle.

The master plan revision also identifies land for future potential acquisition. The acquisition of these areas will improve the demarcation of CSU Monterey Bay and aims to ensure the property use is compatible and supportive of the university’s educational mission. Of the proposed parcels, one is owned by University Corporation, an auxiliary at CSU Monterey Bay that operates a student housing project on 8.27 acres of land adjacent to the campus commonly known as Promontory Student Housing. On July 19, 2016, the board granted approval to University Corporation to purchase the Promontory Student Housing from a private developer. The identification of the 8.27 acres of real property associated with Promontory Student Housing as a future acquisition on the master plan will facilitate the CSU’s acceptance of the property. For the other parcels proposed for future acquisition, the campus has considered the possible use as student housing, entrance pathways, or for facilities operations. At this time, no change in land use is proposed.

The proposed master plan changes are noted on Attachment A:

*Hexagon 1:* Monterey Bay Charter School (#620<sup>1</sup>)

*Hexagon 2:* Student Housing (#401-404, 601-604)

*Hexagon 3:* Future Land Acquisition

### **Amend the 2016-2017 Capital Outlay Program**

The Board of Trustees approved the 2016-2017 Capital Outlay Program at its November 2015 meeting. CSU Monterey Bay wishes to amend the 2016-2017 Capital Outlay Program for \$12,774,000 for preliminary plans, working drawings and construction for Phase I of the MBCS (#620) project. The proposed site, identified in the campus master plan revision dated September 2016, is bound by Butler Street to the north and Colonel Durham Street to the south, Seventh Avenue to the east, and Sixth Avenue to the west.

### **Monterey Bay Charter School, Phase 1 Schematic Design**

*Project Architect: Nichols, Melburg & Rossetto Architects*

*Design/Build Contractor: Otto Construction*

### **Background and Scope**

Phase 1 of the proposed 29,000 gross square feet (GSF) project will construct three kindergarten classrooms, and 16 classrooms for grades 1 through 8. The space for grades 7 and 8 classrooms, crafts, music, administrative and resource facilities will be leased from a modular company for five years while funding is secured for replacement with permanent buildings. In addition, outdoor play and educational spaces will be developed.

The Phase 1 facilities will accommodate approximately 430 students. The school will reach full enrollment of 508 students in the 2019-2020 school year. Additional support and instructional facilities will be completed as financing becomes available with completion anticipated during the 2025-2035 timeframe.

The MBCS architecture is a prairie style design with massing and proportions consistent with kindergarten-eighth grade school building construction. The structures are wood framed with composition shingle roofs and integral color fiber cement siding panels and trim. The buildings are two stories in height.

The project will strive to reach LEED Gold equivalent. Energy conservation measures incorporated into the project include high efficiency HVAC systems that do not require air conditioning or cooling towers, energy efficient lighting, and conduit installation for future solar power panels and electric vehicle chargers. Low-flow fixtures will be installed throughout the project site to promote water conservation.

---

<sup>1</sup> The facility number is shown on the master plan map and recorded in the Space and Facilities Database.

The site plan includes the planting of native, drought-resistant species, installation of minimal irrigation and the development of retention ponds for stormwater runoff and groundwater recharge. Alternative transportation facilities will be incorporated into the project design as well. Bike, pedestrian, and transit infrastructure will be provided to facilitate alternative transportation linkages to CSU Monterey Bay’s main campus and for residents of the East Campus housing.

**Timing (Estimated)**

Preliminary Plans Completed	September 2016
Working Drawings Completed	January 2017
Construction Start	July 2017
Occupancy	July 2018

**Basic Statistics**

Gross Building Area	29,000 square feet
Assignable Building Area	18,000 square feet
Efficiency	62 percent

**Cost Estimate – California Construction Cost Index (CCCI) 6255<sup>2</sup>**

Building Cost (\$161 per GSF)	\$4,660,000
-------------------------------	-------------

<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 3.38
b. Shell (Structure and Enclosure)	\$ 54.03
c. Interiors (Partitions and Finishes)	\$ 22.93
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 60.38
e. Special Construction & Demolition	\$ 1.34
f. General Conditions and Insurance	\$ 18.63

Site Development	<u>3,871,000</u>
Construction Cost	\$8,069,000
Fees, Contingency and Services	<u>4,243,000</u>
Total Project Cost (\$440 per GSF)	<u>\$12,774,000</u>

---

<sup>2</sup> The July 2016 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

### **Cost Comparison**

This project's building cost of \$161 per GSF reflects the wood frame and modular building type of construction. As a result, its building cost is significantly lower than comparable charter high schools constructed on other CSU campuses of type II, steel and concrete construction: the \$438 per GSF for the International Polytechnic High School at Cal Poly Pomona approved in March 2007, the \$408 per GSF for the LA County High School for the Arts at CSU Los Angeles approved in May 2007, and the \$400 per GSF for the Fresno University High School at CSU Fresno approved in March 2008, all adjusted to CCCI 6255.

### **Funding Data**

The project will be financed, constructed and managed by the Monterey Bay Charter School for the duration of its 50-year lease. The MBCS plans to obtain private funding for this project.

### **California Environmental Quality Act (CEQA) Action**

A Draft Initial Study/Mitigated Negative Declaration (IS/MND) was prepared for the MBCS project and made available to the public for review and comment from March 14, 2016 to April 13, 2016. A public meeting was held on March 30, 2016 to obtain public comments. Letters from the State Office of Planning and Research and the Monterey Bay Unified Air Pollution Control District were received which did not contain adverse comments.

In addition, a comment letter was received from Caltrans. Caltrans commented that the Traffic Impact Study in the Final IS/MND assumed a different trip generation than what will actually be occurring to the project site. Caltrans further indicated that the trip total (not net increase in trips generated by the school due to an increase in enrollment) should be applied when calculating the required Transportation Agency for Monterey County Regional Development Impact Fees to mitigate cumulative impacts. In response to these comments, it has been clarified that the discussion on the net increase was provided for information purposes only and the Traffic Impact Study analysis was based upon the total trips generated. Accordingly, potential impacts were adequately assessed and thus no adjustment to the amount of impact fees to be paid by MBCS is necessary.

The MBCS has entered into a Memorandum of Understanding with the Fort Ord Reuse Authority under which the MBCS will pay the Community Facilities District Special Taxes for the mitigation of traffic to be generated by the MBCS. In addition, the MBCS will pay a pro-rata share of the cost of a signalization improvement project at the intersection of General Jim Moore Boulevard and Coe Avenue.

With regard to the areas of future acquisition shown in the proposed master plan, analysis and compliance with CEQA requirements will occur at the time of acquisition. No additional CEQA action is necessary relating to the inclusion of the areas to be acquired in the future as there is no proposed change in use of the property at this time.

The Final IS/MND has been prepared and is presented to the trustees for review and adoption. The final documents, including the Mitigation Monitoring and Reporting Program are available online at: <https://csumb.edu/campusplanning/proposed-projects#monterey-bay-charter-school>. The Final IS/MND found that the project will not result in any significant unavoidable environmental impacts with implementation of the mitigation measures to reduce potential biological, cultural, hydrology, and soils impacts.

### **Recommendation**

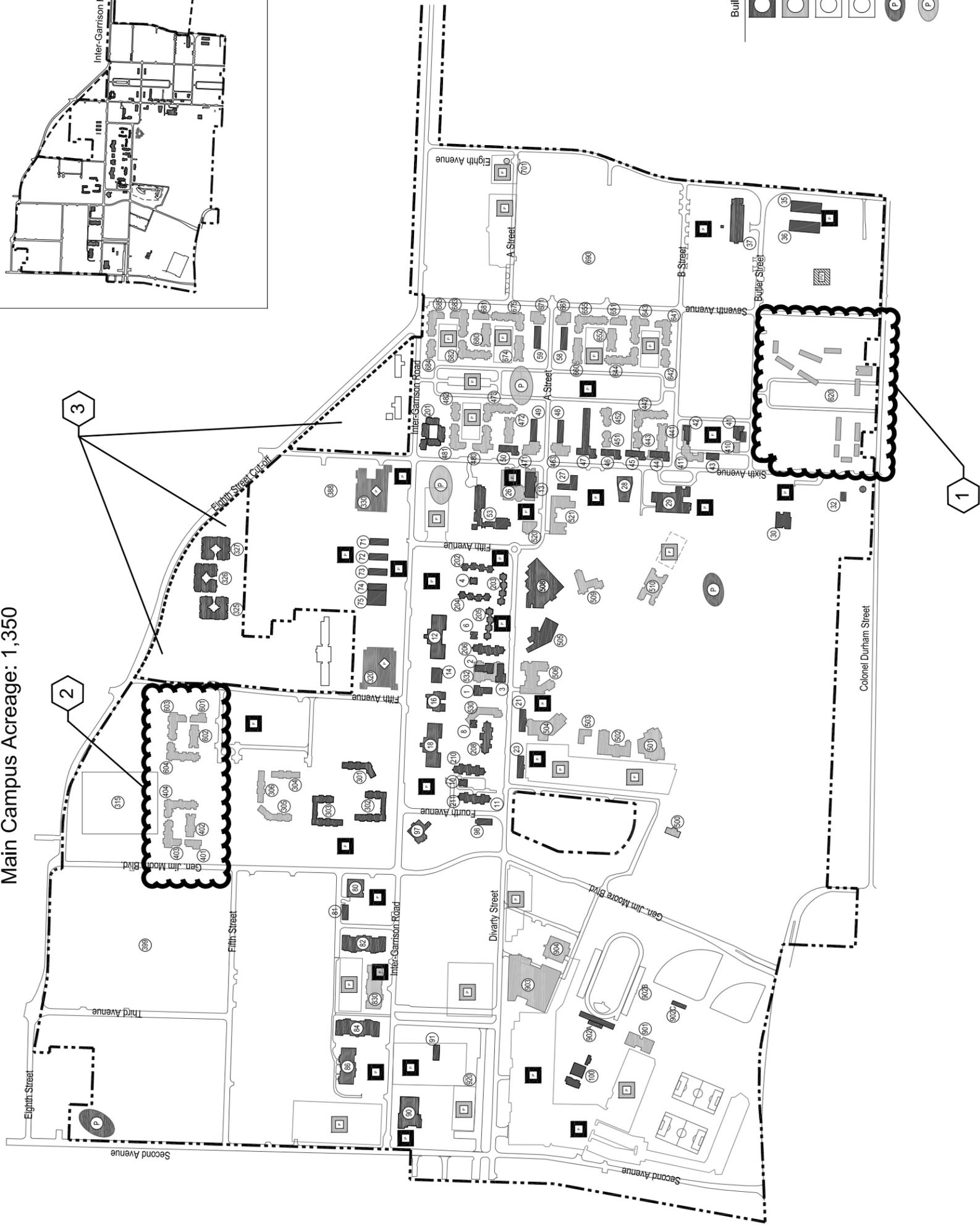
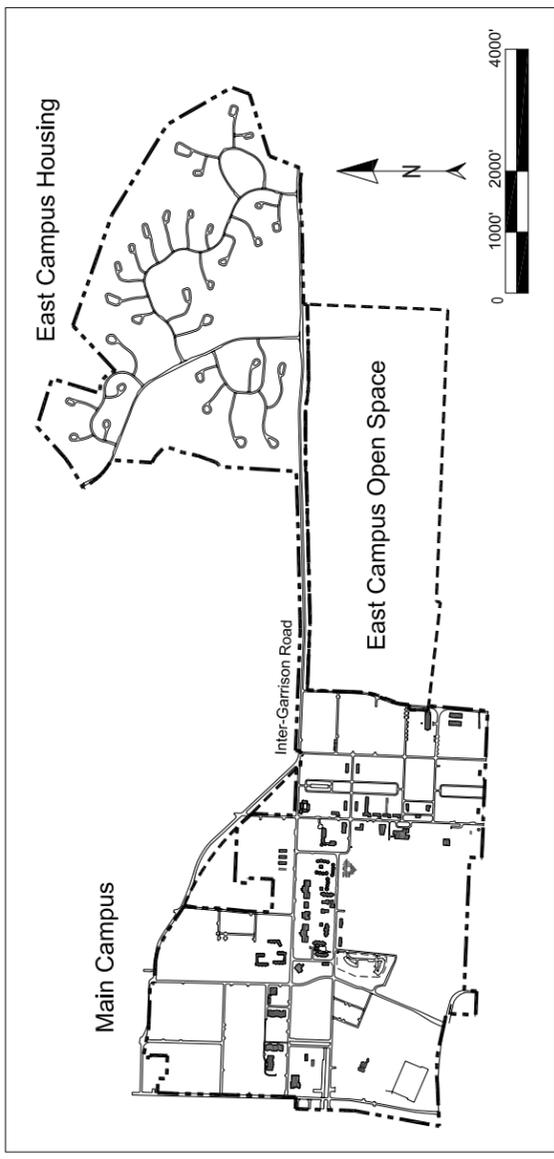
The following resolution is presented for approval:

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

1. The board hereby adopts the Final IS/MND for the Monterey Bay Charter School project dated July 7, 2016 as complete and in compliance with CEQA.
2. The mitigation measures identified in the Mitigation Monitoring and Reporting Program are hereby adopted and shall be monitored and reported in accordance with the Mitigation Monitoring and Reporting Program for Agenda Item 2 of the September 20-21, 2016, meeting of the Board of Trustees' Committee on Campus Planning Buildings and Grounds, which meets the requirements of CEQA (Public Resources Code, Section 21081.6).
3. The above information is on file with The California State University, Office of the Chancellor, Capital Planning, Design and Construction, 401 Golden Shore, Long Beach, California 90802-4210, and at California State University Monterey Bay, Campus Planning and Development, 100 Campus Center, Seaside, California 93955-8001.
4. The California State University, Monterey Bay Campus Master Plan Revision dated September 2016 is approved.
5. The 2016-2017 Capital Outlay Program is amended to include \$12,774,000 for preliminary plans, working drawings, and construction for the California State University, Monterey Bay "Monterey Bay Charter School."
6. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
7. The schematic plans for the California State University, Monterey Bay "Monterey Bay Charter School, Phase 1" project are approved at a project cost of \$12,774,000 at CCCI 6255.

# California State University, Monterey Bay Campus Master Plan

Master Plan Enrollment: 12,000 FTE  
 Approval Date: May 1998  
 Proposed Date: September 2016  
 Main Campus Acreage: 1,350



Buildings	Campus Boundary	Parking
EXISTING BUILDING	EXISTING	EXISTING LOT
FUTURE BUILDING	FUTURE	FUTURE LOT
TEMPORARY BUILDING		EXISTING STRUCTURE
EXISTING BUILDING NOT IN USE		FUTURE STRUCTURE
EXISTING RETENTION POND		PHOTOVOLTAIC INSTALLATION
FUTURE RETENTION POND		

## California State University, Monterey Bay

### Master Plan Enrollment: 12,000 FTE

Master Plan approved by the Board of Trustees: May 1998

Master Plan Revision approved by the Board of Trustees: November 2004, March 2006, May 2009

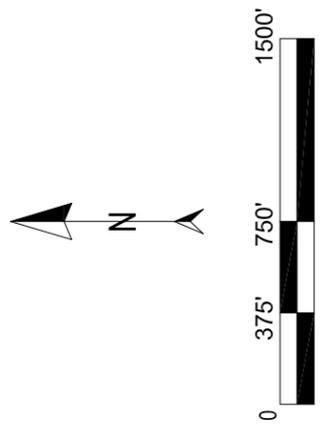
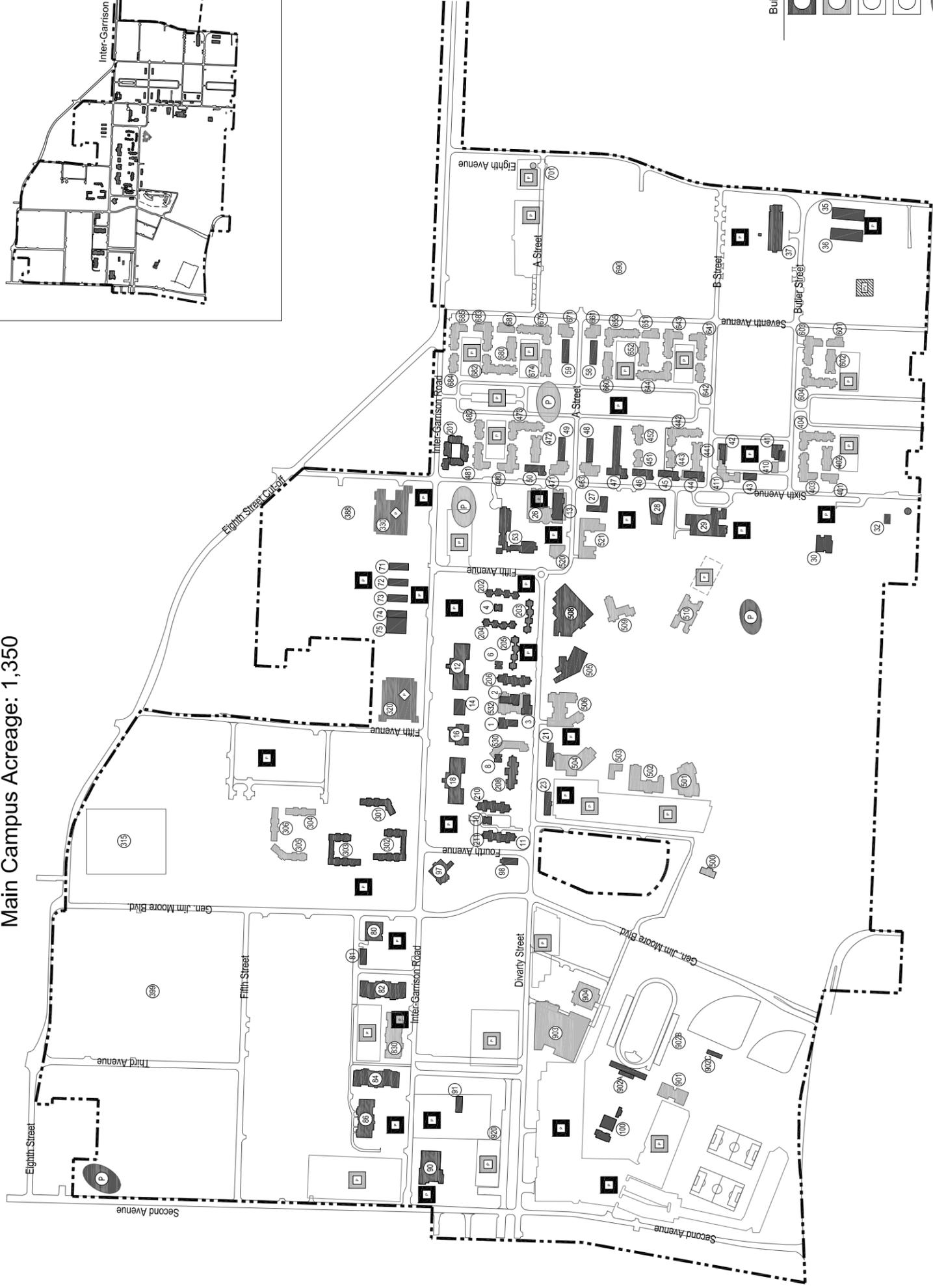
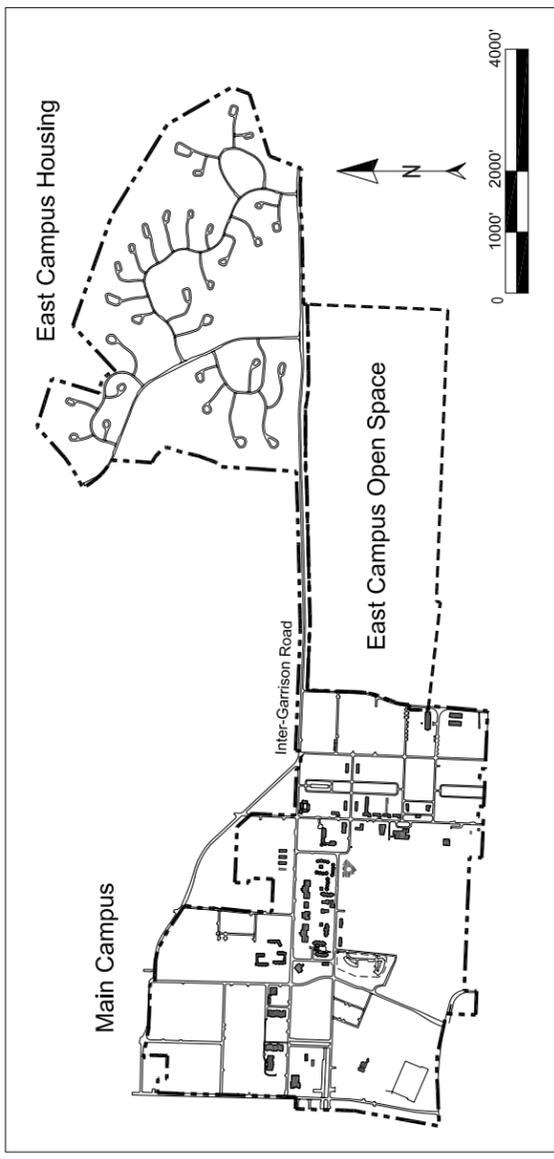
1. Administration Building	82. Valley Hall Suites A-F	506. Joel and Dena Gambord
2. Del Mar Hall	84. Mountain Hall Suites A-F	Business and Information
3. Playa Hall	86. Ocean Hall Suites A-E	Technology Building (BIT)
4. Wave Hall	90. Otter Sports Center	508. Tanimura and Antle Family
6. Surf Hall	91. Child Care Center	Memorial Library
8. Sand Hall	97. Alumni and Visitors' Center	509. <i>Academic Building IX</i>
10. Dunes Hall	98. Meeting House	510. <i>Institute for Public Policy</i>
11. Telecommunication Shelter	100. Aquatic Center	520. <i>Administration</i>
12. Student Center	201. University Corporation	521. <i>Academic Building VII</i>
13. Science Research Lab	202. Cypress Hall	530. <i>Student Services</i>
Annex	203. Asilomar Hall	532. <i>Academic Building IV</i>
14. Otter Express	204. Willet Hall	601. <i>Student Housing IV</i>
16. Dining Commons	205. Manzanita Hall	602. <i>Student Housing IV</i>
18. Heron Hall	206. Yarrow Hall	603. <i>Student Housing IV</i>
21. Beach Hall	208. Avocet Hall	604. <i>Student Housing IV</i>
23. Tide Hall	210. Tortuga Hall	620. <i>Monterey Bay Charter</i>
26. <i>Academic Building V</i>	211. Sanderling Hall	<i>School</i>
27. Cinematic Arts and	301. Strawberry Apartments	641. <i>Student Housing V</i>
Technology	302. Pinnacle Suites	642. <i>Student Housing V</i>
28. World Theater	303. Vineyard Suites	643. <i>Student Housing V</i>
29. University Center	304. <i>Residence Hall</i>	644. <i>Student Housing V</i>
30. Music Hall	305. <i>Residence Hall</i>	651. <i>Student Housing V</i>
32. Switch Gear Building	306. <i>Residence Hall</i>	652. <i>Student Housing V</i>
35. Mail Room/Shipping and	315. Student Recreation Field	655. <i>Student Housing V</i>
Receiving	325. Promontory Building A	660. <i>Student Housing V</i>
36. University Storage	326. Promontory Building B	661. <i>Student Housing V</i>
37. Facilities Services and	327. Promontory Building C	671. <i>Student Housing V</i>
Operations	320. <i>Structured Parking</i>	674. <i>Student Housing IIB</i>
41. Telecommunications	330. <i>Structured Parking</i>	675. <i>Student Housing IIB</i>
42. Watershed Institute	388. <i>Campus Partnerships I</i>	680. <i>Student Housing IIB</i>
43. IT Services	399. <i>North Campus Housing</i>	681. <i>Student Housing IIB</i>
44. Pacific Hall	401. <i>Student Housing IV</i>	682. <i>Student Housing IIB</i>
45. Coast Hall	402. <i>Student Housing IV</i>	683. <i>Student Housing IIB</i>
46. Harbor Hall	403. <i>Student Housing IV</i>	684. <i>Student Housing IIB</i>
47. Student Services Building	404. <i>Student Housing IV</i>	685. <i>Student Housing IIB</i>
48. World Languages and	410. <i>Main Distribution Facility</i>	690. <i>Campus Partnerships II</i>
Cultures-South	411. <i>Technology Center</i>	701. Cell Tower
49. World Languages and	441. <i>Student Housing III</i>	830. <i>Child Care/Administration</i>
Cultures-North	442. <i>Student Housing III</i>	<i>Center</i>
50. Science Instructional Lab	443. <i>Student Housing III</i>	901. <i>Research Institute</i>
Annex	451. <i>Student Housing III</i>	902A. Field House
53. Chapman Science	452. <i>Student Housing III</i>	902B. <i>Sports Complex Addition</i>
Academic Center	463. <i>Student Housing III</i>	902C. Field Office
58. Green Hall	471. <i>Student Housing III</i>	903. <i>Varsity Sports Complex</i>
59. Reading Center	472. <i>Student Housing III</i>	904. <i>Varsity Sports Complex</i>
Diagnosics and Instruction	473. <i>Student Housing III</i>	920. <i>Campus Partnership III</i>
71. Visual and Public Arts East	480. <i>Student Housing III</i>	
72. Visual and Public Arts	481. <i>Student Housing III</i>	
Center	482. <i>Student Housing III</i>	
73. Visual and Public Arts West	500. <i>Bunker Building</i>	
74. Central Plant	501. <i>Academic Building VII</i>	
75. Central Plant	502. <i>Academic Building VI</i>	
80. Health and Wellness	503. <i>Utility Complex</i>	
Services	504. <i>Student Union</i>	
81. Black Box Cabaret	505. <i>Academic Building III</i>	

LEGEND:  
 Existing Facility / Proposed  
 Facility

NOTE: Existing building numbers  
 correspond with building numbers  
 in the Space and Facilities  
 Base (SFDB)

# California State University, Monterey Bay Campus Master Plan

Master Plan Enrollment: 12,000 FTE  
 Approval Date: May 1998  
 Revised Date: May 2009  
 Main Campus Acreage: 1,350



Buildings	Campus Boundary	Parking
EXISTING BUILDING	EXISTING	EXISTING LOT
FUTURE BUILDING	FUTURE	FUTURE LOT
TEMPORARY BUILDING		EXISTING STRUCTURE
EXISTING BUILDING NOT IN USE		FUTURE STRUCTURE
EXISTING RETENTION POND		PHOTOVOLTAIC INSTALLATION
FUTURE RETENTION POND		

## California State University, Monterey Bay

### Master Plan Enrollment: 12,000 FTE

Master Plan approved by the Board of Trustees: May 1998

Master Plan Revision approved by the Board of Trustees: November 2004, March 2006, May 2009

1. Administration Building	82. Valley Hall Suites A-F	508. Tanimura and Antle Family Memorial Library
2. Del Mar Hall	84. Mountain Hall Suites A-F	509. <i>Academic Building IX</i>
3. Playa Hall	86. Ocean Hall Suites A-E	510. <i>Institute for Public Policy</i>
4. Wave Hall	90. Otter Sports Center	520. <i>Administration</i>
6. Surf Hall	91. Child Care Center	521. <i>Academic Building VII</i>
8. Sand Hall	97. Alumni and Visitors' Center	530. <i>Student Services</i>
10. Dunes Hall	98. Meeting House	532. <i>Academic Building IV</i>
11. Telecommunication Shelter	100. Aquatic Center	601. <i>Student Housing IV</i>
12. Student Center	201. University Corporation	602. <i>Student Housing IV</i>
13. Science Research Lab Annex	202. Cypress Hall	603. <i>Student Housing IV</i>
14. Otter Express	203. Asilomar Hall	604. <i>Student Housing IV</i>
16. Dining Commons	204. Willet Hall	641. <i>Student Housing V</i>
18. Media Learning Center	205. Manzanita Hall	642. <i>Student Housing V</i>
21. Beach Hall	206. Yarrow Hall	643. <i>Student Housing V</i>
23. Tide Hall	208. Avocet Hall	644. <i>Student Housing V</i>
26. <i>Academic Building V</i>	210. Tortuga Hall	651. <i>Student Housing V</i>
27. Cinematic Arts and Technology	211. Sanderling Hall	652. <i>Student Housing V</i>
28. World Theater	301. Strawberry Apartments	655. <i>Student Housing V</i>
29. University Center	302. Pinnacle Suites	660. <i>Student Housing V</i>
30. Music Hall	303. Vineyard Suites	661. <i>Student Housing V</i>
32. Switch Gear Building	304. <i>Residence Hall</i>	671. <i>Student Housing V</i>
35. Mail Room/Shipping and Receiving	305. <i>Residence Hall</i>	674. <i>Student Housing IIB</i>
36. University Storage	306. <i>Residence Hall</i>	675. <i>Student Housing IIB</i>
37. Facilities Services and Operations	315. Student Recreation Field	680. <i>Student Housing IIB</i>
41. Telecommunications	320. <i>Structured Parking</i>	681. <i>Student Housing IIB</i>
42. Watershed Institute	330. <i>Structured Parking</i>	682. <i>Student Housing IIB</i>
43. IT Services	388. <i>Campus Partnerships I</i>	683. <i>Student Housing IIB</i>
44. Pacific Hall	399. <i>North Campus Housing</i>	684. <i>Student Housing IIB</i>
45. Coast Hall	401. <i>Student Housing IV</i>	685. <i>Student Housing IIB</i>
46. Harbor Hall	402. <i>Student Housing IV</i>	690. <i>Campus Partnerships II</i>
47. Student Services Building	403. <i>Student Housing IV</i>	701. <i>Cell Tower</i>
48. World Languages and Cultures-South	404. <i>Student Housing IV</i>	830. <i>Child Care/Administration Center</i>
49. World Languages and Cultures-North	410. <i>Main Distribution Facility</i>	901. <i>Research Institute</i>
50. Science Instructional Lab Annex	411. <i>Technology Center</i>	902A. <i>Field House</i>
53. Chapman Science Academic Center	441. <i>Student Housing III</i>	902B. <i>Sports Complex Addition</i>
58. Green Hall	442. <i>Student Housing III</i>	902C. <i>Field Office</i>
59. Reading Center	443. <i>Student Housing III</i>	903. <i>Varsity Sports Complex</i>
71. Visual and Public Arts East	451. <i>Student Housing III</i>	904. <i>Varsity Sports Complex</i>
72. Visual and Public Arts Center	452. <i>Student Housing III</i>	920. <i>Campus Partnership III</i>
73. Visual and Public Arts West	463. <i>Student Housing III</i>	
74. Central Plant	471. <i>Student Housing III</i>	
75. Central Plant	472. <i>Student Housing III</i>	
80. Health and Wellness Services	473. <i>Student Housing III</i>	
81. Black Box Cabaret	480. <i>Student Housing III</i>	
	481. <i>Student Housing III</i>	
	482. <i>Student Housing III</i>	
	500. <i>Bunker Building</i>	
	501. <i>Academic Building VII</i>	
	502. <i>Academic Building VI</i>	
	503. <i>Utility Complex</i>	
	504. <i>Student Union</i>	
	505. <i>Academic Building III</i>	
	506. <i>Business and Information Technology (BIT)</i>	

LEGEND:  
 Existing Facility / Proposed Facility

NOTE: Existing building numbers correspond with building numbers in the Space and Facilities Base (SFDB) Facility

## AGENDA

### JOINT COMMITTEES ON EDUCATIONAL POLICY AND FINANCE

**Meeting:** 2:05 p.m., Tuesday, September 20, 2016  
Glenn S. Dumke Auditorium

**Committee on Educational  
Policy**

Lillian Kimbell, Chair  
Jane W. Carney, Vice Chair  
Silas H. Abrego  
Douglas Faigin  
Debra S. Farar  
Jean P. Firstenberg  
Thelma Meléndez de Santa Ana  
Steven G. Stepanek  
Maggie K. White

**Committee on Finance**

Peter J. Taylor, Chair  
Debra S. Farar, Vice Chair  
Jane W. Carney  
Adam Day  
Jean P. Firstenberg  
Hugo N. Morales  
Lateefah Simon

**Consent Item**

Approval of Minutes of the Meeting of November 17, 2015

**Discussion Item**

1. 2015 Systemwide Hate Crimes and Incident Totals, *Information*

**MINUTES OF THE MEETING OF  
JOINT COMMITTEES ON EDUCATIONAL POLICY AND FINANCE**

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

**November 17, 2015**

**Members Present**

**Educational Policy**

Debra S. Farar, Chair  
Silas H. Abrego  
Kelsey M. Brewer  
Rebecca D. Eisen  
Douglas Faigin  
Lupe C. Garcia  
Lillian Kimbell  
J. Lawrence Norton  
Steven G. Stepanek

**Finance**

Peter J. Taylor, Vice Chair  
Silas H. Abrego  
Kelsey Brewer  
Rebecca D. Eisen  
Douglas Faigin  
Debra S. Farar  
Lupe C. Garcia  
Lillian Kimbell

Lou Monville, Chair of the Board  
Timothy P. White, Chancellor

Trustee Farar called the meeting to order.

**Approval of Minutes**

The minutes of September 8, 2015 were approved by consent as submitted.

**Academic Performance Measures (Academic Sustainability Plan)**

Dr. Loren Blanchard, executive vice chancellor, Academic and Student Affairs, introduced the action item reminding board members that the final Budget Act of 2014 required the California State University Board of Trustees to annually develop and approve a three-year Academic Sustainability Plan. He informed the board that the same requirement is included in the final Budget Act of 2015.

Mr. Ryan Storm, assistant vice chancellor for budget, reminded the board that the preliminary discussion item presented at the September 8, 2015 meeting detailed elements of the plan for approval at this meeting. Mr. Storm summarized the proposed plan and Dr. Ed Sullivan, assistant vice chancellor for academic research and resources, explained enrollment projections if the 2016-17 CSU Support Budget Request was to be fully-funded by the state. Dr. Sullivan stated that a

fully funded budget request, as proposed in the plan's budget assumptions, would allow for thousands of additional fully prepared California HS and Community College students to pursue and earn CSU degrees in the coming years. Mr. Storm concluded the presentation by stating the recommended plan aimed to strike a balance in meeting the requirements of the law and showing that an enriched budget would allow for targeted allocation of resources for funded enrollment increases and student success initiatives that would positively affect the number of degrees completed, progress and time-to-degree, and the efficiency of the system to graduate more students over the long-term. The committee recommended approval of the proposed resolution.

**(REP/FIN 11-15-01)**

### **Donahoe Higher Education Act: Annual Report on Hate Crimes**

Mr. Steve Relyea, executive vice chancellor and chief financial officer, introduced the information item stating that state law requires the annual reporting of hate crimes and non-criminal acts of hate violence on campuses. Ms. Sally Miller, deputy chief of police and CSU systemwide special project director for Clery analysis, outreach, and training, presented the annual report noting that state and federal requirements related to sexual assault and hate violence on campuses have become more complex over the past several years and reporting of these crimes remains critically important. Ms. Miller reported that with regard to the annual report required by Education Code § 67380, for the year ending December 31, 2014, two hate crimes and zero incidents of non-criminal acts of hate violence were reported on CSU campuses. She concluded the presentation stating that in accordance with state law, the aggregated totals would be reported to the Legislative Analyst's office.

Trustee Farar adjourned the meeting.

## **JOINT COMMITTEES ON EDUCATIONAL POLICY AND FINANCE**

### **2015 Systemwide Hate Crimes and Incident Totals**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Sally Miller  
CSU Systemwide Special Project Director  
Clery Analysis, Outreach, and Training

#### **Summary**

This item provides an annual report of hate crimes on California State University (CSU) campuses pursuant to Education Code § 67380, which requires the CSU to compile a report on hate crimes and non-criminal acts of hate violence by calendar year. The statute requires that the number of hate crimes for a calendar year be reported to the CSU Board of Trustees and then transmitted to the Legislative Analyst's Office by January 1 the following year. The number of hate crimes for the 2015 calendar year totaled ten for the 23 campuses. In addition, there were three non-criminal incidents of hate violence.

#### **Background**

The CSU seeks to maintain a safe educational environment, which includes compliance with student safety laws and regulations. These include the Federal Jeanne Clery Disclosure of Campus Security and Crime Statistics Act (Clery Act) (20 U.S.C. 1092(f)) and the Violence Against Women Reauthorization Act of 2013, which amends the Clery Act under the Campus Sexual Violence Elimination Act provision (Campus SaVE Act). State laws and regulations include the student safety laws found in the Donahoe Higher Education Act (Education Code §§ 67380 *et seq.* and 67390 *et seq.*).

Education Code § 67380 requires the Board of Trustees to transmit the total number of hate crimes and incidents of non-criminal acts of hate violence for the CSU to the Legislative Analyst each year by January 1, and make the statistics available to the public. Hate crime is defined in Penal Code § 422.55. Hate violence for reporting purposes is defined in Education Code § 67380(c) as *“any act of physical intimidation or physical harassment, physical force or physical violence, or the threat of physical force or physical violence, that is directed against any person or group of persons, or the property of any person or group of persons because of the ethnicity, race, national origin, religion, sex, sexual orientation, gender identity, gender expression, disability, or political or religious beliefs of that person or group.”*

Hate crimes are accounted for in Universal Crime Reporting and submitted by CSU Police to the California Department of Justice. Crimes are listed in public daily crime logs and certain crimes are also published by each campus in the Federal Jeanne Clery Act Annual Security Reports.

Two hate crimes and no incidents of non-criminal acts of hate violence were reported to the Legislative Analyst's office for the 2014 calendar year. These violations of the law included an instance of vandalism with racial bias at one campus and a written threat related to sexual orientation at another.

### **Conclusion**

For the year ending December 31, 2015, ten hate crimes and three incidents of non-criminal acts of hate violence will be reported to the Legislative Analyst's office. Of the ten crimes reported in 2015 six involved vandalism and graffiti based on racial and religious bias at four campuses. The vandalism occurred in public areas, bathrooms, public signage, etc. The four remaining crimes occurred at four campuses and involved criminal threats, theft, and assault. These crimes included: a firecracker thrown at a victim while remarks regarding gender identity were made; stolen images were disseminated to intimidate and humiliate another person regarding gender identity; anti-Semitic messages were sent over the internet; and a women's hijab was grabbed. There were a total of three reported non-criminal incidents of hate violence at three campuses in which individuals used intimidating and/or threatening words and gestures based on race.

## AGENDA

### COMMITTEE ON AUDIT

**Meeting:** 2:10 p.m., Tuesday, September 20, 2016  
Glenn S. Dumke Auditorium

Douglas Faigin, Chair  
John Nilon, Vice Chair  
Lillian Kimbell  
Hugo N. Morales  
Lateefah Simon

#### **Consent Items**

Approval of Minutes of the Meeting of July 19, 2016

1. Status Report on Current and Follow-up Internal Audit Assignments, *Information*

#### **Discussion Item**

2. Report on Responsibilities of the Office of Audit and Advisory Services, *Information*

**MINUTES OF THE MEETING OF  
COMMITTEE ON AUDIT**

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

**July 19, 2016**

**Members Present**

Douglas Faigin, Chair  
Lupe C. Garcia, Vice Chair  
Lillian Kimbell  
Hugo N. Morales  
Lateefa Simon  
Rebecca Eisen, Chair of the Board  
Timothy P. White, Chancellor

Trustee Faigin called the meeting to order.

**Approval of Minutes**

The minutes of May 24, 2016, were approved as submitted.

**Status Report on Current and Follow-up Internal Audit Assignments**

Mr. Larry Mandel, vice chancellor and chief audit officer, presented a brief status report on the 2016 audit plan and follow-up on past assignments. The report noted reviews for 2016 that included Auxiliary Organizations, Delegations of Authority, Academic Departments, Emergency Management, International Activities, Construction, Student Activities, Information Security, Cloud Computing, and Information Technology Disaster Recovery Planning. In addition, follow-up on current/past assignments were being conducted on approximately 30 prior campus/auxiliary reviews.

Trustee Faigin commended the audit staff for the work it does and indicated that next time the Committee on Audit would highlight actual audits and provide a summary of audit responsibilities. Trustee Faigin also commented that audit reports are posted on the CSU website and provided the web address ([www.calstate.edu/audit](http://www.calstate.edu/audit)).

Trustee Faigin adjourned the Committee on Audit.

## **COMMITTEE ON AUDIT**

### **Status Report on Current and Follow-up Internal Audit Assignments**

#### **Presentation By**

Larry Mandel  
Vice Chancellor and Chief Audit Officer  
Office of Audit and Advisory Services

#### **Summary**

This item includes both a status report on the 2016 audit plan and follow-up on past assignments. For the 2016 year, assignments were made to conduct reviews of Auxiliary Organizations, Delegations of Authority, Academic Departments, Emergency Management, International Activities, Construction, Student Activities, Information Security, Cloud Computing, and Information Technology (IT) Disaster Recovery Planning. In addition, follow-up on current/past assignments (Auxiliary Organizations, Information Security, Scholarships, Student Activities, Academic Departments, and Delegations of Authority) was being conducted on approximately 30 prior campus/auxiliary reviews. Attachment A summarizes the reviews in tabular form.

### **Status Report on Current and Follow-up Internal Audit Assignments**

#### Auxiliary Organizations

The initial audit plan indicated that approximately 267 staff weeks of activity (26.1 percent of the plan) would be devoted to auditing internal compliance/internal control at eight campuses/29 auxiliaries. Four campus/12 auxiliary reports have been completed, one campus/four auxiliary reports are awaiting a campus response prior to finalization, and report writing is being completed for one campus/four auxiliaries.

#### Delegations of Authority

The initial audit plan indicated that approximately 48 staff weeks of activity (4.7 percent of the plan) would be devoted to a review of the management of processes for administration of purchasing and contracting activities, motor vehicle inspections, and real and personal property transactions. Six campuses will be reviewed. One campus report has been completed, three reports are awaiting a campus response prior to finalization, and report writing is being completed for two campuses.

*Operational/Financial Reviews*

Academic Department Fiscal Review

The initial audit plan indicated that approximately 47 staff weeks of activity (4.7 percent of the plan) would be devoted to a review of college/department administrative and financial controls. Six campuses will be reviewed. Five campus reports have been completed.

Emergency Management

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of campus emergency management policies and procedures to ensure compliance with CSU and state and federal compliance requirements. Six campuses will be reviewed. One report is awaiting a campus response prior to finalization, report writing is being completed for one campus, and fieldwork is being conducted at one campus.

International Activities

The initial audit plan indicated that approximately 50 staff weeks of activity (4.8 percent of the plan) would be devoted to a review of campus international programs and activities to ensure compliance with CSU policies and other regulatory requirements. Six campuses will be reviewed. Report writing is being completed for two campuses, and fieldwork is being conducted at two campuses.

Construction

The initial audit plan indicated that approximately 47 staff weeks of activity (4.6 percent of the plan) would be devoted to a review of design budgets and costs; the bid process; invoice processing and change orders; project management, architectural, and engineering services; contractor compliance; cost verification of major equipment and construction components; the closeout process and liquidated damages; and overall project accounting and reporting. Six projects will be reviewed. Two campus reports have been completed, one report is awaiting a campus response prior to finalization, report writing is being completed for one project, and fieldwork is being conducted for one project.

### Student Activities

Due to resource constraints, we were unable to complete three Student Activities audits in 2015. The 2016 audit plan indicated that approximately 25 staff weeks of activity (2.5 percent of the plan) would be devoted to completion of these reviews that ensure compliance with CSU policies and other regulatory requirements. Three campuses will be reviewed. Two campus reports have been completed, and one report is awaiting a campus response prior to finalization.

### *Information Technology Reviews and Support*

#### Information Security

The initial audit plan indicated that approximately 46 staff weeks of activity (4.5 percent of the plan) would be devoted to a review of the activities and measures undertaken to protect the confidentiality, integrity, access to, and availability of information. Six campuses will be reviewed. Two campus reports are awaiting a campus response prior to finalization, and report writing is being completed for two campuses.

#### Cloud Computing

The initial audit plan indicated that approximately 26 staff weeks of activity (2.5 percent of the plan) would be devoted to a review of activities pertaining to the use of third-party cloud computing/internet service providers, including a review of contractual provisions related to service availability, data ownership, backup and recovery, and protection of sensitive and/or proprietary information. Four campuses will be reviewed. Two campus reports are awaiting a campus response prior to finalization, and report writing is being completed for two campuses.

#### Information Technology Disaster Recovery Planning

The initial audit plan indicated that approximately 26 staff weeks of activity (2.6 percent of the plan) would be devoted to a review of program and facility readiness and resource planning for the recovery of data processing services following a catastrophic event. Four campuses will be reviewed. Report writing is being completed for one campus, and fieldwork is being conducted at one campus.

#### Technology Support

The initial audit plan indicated that approximately 17 staff weeks of activity (1.6 percent of the plan) would be devoted to technology support for non-information technology specific audits and advisory services reviews. The provision of support is ongoing.

### *Advisory Services*

The initial audit plan indicated that approximately 220 staff weeks of activity (21.6 percent of the plan) would be devoted to partnering with management to identify solutions for business issues, offering opportunities to improve the efficiency and effectiveness of operating areas, and assisting with special requests, while ensuring the consideration of related internal control issues. Reviews are ongoing.

### *Investigations*

The Office of Audit and Advisory Services is periodically called upon to provide investigative reviews, which are often the result of alleged defalcations or conflicts of interest. In addition, whistleblower investigations are being performed on an ongoing basis, both by referral from the state auditor and directly from the CSU Chancellor's Office. Forty-three staff weeks have been set aside for this purpose, representing approximately 4.2 percent of the audit plan.

### *Committees/Special Projects*

The Office of Audit and Advisory Services is periodically called upon to provide consultation to the campuses and/or to participate on committees such as those related to information systems implementation and policy development, and to perform special projects. Thirty-eight weeks have been set aside for this purpose, representing approximately 3.8 percent of the audit plan.

### *Audit Support*

#### Audit Follow-up

The audit plan indicated that approximately 16 staff weeks of activity (1.6 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of Audit and Advisory Services is currently tracking approximately 30 current/past assignments (Auxiliary Organizations, Information Security, Scholarships, Student Activities, Academic Departments, and Delegations of Authority) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

#### Annual Risk Assessment

The Office of Audit and Advisory Services annually conducts a risk assessment to determine the areas of highest risk to the system. Eleven staff weeks have been set aside for this purpose, representing approximately 1.1 percent of the audit plan.

#### Administration

Day-to-day administration of the Office of Audit and Advisory Services represents approximately 4.3 percent of the audit plan.

**Status Report on Current and Follow-Up Internal Audit Assignments**  
(as of 9/8/2016)

	2016 ASSIGNMENTS										FOLLOW-UP PAST/CURRENT ASSIGNMENTS					
	Aux Orgs	Info Security	Student Activities	Cloud Comptg	Acad Dept Fiscal Review	Deleg of Auth	Emerg Mgmt	IT Dis Recov	Intl Activities	Auxiliary Organizations	Information Security	*No.	*Recs	**Mo.	*Recs	**Mo.
BAK			AI								4	35/35	-	10/10	-	-
CHI				AI							3	16/32	5	21/21	-	-
CI		RW	AC			AI					3	32/32	-			
DH					AC		AI				3	26/36	6			
EB		AI									3	31/31	-			
FRE					AC			RW			6	36/36	-	11/11	-	-
FUL				AI							4	30/30	-			
HUM	AI										4			4/4	-	-
LB					AC						4	18/18	-	6/6	-	-
LA		RW									4	18/18	-			
MA						AI					2	13/13	-	7/7	-	-
MB								RW			2	23/23	-			
NOR		AI						FW			5	19/19	-			
POM	AC		AC								2	0/20	2			
SAC						RW					5	41/41	-			
SB								FW			4	23/23	-	10/10	-	-
SD	AC							RW			4	0/15	1	0/7	4	4
SF			RW			AC					3	17/17	-	9/9	-	-
SJ							FW				5	26/26	-	17/17	-	-
SLO							RW				3	11/11	-			
SM	AC		RW								4	9/17	4			
SON					AC	RW					3	4/4	-			
STA	RW				AC						4			14/21	10	
CO	AC					AI					2	0/1	4			
SYS																

\* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.

\*\* The number of months recommendations have been outstanding from date of report.

● The number of auxiliary organizations reviewed.

FW = Field Work In Progress  
RW = Report Writing in Progress  
AI = Audit Incomplete (awaiting formal exit conference and/or campus response)  
AC = Audit Complete

**Status Report on Current and Follow-Up Internal Audit Assignments**  
(as of 9/8/2016)

	FOLLOW-UP PAST/CURRENT ASSIGNMENTS							
	Scholarships		Student Activities		Academic Dept. Fiscal Review		Delegations of Authority	
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.
BAK	3/3	-						
CHI								
CI			0/2	5				
DH	3/3	-			0/10	2		
EB								
FRE					0/7	2		
FUL			5/5	-				
HUM								
LB					0/4	4		
LA	2/2	-						
MA								
MB								
NOR	3/3	-						
POM			0/3	5				
SAC			1/1	-				
SB								
SD								
SF							2/4	4
SJ	3/3	-						
SLO	1/1	-						
SM			2/2	-				
SON					0/5	4		
STA					0/6	2		
CO								
SYS								

\* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.  
 \*\* The number of months recommendations have been outstanding from date of report.  
 • The number of auxiliary organizations reviewed.



## **COMMITTEE ON AUDIT**

### **Report on Responsibilities of the Office of Audit and Advisory Services**

#### **Presentation By**

Larry Mandel  
Vice Chancellor and Chief Audit Officer  
Office of Audit and Advisory Services

#### **Summary**

This item provides information to the California State University Board of Trustees regarding responsibilities of the Office of Audit and Advisory Services (OAAS).

#### **Background**

Education Code Section 89045, enacted by Chapter 1406 of the Statutes of 1969, provided for the establishment of an internal auditing function reporting directly to the Trustees of the California State University (CSU). Subsection (b) of the Code states that the duties of this function/internal audit staff shall include, but not be limited to, auditing, reviewing, cost and system analysis, analyzing and recommending operating procedures for the CSU. Subsection (c) of the Code states that management audits shall be made to determine the effectiveness and efficiency of the organization, operation, and procedures of each state university, each auxiliary organization, and the Office of the Chancellor. Subsection (d) of the Code states that audit staff shall perform audits, at least once every five years, of certain procurement and contracting activities, motor vehicle inspections, and real and personal property transactions pursuant to specified Sections of the Code.

In 1991, the Department of Finance (DOF) determined that it no longer had the staff resources required to perform internal control reviews of the CSU, as required by the Financial Integrity and State Manager's Accountability Act (FISMA) of 1983. The OAAS began performing these reviews on all campuses once every two years. Beginning in calendar year 2010, cyclical audits of internal controls were reevaluated and discontinued due to a change in the OAAS audit risk assessment methodology and updated guidance from the DOF. Using the new procedure, the OAAS works with CSU campuses and Office of the Chancellor executive management to identify high-risk areas within the CSU system, and creates an annual audit plan using a risk assessment methodology.

In 1999, the Trustees' Committee on Audit took action at the January meeting of the Board, which required the OAAS to perform an internal compliance/internal control review of each auxiliary organization. The OAAS performs these reviews at all auxiliary organizations once every three years.

At its January 2008 meeting, the Trustees' Committee on Audit directed the OAAS to continue its annual review of construction activity. Construction auditing had been performed by an external public accounting firm since fiscal year 1997/98 with coordination from the OAAS. In fiscal year 2008/09, the OAAS began performing construction audits.

In 2013, the Trustees' Committee on Audit took action at the January meeting of the Board to approve the addition of advisory services to the annual audit plan.

In 2017, the OAAS will implement functional and organizational changes to improve its capacity to identify risk in a more targeted fashion, provide advisory services, and implement an alternative approach to audits of auxiliary organizations.

## **Mission**

The mission of the OAAS is to assist university management and the Trustees in the effective discharge of their fiduciary and administrative responsibilities by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. This assistance is provided through a series of independent and objective operational and compliance audits, internal control reviews, investigations, and advisory services designed to add value and improve operations.

## **Types of Audits**

With the guidance of the original legislation and *The International Standards for the Professional Practice of Internal Auditing* (Institute of Internal Auditors), the OAAS uses a variety of audit techniques in its review of campus programs/resources. These audit techniques are commonly referred to as:

**Operational Audits** - Examine the use of unit resources to evaluate whether those resources are being used in the most effective and efficient manner to fulfill the University's mission and objectives. An operational audit may include elements of the other audit types listed below.

**Financial Audits** - Focus on accounting and reporting of financial transactions, including commitments, authorizations, and receipt and disbursement of funds. The purpose of this type of audit is to verify that there are sufficient controls over cash and cash-like assets, and that there are adequate process controls over the acquisition and use of resources. Unlike external financial audits, internal financial audits do not prepare or express professional opinions on the fairness of the presentation of financial statements.

**Compliance Audits** - Review adherence to laws, regulations, policies, and procedures. Examples include federal and state law, Trustee policies, and chancellor's office directives. Recommendations typically call for improvements in processes and controls intended to ensure compliance with regulations.

**Information Systems (IS) Audits** - Examine the internal control environment of automated information processing systems and how people use those systems. IS audits typically evaluate system input, output, and processing controls; backup and recovery plan; system security; and computer facility reviews. IS auditing projects can focus on existing systems, as well as systems in the development stage.

**Internal Control Reviews** - Focus on the components of the university and auxiliary organization major business activities. Areas such as payroll and benefits, cash handling, inventory and equipment and their physical security, grants and contracts, and financial reporting are usually subject to review.

**Investigations** - Seek to establish evidence of impropriety; imply a systematic track-down of information the auditor hopes to discover or needs to know. Investigations include alleged instances of fraud, waste and abuse, and improper governmental activities.

**Advisory Services** - More consultative in nature than traditional audits and performed in response to requests from campus management. Advisory services enhance awareness of risk, control and compliance issues and provide a proactive independent review and appraisal of specifically identified concerns. Advisory services may include internal control and risk management reviews, transition reviews, business process assessments, and other activities.

### **Additional Responsibilities**

The OAAS follows-up on all audit recommendations to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required. In addition, the OAAS acts as the liaison for audits of the CSU conducted by outside agencies, such as the California State Auditor, the Department of Finance, and the federal Department of Education.

## AGENDA

### COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

**Meeting:** 2:30 p.m., Tuesday, September 20, 2016  
Glenn S. Dumke Auditorium

Hugo N. Morales, Chair  
Thelma Meléndez de Santa Ana, Vice Chair  
Silas H. Abrego  
Adam Day  
Douglas Faigin  
Jean P. Firstenberg  
J. Lawrence Norton

#### Consent Item

Approval of Minutes of the Meeting of July 19, 2016

#### Discussion Items

1. Executive Compensation: Interim Vice Chancellor, Human Resources, California State University, *Action*
2. Proposed Revision of Title 5 Regulations – Amendment of California State University Conflict of Interest Code, *Information*
3. Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees, *Information*

**MINUTES OF THE MEETING OF  
COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

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

**July 19, 2016**

**Members Present**

Hugo N. Morales, Chair  
Thelma Meléndez de Santa Ana, Vice Chair  
Adam Day  
Douglas Faigin  
Jean P. Firstenberg  
Lupe C. Garcia  
John Nilon  
J. Lawrence Norton  
Timothy P. White, Chancellor  
Rebecca Eisen, Chair of the Board

Chair Morales called the meeting to order.

**Approval of Minutes**

The minutes from the May 25, 2016 meeting were approved as submitted.

**Executive Compensation: Individual Transition Programs**

Vice Chancellor Lamb provided a brief update on the executive transition programs. She explained that, consistent with trustee policy, Dr. Armiñana, Dr. Rush, and Dr. Zingg were eligible to participate in the program.

**Compensation for Unrepresented Employees**

Information on the 2016-2017 Management Personnel Plan and Confidential employees compensation was shared with the Board. Chancellor Timothy P. White authorized a two percent compensation pool for eligible unrepresented employees effective July 1, 2016.

**Compensation for Executives**

Recommendations for executive compensation were presented. Chancellor Timothy P. White recommended a two percent compensation increase for system executives for fiscal year 2016-2017. Trustee Douglas Faigin recommended a two percent compensation increase for the vice chancellor and chief audit officer for fiscal year 2016-2017. Board Chair Rebecca Eisen recommended a two percent compensation increase for Chancellor White for fiscal year 2016-2017.

2

U&FP

The Committee on University and Faculty Personnel passed the motion to recommend approval of the item as stated in Agenda Item 3. (RUFPP 07-16-07)

**Exemption from Post-Retirement Employment Waiting Period**

Vice Chancellor Lamb and President Coley presented the item. This item requested approval by the Board of Trustees to waive the requirement that Dr. Benjamin Quillian, former CSU executive vice chancellor and chief financial officer and, most recently, California State Polytechnic University, Pomona acting vice president and chief financial officer for Administrative Affairs, wait 180 days before returning to work as a rehired annuitant. *The California Government Code, Section 7522.56(f)*, provides for an exception to the 180-day waiting period.

The Committee on University and Faculty Personnel passed the motion to recommend approval of the item as stated in Agenda Item 4. (RUFPP 07-16-08)

Chair Morales adjourned the meeting.

**COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Executive Compensation: Interim Vice Chancellor, Human Resources, California State University**

**Presentation By**

Timothy P. White  
Chancellor

**Summary**

This action item sets the compensation for the interim vice chancellor, Human Resources of the California State University system.

**Executive Compensation**

This item recommends that Mr. G. Andrew Jones receive an annual salary of \$281,834 effective August 31, 2016, the date of his appointment as the interim vice chancellor, Human Resources. In accord with existing policy, Mr. Jones will receive a vehicle allowance of \$1,000 per month and will receive standard benefit provisions afforded CSU executive classification employees. He will not be eligible for any executive transition program as a result of serving as interim vice chancellor, Human Resources.

**Recommended Action**

The following resolution is recommended for adoption:

**RESOLVED**, by the Board of Trustees of the California State University, that Mr. G. Andrew Jones shall receive a salary set at the annual rate of \$281,834 effective August 31, 2016, the date of his appointment as interim vice chancellor, Human Resources of the California State University; and be it further

**RESOLVED**, that Mr. Jones shall receive additional benefits as cited in Agenda Item 1 of the Committee on University and Faculty Personnel at the September 20-21, 2016 meeting of the Board of Trustees.

**COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Proposed Revision of Title 5 Regulations – Amendment of California State University Conflict of Interest Code**

**Presentation By**

Andrew Jones  
Interim Vice Chancellor  
Human Resources

**Summary**

The Political Reform Act of 1974 requires the Trustees of the California State University (CSU) to adopt a Conflict of Interest Code which requires employees in designated positions to annually file Statements of Economic Interests (Form 700). Employees in designated positions are required to disclose financial interests which foreseeably could be materially affected by their making or participating in the making of decisions in their CSU employment. The Fair Political Practices Commission (FPPC) is the governing authority that approves Conflict of Interest Code updates.

The California State University Conflict of Interest Code must be updated periodically to reflect changes in designated positions and disclosure categories of those individuals who make or participate in the making of decisions that foreseeably will have a material effect on personal financial interests.

The purpose of this information item is to provide a summary of the proposed amendment to the Code:

- a. FPPC recommended a model applicable to higher education entities that streamlines disclosure categories and expands transparency. The proposed amendment consolidates the disclosure categories from 17 to 8 and also updates designated position changes.
- b. FPPC recommended and CSU proposes to adopt disclosure categories that are easier to understand and which develop greater consistency in how the disclosure categories are assigned across the system. The updated disclosure categories will capture the same financial interests in a more efficient way.
- c. The proposed amendment brings into conformity changes made by the campuses and the Chancellor's Office in the titles and responsibilities of designated positions. The proposed amendment ensures that the financial interests must be disclosed for designated positions that are involved in decision-making authority.

U&FP  
Agenda Item 2  
September 20-21, 2016  
Page 2 of 2

These changes will amend Attachment A of Article 20 of Title 5, *California Code of Regulations*. Attachment A identifies proposed disclosure categories changes.

The Designated Positions List which identifies proposed designated positions, some of which may be subject to minor changes prior to final action by the Board, can be accessed at <https://www2.calstate.edu/csu-system/transparency-accountability>.

This item will be presented for action at the November 2016 Board of Trustees meeting.

Upon approval by the Board of Trustees, the amendment will be submitted to the Fair Political Practices Commission (FPPC) for approval.

Since changing the CSU Conflict of Interest Code requires an amendment to Title 5 of the *California Code of Regulations*, this item will be noticed for a public hearing at the November 2016 Board of Trustees meeting, as required by law.

## CSU CONFLICT OF INTEREST DISCLOSURE CATEGORIES

### INTRODUCTION

For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employee's service.

For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University including the headquarters office or any or all of these.

Each designated employee is assigned to one or more of the following disclosure categories and must disclose reportable financial interests in each category assigned.

Designated employees need not report any investment in a business entity or real property worth less than \$2,000 or any source of income, including gifts, loans and travel payments, which aggregated less than \$500 (if a gift, less than \$50) during the calendar year prior to filing. An interest in real property used as the designated employee's principal residence need not be reported.

### CATEGORY "1"

~~Interests in real property located in whole or in part within the master plan of the campus or which in the future foreseeably may be included in the master plan of the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employee's service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University.~~

Interests in real property located within two miles of the campus at which the designated employee works, or within two miles of land owned or used, or proposed for acquisition or use by the campus.

### CATEGORY "2"

~~Interests in real property which is of the type to be leased, licensed, or otherwise made the subject of a contract with the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office.~~

Investments and business positions in business entities and income, including gifts, loans, and travel payments, from sources of the type which, within the last two calendar years, have contracted with the California State University to either (a) supply goods or services, and/or (b) perform construction work. This disclosure is limited to the types of contracts over which the designated employee has authority or influence.

CATEGORY "3"

~~Interests in real property and investments and business positions in business entities, and income, including gifts, loans, and travel payments, from sources located in whole or in part within two miles of the campus or within two miles of any land owned or used by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University.~~

Interests in real property located within the State of California.

CATEGORY "4"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office or any or all of these.~~

All investments and positions in business entities, and income, including gifts, loans and travel payments, from any business or nonprofit entities (other than an entity deemed by the FPPC as exempt under FPPC regulation 18755) which will be providing funds, or support for the research project for which the filer is the principal investigator. (The required disclosure shall be made on FPPC Form 700-U).

CATEGORY "5"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to provide supplies, materials, including books and periodicals, equipment, services or work of the type utilized by the school, department, or area for which the designated employee has decision-making authority or for which the designated employee participates in the making of the decision. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the Headquarters office or any of all of these.~~

All investments and business positions in business entities, and income (including gifts, loans and travel payments) from sources which are of the type in which California State University funds are or may be invested.

CATEGORY "6"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to purchase agricultural commodities or other products which are sold by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service.~~

Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from sources of the type which, within the last two calendar years, have contracted with the California State University to purchase goods or services, including agricultural commodities or other products, which are sold by the campus.

CATEGORY "7"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to perform construction work within the estimated cost limitation provided in the first paragraph of Public Contract Code Section 10705 or is of the type to contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office or any or all of these.~~

Consultants shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The Chancellor or President as appropriate may determine in writing that a particular consultant, although serving in a "designated position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this category "7". Such written determination shall include a description of the consultant's duties and based upon that description, a statement of the extent of disclosure requirements. The Chancellor or President's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

CATEGORY "8"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the California State~~

~~University to perform construction work under the California State University Contract Law (Public Contract Code Section 10700 et seq.) or is of the type to contract as a subcontractor or supplier for such construction work or is of the type to contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.~~

All interests in real property, all investments, all income, including gifts, loans and travel payments, and business positions.

~~CATEGORY "9"——~~

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is the type of entity in which the campus foreseeably may invest funds. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean the headquarters office.~~

~~CATEGORY "10"——~~

~~Interests in real property which is of the type to be leased licensed, or otherwise made the subject of a contract with the headquarters.~~

~~CATEGORY "11"——~~

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the headquarters office to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the headquarters office.~~

~~CATEGORY "12"——~~

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the headquarters office to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the office, division, or area for which the designated employee has decision-making authority or for which the designated employee participates in the making of the decision.~~

~~CATEGORY "13"——~~

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the headquarters office to perform construction work within the estimated cost limitation provided in the first paragraph of~~

~~Public Contract Code Section 10705 or which is of the type to contract as a subcontractor or supplier for such construction work or which is of the type to contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.~~

~~CATEGORY "14" —~~

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to provide supplies, materials, machinery, equipment, services or work where the contract has been reviewed or in the future foreseeably may be reviewed by the office, area, or division in the headquarters office to which the designated employee is assigned. "The campus" as used herein shall mean each campus of the California State University and the headquarters office or any or all of these.~~

~~CATEGORY "15" —~~

~~Interests in real property which is of the type to be the subject of a lease or license with the headquarters office for valuable consideration or is of the type to be made the subject of a contract with the headquarters office. "Headquarters office" as used in this category shall mean the office, section, or area of the headquarters office concerning which the designated employee has decision making or decision participating authority.~~

~~CATEGORY "16" —~~

~~All investments in income, including gifts, loans, and travel payments, and business positions in, any private, nongovernmental entity which will be providing funds, or, in the case of a project completion statement, has provided funds, to support, in whole or in part, the research project for which the filer is the principal investigator. (The required disclosure shall be made on Form 700-U).~~

~~CATEGORY "17" —~~

~~Consultants shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The Chancellor or President as appropriate may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this category "17". Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chancellor or President's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.~~

**COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees**

**Presentation By**

Andrew Jones  
Interim Vice Chancellor  
Human Resources

**Summary**

Information will be provided on the new disclosure requirements on outside employment for Management Personnel Plan (MPP) and Executive employees.

**Background**

“Executive employees” include the chancellor, presidents, executive vice chancellors, and vice chancellors.

“Outside employment” is defined as any income received that is not compensated through CSU payroll.

“Conflict of commitment” is any outside work that creates a perceived or actual conflict with an employee’s ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU.

Governing statute:

At the January 22-23, 2013 meeting of the California State University (CSU) Board of Trustees a resolution (RUFP 01-13-01) was adopted to add the following to Section 42740 of Title 5 of the California Code of Regulations:

**Title 5, California Code of Regulations**  
**Division 5 – Board of Trustees of the California State Universities**  
**Chapter 1 – California State University**  
**Subchapter 7 – Employees**  
**Article 2.3 – Outside Employment Disclosure Requirements**

**§ 42740. Outside Employment – Management and Executive Employees**

Management Personnel Plan and executive employees shall be required to report outside employment for the identification of and to preclude any conflict of commitment. The Chancellor is responsible for implementing this section.

NOTE: Authority cited: Sections 89030 and 89500, Education Code. Reference cited: Section 89030 and 89500, Education Code.

The Vice Chancellor of Human Resources implemented a policy that requires MPP and Executive employees to disclose any outside employment at several intervals: at the time of hire, annually, within 30 days of accepting outside employment, and within 10 days of request by a supervisor. The policy requires all outside employment disclosures to be reviewed and acknowledged by an appropriate administrator for potential conflicts of commitment. For Executive employees, the administrator who reviews these forms are the Chancellor and/or the Board of Trustees.

In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside employment disclosure requirements for MPP and Executive employees. On June 27, 2016, Senate Bill 886, referred to as the "Budget Act of 2016", was signed into law by the Governor, and requires the CSU Board of Trustees to review the policies and procedures governing outside employment by university executives and senior management no later than January 1, 2017.

### **Information**

The revised outside employment disclosure policy for MPP and Executive employees honors CSU's commitment to the Legislature and the public, and complies with the Budget Act of 2016. The following is a list of the proposed changes to the policy:

- Require that outside employment of MPP and Executive employees do not create conflicts of interest or conflicts of commitment, whether those are actual or perceived.
- Require that outside employment is consistent with, and furthers, the public mission of the CSU.
- Require campuses to establish procedures to implement the policy requirements and provide an annual report to the Chancellor's Office on outside employment disclosures at the campus.
- Provide guidance to determine when a conflict of commitment or interest exists and steps to be taken if conflict is found.
- Specify appropriate consequences for violations of policies and procedures.
- Require all MPP and Executive employees to submit a disclosure form at least annually, even if there is no outside employment to report.

- Defines Senior Management employees as Executive employees and Vice Presidents.
- Require detailed reporting and proper approval of outside employment for Senior Management Employees.
- The Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees.
- Require the Chancellor's Office to report outside employment of Senior Management employees publicly on an annual basis.

The revised outside employment disclosure policy for MPP and Executive employees serves to strengthen the CSU's commitment to improving and ensuring the public trust through clear policy objectives, stronger monitoring requirements, and increased transparency. These improvements will ensure that both CSU and members of the public are accurately informed of the outside employment of all management and executive employees and better positioned to prevent conflicts of commitment and interest.

Attachment A is the policy with all changes incorporated. Attachment B identifies changes to the policy. This item will be presented for action at the November 2016 Board of Trustees meeting.

Date: [Date] Code: HR 2016-XX  
Supersedes: HR 2016-01  
HR 2014-12  
HR 2013-11  
Reference: HR 2002-05

To: CSU Presidents, Vice Presidents, HR Officers, AVPs/Deans of Faculty Affairs and campus designees responsible for outside employment disclosure

Subject: Revised Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees

### Summary

The Outside Employment Disclosure Requirements for MPP and Executive Employees have been revised to include the following:

- Clarify that the policy applies to all MPP and Executive employees (full-time and part-time)
- Clarify that outside employment may not create conflict of commitment or conflict of interest
- All MPP and Executive employees are required to submit an Outside Employment Disclosure Form at least annually, even if there is no outside employment to report
- Defines Senior Management as Executive employees and Vice Presidents. This group will be required to submit for review and approval a detailed Outside Employment Disclosure Form
- The Outside Employment Disclosure Form for MPP employees has been revised, and a separate Form has been created for Senior Management employees
- Campuses are required to submit a detailed report on outside employment disclosures of Senior Management employees to the Chancellor's Office annually by [Date TBD]
- The Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees
- The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management

### Action Items

Develop procedures to manage the disclosure process and communicate the revised requirements to all MPP and Executive employees at the campus.

Update campus Outside Employment Disclosure Forms.

All MPP and Executive employees are required to submit an Outside Employment Disclosure Form at least annually.

Campuses must submit a detailed report on outside employment of Senior Management employees to the Chancellor's Office annually by [Date TBD].

### Affected Employee Group(s)/Units

All (full-time and part-time) MPP and Executive employees

### Definition(s)

- Appropriate Administrator:** The administrator to whom the MPP or Executive employee directly reports
- Conflict of Commitment:** In the context of this policy, a conflict of commitment is any outside work that creates a perceived or actual conflict with an employee's ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU
- Conflict of Interest:** The Political Reform Act prohibits an employee from making, participating in the making, or influencing a governmental decision in which the employee has a financial interest
- Executive Employee:** Includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, and Presidents
- Management Personnel Plan (MPP):**  
As defined in Title 5 of the California Code of Regulations, Article 2.2, "MPP" refers to employees designated as "management" or "supervisory" under the Higher Education Employer-Employee Relations Act (HEERA). This includes Executive employees
- Outside Employment:** Any employment not compensated through the CSU payroll, including CSU foundation and CSU auxiliary employment. Unpaid volunteer work does not apply to this policy
- Reportable Employment/Income:**  
Any work for which a W-2 or 1099 is issued. Reportable income can come from a number of sources, including but not limited to one-time speeches/presentations, paid work for profit or non-profit entities, and paid service on a board of directors. Passive income (e.g., payments for services performed in the past, including royalties for writing, copyrighted work, research, and patented materials) is not reportable
- Senior Management:** For the purposes of this policy, this term shall include Executives (Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents) and Vice Presidents

## Details

### *Policy Statement*

Outside employment activities, while often mutually beneficial to the CSU and the employees themselves, must not conflict with an employee's ability to meet his/her responsibilities to the CSU and at all times act in the best interest of CSU. Therefore, it is the policy of the CSU to provide a transparent system of disclosure, approval, and documentation of outside employment activities performed by CSU MPP and Executive employees to identify any potential conflicts of commitment and/or conflicts of interest. This policy complies with Section 42740 of Title 5, California Code of Regulations and frames the rules and procedures to delineate permissible outside employment activities. Campuses are required to establish procedures to implement this policy requirement.

### *Background*

In response to the California State Auditor (CSA) recommendation on CSU Compensation Practices, the Board of Trustees (BOT) approved the following addition to Title 5 of the California Code of Regulations in January 2013:

**§ 42740. Outside Employment – Management and Executive Employees.**

Management Personnel Plan and executive employees shall be required to report outside employment for the identification of and to preclude any conflict of commitment. The Chancellor is responsible for implementing this section.

NOTE: Authority cited: Sections 89030 and 89500, Education Code. Reference cited: Section 89030 and 89500, Education Code.

The BOT resolution<sup>1</sup> required the annual disclosure and approval of all outside employment not compensated through the CSU payroll for MPP and Executive employees.

In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016. This updated policy goes into effect on January 1, 2017.

*Disclosure Reporting Requirements*

MPP and Executive employees are individually responsible and held accountable for ensuring that their outside employment activities do not create any actual or perceived conflict of commitment and/or conflict of interest to the CSU. All full-time and part-time MPP (including Executive) employees are expected to monitor and report any and all outside work for which they are being compensated. These employees are required to submit a disclosure form at least annually, even if there is no outside employment to report.

MPP and Executive employees should be given a copy of this policy and will be required to submit a written report of any outside employment at the following times:

- **At the time of hire or appointment** — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- **Annually** – All MPP and Executive employees must submit an annual disclosure by **[Date TBD]** of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- **Within 30 days of accepting outside employment** – Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- **Upon Request** – Employees shall provide any requested information within 10 days of an appropriate administrator's request.

The written disclosure statement shall include the nature of outside employment held, time comment, and expected duration. In addition to providing the information above, members of Senior Management (which consists of Executives and Vice Presidents) are required to disclose details of the outside employment, including the organization name, total compensation received, whether the business has had dealings with the CSU, and whether the employee was involved in making any decisions that affect CSU's dealings with the outside employer. A revised sample disclosure form for MPP employees has been provided in Attachment A. Attachment B contains a separate Outside Employment Disclosure Form that has been created for Senior Management employees. Campuses may use electronic forms to satisfy the reporting requirement.

Campuses should designate an employee responsible for this function and develop procedures to manage the disclosure process for MPP and Executive employees. Campuses are also required to maintain these records in accordance with

---

<sup>1</sup> Link to Board of Trustees Resolution #RUF01-13-01: <http://www.calstate.edu/BOT/resolutions/jan2013.pdf>

Section 1.17 of CSU's Records Retention Policy (at least 4 years from the date of the document), which can be found at <http://www.calstate.edu/recordsretention/>.

#### *Determining Conflicts of Commitment*

The following is a partial list of possible conflicts of commitment that merit a case-by-case examination of the outside employment activity to determine whether the activity should be managed appropriately, reduced or eliminated. Conflict of commitment may be found if the outside employment activity results in:

- A reduction of the employee's time and energy devoted to CSU activities
- The use of CSU property or other resources without authority (other than de minimus)
- An influence over the way the employee performs his/her CSU responsibilities
- The disclosure of confidential or proprietary information acquired through the performance of CSU duties
- Acting against the CSU's best interest or in conflict with the CSU's mission and goals
- The violation of CSU policies, procedures or practices

The primary commitment of Executive employees must be to the fulfillment of their regular CSU university responsibilities. As a reminder, Executive employees may serve on up to two corporate boards. Approval from the Chancellor is required prior to accepting service on a corporate board. Notice and approval are not required for service on non-profit boards. These requirements protect the public interest and support reinforcement of this policy.

#### *Determining Conflicts of Interest*

No CSU MPP or Executive employee may make, participate in making, or influence a governmental decision in which he/she has a financial interest as defined by the Political Reform Act. A conflict of interest exists if the outside employment creates a financial interest on the part of the employee that precludes the employee from making decisions within the scope of the employee's duties.

#### *Document Review – MPP Employees (excluding Senior Management)*

All MPP employees are expected to reduce or eliminate outside employment if any perceived or actual conflicts of commitment or interest are found. Outside employment disclosures should be reviewed for any perceived or actual conflicts of commitment or interest by an appropriate administrator. The appropriate administrator who reviews these forms shall be the person to whom the employee reports.

If the employee's manager or the appropriate administrator determines there is a perceived or actual conflict of commitment and/or conflict of interest in the outside employment activity, and the employee disagrees with this determination, it should be noted on the outside employment disclosure form and escalated to the next level of review. This second and final level of review should be conducted by an independent review committee appointed by the President or Chancellor or his/her designee. The recommendation provided at this level shall be the final determination.

#### *Document Review and Approval – Senior Management Employees*

To protect the interests of the public and the CSU, all Senior Management employees are expected to perform outside employment free of any perceived or actual conflicts of commitment or interest. All outside employment disclosures should be reviewed for any perceived or actual conflicts of commitment or interest and approved by the President or his/her designee, and for all Executive employees, by the Chancellor or his/her designee. In addition, the Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees.

If the outside employment requires a second level of review for approval, an independent review committee appointed by the Chancellor (or the Board of Trustees for the Chancellor) or his/her designee and the Vice Chancellor of Human Resources, in consultation with the Office of General Counsel, shall review the outside employment disclosure. The recommendation provided at this level shall be the final determination.

*Violations of Policy*

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations<sup>2</sup> and will depend on the severity of the conduct.

*Chancellor's Office and Board of Trustees Review*

Campuses are required to submit a summary report (see Attachment D for a template) on outside employment disclosures to the Chancellor's Office annually [Date TBD]. Reports should be sent to [TBD]. Annual reminders will be sent from Systemwide HR. The report shall include the following:

- Percentage of MPP employees with outside employment at the campus
- Disclosure of all outside employment details for Senior Management
- Additional information as requested by the Systemwide HR office

Outside employment disclosure forms are public records and are subject to the California Public Records Act. To increase transparency, protect public interest, and ensure public trust, the CSU will publicly post the outside employment activities of Senior Management employees, which include the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents. The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management.

Questions regarding this policy should be directed to Systemwide Human Resources at (562) 951-4411 or your campus department. This document is available on the Human Resources Management's Website at <https://csyou.calstate.edu/Policies/HRPolicies/Forms/Default.aspx>.

LL/LH/tl

Attachment

---

<sup>2</sup> 5 Cal. Code Reg. §§42722, 42723

## Outside Employment Disclosure Form For Management Personnel Plan (MPP) Employees<sup>3</sup>

**Requirements:** This form is to be completed as appropriate by MPP employees (excluding Vice Presidents and Executive employees) pursuant to Section 42740 of Title 5, California Code of Regulations.

Name: \_\_\_\_\_ Position/Title: \_\_\_\_\_

Campus: \_\_\_\_\_ Department: \_\_\_\_\_

**Type of Disclosure (Check at least one box):**

- Annual:** The period covered is January 1, 20\_\_\_\_, through December 31, 20\_\_\_\_.  
 -OR- The period covered is \_\_\_\_/\_\_\_\_/20\_\_\_\_ (Time of hire or appointment) through  
 December 31, 20\_\_\_\_.
- Time of Hire or Appointment**
- Accepted outside employment:** Outside employment began \_\_\_\_/\_\_\_\_/20\_\_\_\_
- Administrator request:** The period covered is \_\_\_\_/\_\_\_\_/20\_\_\_\_ through \_\_\_\_/\_\_\_\_/20\_\_\_\_  
 -OR - Current outside employment beginning \_\_\_\_/\_\_\_\_/20\_\_\_\_

**Outside Employment Status (Select one):**

- I have outside employment to report (complete table below).
- I have no outside employment report.

	Nature of Outside Employment Held	Time Commitment	Expected Duration
1			
2			

-----  
 I affirm that the information on this form is accurate to the best of my knowledge, that I have read and understand my obligations under the CSU's policy on Outside Employment Disclosure, and that I will comply with the conditions and restrictions imposed by the CSU to manage, reduce, or eliminate conflicts of commitment/interest. I certify that my time commitment to the outside employer(s), if applicable, does not create a conflict of commitment/interest that would interfere with CSU work assignments and satisfactory performance. I also commit to providing an updated form to my immediate supervisor whenever a significant change occurs in the information I have provided. *(Complete and sign below)*

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Reviewed by:**

\_\_\_\_\_

<sup>3</sup> For Vice Presidents and Executive employees, see the Outside Employment Disclosure Form for Senior Management employees  
 Updated 8/23/2016  
 LH/II

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Administrator's Signature: \_\_\_\_\_

***If applicable, submit Form and attachments to the independent review committee for additional review and approval. Submit completed Form to HR.***

## Outside Employment Disclosure Form For Senior Management Employees

**Requirements:** This form must be completed by **all Senior Management employees** (includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents) pursuant to Section 42740 of Title 5, California Code of Regulations and the 2016 Budget Act under the following conditions: upon hire, annually by **[Date TBD]**, within 30 days of accepting outside employment, and within 10 days of request by an appropriate administrator.

**1. Employee Information:**

Campus: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**2. Type of Disclosure (Check at least one box):**

- Annual:** The period covered is January 1, 20\_\_\_\_, through December 31, 20\_\_\_\_.  
 -OR- The period covered is \_\_\_\_/\_\_\_\_/20\_\_\_\_ (Time of hire or appointment) through December 31, 20\_\_\_\_.
- Time of Hire or Appointment**
- Accepted outside employment:** Outside employment began \_\_\_\_/\_\_\_\_/20\_\_\_\_
- Administrator request:** The period covered is \_\_\_\_/\_\_\_\_/20\_\_\_\_ through \_\_\_\_/\_\_\_\_/20\_\_\_\_  
 -OR- Current outside employment beginning \_\_\_\_/\_\_\_\_/20\_\_\_\_

**3. Outside Employment Involvement (Select "Yes" or "No" for each):**

Types of services engaged in during disclosure period:	Please select one:	
Paid service* on a federal, state, or local government agency committee, panel, or commission	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid service* as an officer or member on a non-profit or for-profit board	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid service* to organization(s) that further the interests of higher education	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Pay* for presentation(s) at scholarly colloquia and conferences, speaker at an event, and/or guest lecturer	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid* consulting/professional advising activities	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid service* as an expert witness	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid service* on committees/advisory groups to other universities outside the CSU	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid* for developing scholarly communications or conducting editorial work in books, journal articles, movies, television productions or similar works	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid* review of journal/book manuscripts, grant or contract proposals	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other (please specify any other service for which compensation was received): _____		

**If you answered YES to any of these questions, you have outside employment to report.**

\*Does not include reasonable incidentals (e.g., travel, meals).

**4. Outside Employment Status (Select one):**

- I have outside employment to report.
- I have no outside employment report (skip to Section 6 for signature and submit).

**5. Detailed Reporting (attach additional pages as necessary):**

**Outside Employment/Activity 1:**

1. Name of outside employer or business: \_\_\_\_\_
2. Duration of employment: \_\_\_\_\_

3. Describe the nature of the outside employment: \_\_\_\_\_  
\_\_\_\_\_
4. Total anticipated time to be served/Total time served (hrs): \_\_\_\_\_
5. Total compensation received including equity or deferred compensation: \_\_\_\_\_
6. Does the outside employer have any business dealings with CSU? If "yes", please explain.  
\_\_\_\_\_  
\_\_\_\_\_
7. Are you involved in making any decisions affecting CSU's dealings with the outside employer (either directly or indirectly)? Describe: \_\_\_\_\_
8. Additional comments (e.g., if compensation was donated, disclose here): \_\_\_\_\_  
\_\_\_\_\_

**Outside Employment/Activity 2:**

1. Name of outside employer or business: \_\_\_\_\_
2. Duration of employment: \_\_\_\_\_
3. Describe the nature of the outside employment: \_\_\_\_\_  
\_\_\_\_\_
4. Total anticipated time to be served/Total time served (hrs): \_\_\_\_\_
5. Total compensation received including equity or deferred compensation: \_\_\_\_\_
6. Does the outside employer have any business dealings with CSU? If "yes", please explain.  
\_\_\_\_\_  
\_\_\_\_\_
7. Are you involved in making any decisions affecting CSU's dealings with the outside employer (either directly or indirectly)? Describe: \_\_\_\_\_
8. Additional comments (e.g., if compensation was donated, disclose here): \_\_\_\_\_  
\_\_\_\_\_

**6. Certification and Review**

**To be completed by the Employee:**

I hereby affirm that the information on this form is accurate to the best of my knowledge, that I have read and understand my obligations under the CSU's policy on Outside Employment Disclosure, and that I will comply with the conditions and restrictions imposed by the CSU to manage, reduce, or eliminate conflicts of commitment/interest. I certify that my time commitment to the outside employer(s), if applicable, does not create a conflict of commitment/interest that would interfere with CSU work assignments and satisfactory performance. I also commit to providing an updated form to my immediate supervisor whenever a significant change occurs in the information I have provided.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**To be completed by the Employee's Immediate Supervisor/Appropriate Administrator:**

I have reviewed this disclosure form and assessed whether the outside employment described above will create a conflict of commitment or interest between the employee and the CSU. I find that:

- the information submitted does not present a conflict of commitment or conflict of interest.  
 the information submitted may present a conflict of commitment or a conflict of interest.

Comments/recommendations (attach additional pages if necessary):  
\_\_\_\_\_  
\_\_\_\_\_

***If applicable, submit Form and attachments to the independent review committee for additional review and approval. Submit completed Form to HR.***

**Administrator's Name (Print):** \_\_\_\_\_ **Title, Dept:** \_\_\_\_\_

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

-----  
**IF APPLICABLE - INDEPENDENT REVIEW COMMITTEE (FINAL LEVEL OF REVIEW)**

**Committee members:**

_____	_____
_____	_____
_____	_____
_____	_____

**Select one:**

- The outside employment does not present a conflict of commitment or conflict of interest.
- The outside employment presents a conflict of commitment or conflict of interest.

**Determination/Recommendation (Attach additional pages if necessary):**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Outside Employment Policy for MPP and Executives Frequently Asked Questions

### 1. Who is required to report outside employment?

All MPP and Executive employees, whether part-time or full-time are required to complete the Outside Employment Disclosure Form even if they do not have any outside employment to report. (see Attachment A and B).

### 2. What are MPP and Executive employees expected to report?

MPP and Executive employees are expected to report outside work for which the employees are being compensated and result in reportable income. "Reportable income" is any work for which a W-2 or 1099 is issued.

### 3. When must MPP and Executive employees disclose outside employment?

MPP and Executive employees must disclose outside employment under the following instances:

- **At the time of hire or appointment** — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- **Annually** - All MPP and Executive employees must submit an annual disclosure by **[Date TBD]** of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- **Within 30 days of accepting outside employment** - Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- **Upon Request** - Employees shall provide any requested information within 10 days of an appropriate administrator's request.

### 4. Why are there outside employment disclosure requirements for MPPs and Executives?

The need to report compensatory outside employment initially resulted from a California State Auditor (CSA) finding on CSU Compensation Practices and a Board of Trustees Resolution approving the addition to Title 5 of the California Code of Regulations. In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016.

### 5. Why are there two separate forms for reporting?

The Outside Employment Disclosure Form for Senior Management Employees (Attachment B) is a detailed reporting form that is required for all Executive employees and Vice Presidents. Attachment A (Outside Employment Disclosure Form for MPP Employees) is for all other MPP employees.

### 6. Who is considered "Senior Management"?

Senior Management, for the purpose of this policy, includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents.

### 7. Why must outside employment for Senior Management be disclosed publicly?

It is required under the Budget Act of 2016.

**8. Are Vice Presidents required to submit both forms (Attachment A and Attachment B)?**

No, Vice Presidents are only required to submit Attachment B.

**9. Are prospective MPP/Executive employees required to submit the Form even if they do not have outside employment?**

Yes, the policy requires all prospective MPP and Executive employees to complete the Disclosure Form even if he/she does not have outside employment to report.

**10. If an MPP employee works one or two days only on an outside employment engagement, do they have to report it under this policy?**

Yes, as stated in the policy, "MPP and Executive employees are expected to report any and all outside work for which the employees are being compensated". Any work that results in reportable income (for which a 1099 or W-2 is issued) must be reported, no matter the time commitment.

**11. If an MPP/Executive employee accepts an honorarium for giving a speech or presentation, does it have to be reported as outside employment?**

Yes. MPP/Executive employees are required to report all outside work for which they receive compensation. As a reminder, an employee may not accept an honorarium from a reportable source (i.e., a source the employee will be required to disclose on an annual Form 700 Statement of Economic Interest). Cal. Govt. Code §89502.

**12. Does the supervisor have the ability to tell the employee that the outside employment is a conflict and they cannot do the work?**

Yes. The appropriate administrator has the authority to advise the individual that his/her outside employment conflicts with CSU employment, and that the conflict can no longer continue.

**If so, can the employee be disciplined or discharged if they do not comply with the policy?**

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations and will depend on the severity of the conduct.

**13. Is documentation required to support that the outside employment "interfered with normal work assignments" or affected "satisfactory performance"?**

As with any disciplinary action and/or unfavorable performance review, these situations must be documented appropriately and in the same manner. Campus performance evaluation/assessment procedures should support these actions.

**14. When administrators sign the Disclosure Form that employees submit, are they actually approving the outside employment?**

Yes, only if the administrator is reviewing it for Senior Management employees. For MPP employees, the administrator's signature confirms that the administrator has reviewed the employee's outside employment and has determined that no conflict of commitment or conflict of interest exists.

**15. What happens if the employee refuses to provide the information?**

The administrator should acknowledge, sign, and indicate on the disclosure form that the employee refused to sign the form. Further action will be required to evaluate the employee on failure to adhere to a policy requirement.

**16. What is "too much" outside employment?**

"Too much" outside employment is one that interferes with CSU work assignments and employee performance.

**17. If the work that is being performed does not conflict with the employee's work for the CSU and does not occur during CSU business hours, is this still reportable?**

Yes.

**18. If the employee is not performing work but is receiving passive income (e.g., royalty payments) for service(s) performed in the past, does this need to be disclosed?**

No.

**19. If the industry in which outside employment is being performed has no affiliation with the CSU, is it still reportable?**

Yes.

**20. What constitutes a conflict of commitment?**

A conflict, in the context of this policy, means any outside work that conflicts with an employee's ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU. Please refer to the "Determining Conflicts of Commitment" section of the policy for further information.

**21. Where are completed forms filed, in the employee's personnel file or a separate file?**

Completed forms shall be kept in a separate file and maintained in a fashion that allows Systemwide HR to efficiently access these files in the event of an audit.

**22. Exactly what must the MPP disclose about his/her outside employment?**

For MPP employees (excluding Senior Management), the Disclosure Form only requires the information about the nature of outside employment held, time commitment, and expected duration. "Nature" in this context can be used to categorize the role or category of employment services being performed (e.g., supervisor, president, manager, consultant). Senior Management employees have a separate and more comprehensive disclosure requirement.

**23. What if the employee does not agree with the perception of work conflict?**

The appropriate CSU administrator is responsible for determining if a work conflict exists, made in consideration of the employee's CSU work assignments and performance. If the employee does not agree that there is a conflict of commitment, it should be noted in the outside employment disclosure form and escalated to the next level of review, which will involve an independent review committee. See *Document Review – MPP Employees (excluding Senior Management)* and *Document Review and Approval – Senior Management Employees* for more information.

**24. Will the Chancellor be asking the Presidents to report outside employment?**

Yes. This policy applies to all Executive and MPP employees, including the campus presidents. The Chancellor will administer the policy to Presidents.

**25. Why do campuses have to report outside employment of their presidents and vice presidents to the Chancellor's Office?**

The CA State Legislature requires the Chancellor's Office to report outside employment activities of Senior Management employees publicly on an annual basis. The Chancellor's Office will maintain a public website reporting the outside employment endeavors of these individuals, and will be requiring campuses to report this information to the Chancellor's Office annually by **[Date TBD]**.

**26. What is required on the annual report submitted to the Chancellor's Office?**

The report shall include the percentage of MPP employees with outside employment at the campus, detailed disclosure of all outside employment details for Senior Management, and any additional information as requested by the Systemwide HR office. Annual reminders will be sent from Systemwide HR detailing the required contents of the report.

**27. Will my Outside Disclosure Form be posted on the internet?**

The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management employees. All forms are public records and subject to production under the California Public Records Act.

**Outside Employment Activity Disclosure for Senior Management - Final Report**

California State University, [Campus]

Reporting Year: January 1, 20XX to December 31, 20XX

Attachment

Percentage of MPP employees who disclosed  
outside employment: **XX%**

Employee Name	CSU Working Title	Name of Outside employer/business	Role	Duration of employment	Total time served (Hrs)	Total compensation received (\$)	Additional Comments
John Doe	President	Company ABC	Board member	1/1/2015-6/30/2015	2 hrs/week (52 hours total)	\$1,000	Compensation was gifted to campus.
		Company XYZ	Consultant	December 1-3, 2015	5 hours total	\$200	Compensation was paid in company shares.

Date: [Date] \_\_\_\_\_ Code: HR 2016-XX

Supersedes: HR 2016-01

HR 2014-12

HR 2013-11

Reference: HR 2002-05

To: CSU Presidents, Vice Presidents, HR Officers, AVPs/Deans of Faculty Affairs and campus designees responsible for outside employment disclosure

Subject: Revised Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees

### Summary

~~Pursuant to Section 42740 of Title 5, California Code of Regulations, the CSU is implementing a policy that will require administrators to identify any conflict of commitment that would interfere with CSU work assignments and employee performance. Outside employment of a Management Personnel Plan (MPP) or Executive employee shall not conflict with normal work assignments or satisfactory performance. As a result, MPP and Executive employees shall provide the appropriate administrator with a written disclosure statement of all outside employment endeavors. Administrators, executives, and management employees should review and implement the contents of the policy. The Outside Employment Disclosure Requirements for MPP and Executive Employees have been revised to include the following:~~

- ~~• Clarify that the policy applies to all MPP and Executive employees (full-time and part-time)~~
- ~~• Clarify that outside employment may not create conflict of commitment or conflict of interest~~
- ~~• All MPP and Executive employees are required to submit an Outside Employment Disclosure Form at least annually, even if there is no outside employment to report~~
- ~~• Defines Senior Management as Executive employees and Vice Presidents. This group will be required to submit for review and approval a detailed Outside Employment Disclosure Form~~
- ~~• The Outside Employment Disclosure Form for MPP employees has been revised, and a separate Form has been created for Senior Management employees~~
- ~~• Campuses are required to submit a detailed report on outside employment disclosures of Senior Management employees to the Chancellor's Office annually by [Date TBD]~~
- ~~• The Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees~~
- ~~• The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management~~

### Action Items

~~Report any conflict of commitment with outside employment that runs concurrent with CSU employment.  
Develop procedures to manage the disclosure process and communicate the revised requirements to all MPP and Executive employees at the campus.~~

~~Update campus Outside Employment Disclosure Forms.~~

~~All MPP and Executive employees are required to submit an Outside Employment Disclosure Form at least annually.~~

~~Campuses must submit a detailed report on outside employment of Senior Management employees to the Chancellor's Office annually by [Date TBD].~~

**Affected Employee Group(s)/Units**

All (full-time and part-time) MPP and Executive Employees

**Definition(s)**

**Appropriate Administrator:** The administrator to whom the MPP or Executive employee directly reports

**Conflict of Commitment:** In the context of this policy, a conflict of commitment is any outside work that creates a perceived or actual conflict with an employee's ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU

**Conflict of Interest:** The Political Reform Act prohibits an employee from making, participating in the making, or influencing a governmental decision in which the employee has a financial interest

**Executive Employee:** Includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, and Presidents

**Management Personnel Plan (MPP):**

As defined in Title 5 of the California Code of Regulations, Article 2.2, "MPP" refers to employees designated as "management" or "supervisory" under the Higher Education Employer-Employee Relations Act (HEERA). This includes Executive employees

**Outside Employment:** Any employment not compensated through the CSU payroll, including CSU foundation and CSU auxiliary employment. Unpaid volunteer work does not apply to this policy

**Reportable Employment/Income:**

Any work for which a W-2 or 1099 is issued. Reportable income can come from a number of sources, including but not limited to one-time speeches/presentations, paid work for profit or non-profit entities, and paid service on a board of directors. Passive income (e.g., payments for services performed in the past, including royalties for writing, copyrighted work, research, and patented materials) is not reportable

**Senior Management:** For the purposes of this policy, this term shall include Executives (Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents) and Vice Presidents

**Details**

**Policy Statement**

Outside employment activities, while often mutually beneficial to the CSU and the employees themselves, must not conflict with an employee's ability to meet his/her responsibilities to the CSU and at all times act in the best interest of CSU. Therefore, it is the policy of the CSU to provide a transparent system of disclosure, approval, and documentation of outside employment activities performed by CSU MPP and Executive employees to identify any potential conflicts of commitment and/or conflicts of interest. This policy complies with Section 42740 of Title 5, California Code of Regulations and frames the rules and procedures to delineate permissible outside employment activities. Campuses are required to establish procedures to implement this policy requirement.

**Background:**

Consistent with the requirements of the California Bureau of State Audits (BSA) finding on CSU Compensation Practices, the Board of Trustees has approved an addition to Title 5 of the California Code of Regulations at its January 2013 Board of Trustees meeting. The resolution required the disclosure and approval of outside employment for all full time

management and executive employees for the identification of and to preclude any conflict of commitment. The link to the Board of Trustees Resolution #RUF01-13-01 is found here: <http://www.calstate.edu/BOT/resolutions/jan2013.pdf>. This requirement is already in place for faculty. See Article 35 of the Collective Bargaining Agreement (CBA) with the California Faculty Association (CFA).

Definition: For the context of this policy, outside employment refers to any employment not compensated through the CSU payroll, including CSU foundation and CSU auxiliary employment. Volunteer work does not apply to this policy.

**Disclosure Requirements:**

MPP and Executive employees are expected to report any and all outside work for which the employees are being compensated. In addition, requests for written disclosure may also be made when the appropriate administrator deems it necessary to ascertain that the employee's outside employment does not conflict with normal work assignments or satisfactory performance. In the case of Executive employees, the appropriate administrator could include the Chancellor and/or the Board of Trustees. The written disclosure statement shall provide the nature and approximate distribution of time devoted to continuous outside employment endeavors.

**Reporting Requirements:**

To ensure policy compliance, campuses shall initiate a reporting period for all MPP and Executive employees, in which current employees shall disclose outside employment activity within 60 days. Current employees who have outside employment are required to complete the disclosure form annually, and within 30 days of taking outside employment. Annual reminders for disclosures will be sent by Human Resources. For newly hired MPP and Executive employees, campuses shall provide a copy of this policy and require the completion of an acknowledgement form as a precondition of employment. In the event that an administrator requests the disclosure of outside employment from a current employee, the written report shall be provided to the administrator within 10 days. A sample disclosure and acknowledgement form has been provided in Attachment A. Campuses may use electronic forms to satisfy the reporting requirement.

**Document Review and Filing:**

Campuses are required to establish procedures to implement this policy requirement. Campuses should designate an employee responsible for this function and develop procedures to manage the disclosure process. Campuses are also required to maintain these records in accordance with CSU's Records Retention Policy.

Background

In response to the California State Auditor (CSA) recommendation on CSU Compensation Practices, the Board of Trustees (BOT) approved the following addition to Title 5 of the California Code of Regulations in January 2013:

§ 42740. Outside Employment – Management and Executive Employees.

Management Personnel Plan and executive employees shall be required to report outside employment for the identification of and to preclude any conflict of commitment. The Chancellor is responsible for implementing this section.

NOTE: Authority cited: Sections 89030 and 89500, Education Code. Reference cited: Section 89030 and 89500, Education Code.

The BOT resolution<sup>1</sup> required the annual disclosure and approval of all outside employment not compensated through the CSU payroll for MPP and Executive employees.

---

<sup>1</sup> Link to Board of Trustees Resolution #RUF01-13-01: <http://www.calstate.edu/BOT/resolutions/jan2013.pdf>

In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016. This updated policy goes into effect on January 1, 2017.

#### *Disclosure Reporting Requirements*

MPP and Executive employees are individually responsible and held accountable for ensuring that their outside employment activities do not create any actual or perceived conflict of commitment and/or conflict of interest to the CSU. All full-time and part-time MPP (including Executive) employees are expected to monitor and report any and all outside work for which they are being compensated. These employees are required to submit a disclosure form at least annually, even if there is no outside employment to report.

MPP and Executive employees should be given a copy of this policy and will be required to submit a written report of any outside employment at the following times:

- **At the time of hire or appointment** — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- **Annually** – All MPP and Executive employees must submit an annual disclosure by [Date TBD] of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- **Within 30 days of accepting outside employment** – Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- **Upon Request** – Employees shall provide any requested information within 10 days of an appropriate administrator's request.

The written disclosure statement shall include the nature of outside employment held, time commitment, and expected duration. In addition to providing the information above, members of Senior Management (which consists of Executives and Vice Presidents) are required to disclose details of the outside employment, including the organization name, total compensation received, whether the business has had dealings with the CSU, and whether the employee was involved in making any decisions that affect CSU's dealings with the outside employer. A revised sample disclosure form for MPP employees has been provided in Attachment A. Attachment B contains a separate Outside Employment Disclosure Form that has been created for Senior Management employees. Campuses may use electronic forms to satisfy the reporting requirement.

Campuses should designate an employee responsible for this function and develop procedures to manage the disclosure process for MPP and Executive employees. Campuses are also required to maintain these records in accordance with Section 1.17 of CSU's Records Retention Policy (at least 4 years from the date of the document), which can be found at <http://www.calstate.edu/recordsretention/>.

#### *Determining Conflicts of Commitment*

The following is a partial list of possible conflicts of commitment that merit a case-by-case examination of the outside employment activity to determine whether the activity should be managed appropriately, reduced or eliminated. Conflict of commitment may be found if the outside employment activity results in:

- A reduction of the employee's time and energy devoted to CSU activities
- The use of CSU property or other resources without authority (other than de minimus)
- An influence over the way the employee performs his/her CSU responsibilities
- The disclosure of confidential or proprietary information acquired through the performance of CSU duties
- Acting against the CSU's best interest or in conflict with the CSU's mission and goals
- The violation of CSU policies, procedures or practices

The primary commitment of Executive employees must be to the fulfillment of their regular CSU university responsibilities. As a reminder, Executive employees may serve on up to two corporate boards. Approval from the Chancellor is required prior to accepting service on a corporate board. Notice and approval are not required for service on non-profit boards. These requirements protect the public interest and support reinforcement of this policy.

#### Determining Conflicts of Interest

No CSU MPP or Executive employee may make, participate in making, or influence a governmental decision in which he/she has a financial interest as defined by the Political Reform Act. A conflict of interest exists if the outside employment creates a financial interest on the part of the employee that precludes the employee from making decisions within the scope of the employee's duties.

#### Document Review – MPP Employees (excluding Senior Management)

All MPP employees are expected to reduce or eliminate outside employment if any perceived or actual conflicts of commitment or interest are found. Outside employment disclosures should be reviewed for any perceived or actual conflicts of commitment or interest by an appropriate administrator. The appropriate administrator who reviews these forms shall be the person to whom the employee reports.

If the employee's manager or the appropriate administrator determines there is a perceived or actual conflict of commitment and/or conflict of interest in the outside employment activity, and the employee disagrees with this determination, it should be noted on the outside employment disclosure form and escalated to the next level of review. This second and final level of review should be conducted by an independent review committee appointed by the President or Chancellor or his/her designee. The recommendation provided at this level shall be the final determination.

#### Document Review and Approval – Senior Management Employees

To protect the interests of the public and the CSU, all Senior Management employees are expected to perform outside employment free of any perceived or actual conflicts of commitment or interest. All outside employment disclosures should be reviewed for any perceived or actual conflicts of commitment or interest and approved by the President or his/her designee, and for all Executive employees, by the Chancellor or his/her designee. In addition, the Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees.

If the outside employment requires a second level of review for approval, an independent review committee appointed by the Chancellor (or the Board of Trustees for the Chancellor) or his/her designee and the Vice Chancellor of Human Resources, in consultation with the Office of General Counsel, shall review the outside employment disclosure. The recommendation provided at this level shall be the final determination.

#### Violations of Policy

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations<sup>2</sup> and will depend on the severity of the conduct.

#### Chancellor's Office and Board of Trustees Review

Campuses are required to submit a summary report (see Attachment D for a template) on outside employment disclosures to the Chancellor's Office annually [Date TBD]. Reports should be sent to [TBD]. Annual reminders will be sent from Systemwide HR. The report shall include the following:

- Percentage of MPP employees with outside employment at the campus
- Disclosure of all outside employment details for Senior Management

---

<sup>2</sup> 5 Cal. Code Reg. §§42722, 42723

- Additional information as requested by the Systemwide HR office

Outside employment disclosure forms are public records and are subject to the California Public Records Act. To increase transparency, protect public interest, and ensure public trust, the CSU will publicly post the outside employment activities of Senior Management employees, which include the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents. The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management.

Questions regarding this policy should be directed to Systemwide Human Resources at (562) 951-4411 or your campus department. This document is available on the Human Resources Management's Website at <https://csyou.calstate.edu/Policies/HRPolicies/Forms/Default.aspx>.

LL/LH/tl

Attachment

**Revised** Outside Employment Disclosure  
 Requirements for MPP and Executive Employees  
 ATTACHMENT A

**Outside Employment Disclosure Form  
 For Management Personnel Plan (MPP) and Executive Employees<sup>3</sup>**

**Requirements:** This form is to be completed as appropriate by MPP ~~and Executive~~ employees (excluding Vice Presidents and Executive employees) pursuant to Section 42740 of Title 5, California Code of Regulations.

**Requirements:**

All management and executive employees shall be required to provide a written statement to the appropriate administrator of any and all outside employment. Employees shall also provide a written statement of outside employment if a written request by an administrator is made.

**Disclosure:**

Name: \_\_\_\_\_ Position/Title: \_\_\_\_\_

Campus: \_\_\_\_\_ Department: \_\_\_\_\_

**Type of Disclosure (Check at least one box):** \_\_\_\_\_

**Annual:** The period covered is January 1, 20\_\_\_\_, through December 31, 20\_\_\_\_.  
 -OR- The period covered is \_\_\_\_/\_\_\_\_/20\_\_\_\_ (Time of hire or appointment) through  
 December 31, 20\_\_\_\_.

**Time of Hire or Appointment**

**Accepted outside employment:** Outside employment began \_\_\_\_/\_\_\_\_/20\_\_\_\_

**Administrator request:** The period covered is \_\_\_\_/\_\_\_\_/20\_\_\_\_ through \_\_\_\_/\_\_\_\_/20\_\_\_\_  
 -OR - Current outside employment beginning \_\_\_\_/\_\_\_\_/20\_\_\_\_

Date: \_\_\_\_\_

**Outside Employment Status (Select one):**

- I have outside employment to report (complete table below).  
 I have no outside employment report.

	Nature of Outside Employment Held	Time Commitment	Expected Duration
1			
2			

I affirm that the information on this form is accurate to the best of my knowledge, that I have read and understand my obligations under the CSU's policy on Outside Employment Disclosure, and that I will comply with the conditions and restrictions imposed by the CSU to manage, reduce, or eliminate conflicts of commitment/interest. I certify that my time

<sup>3</sup> For Vice Presidents and Executive employees, see the Outside Employment Disclosure Form for Senior Management employees

commitment to the outside employer(s), if applicable, does not create a conflict of commitment/interest that would interfere with CSU work assignments and satisfactory performance. I also commit to providing an updated form to my immediate supervisor whenever a significant change occurs in the information I have provided.~~I acknowledge that the information listed above is true and correct, and that my time commitment to these outside employer(s) do not create a conflict of commitment that would interfere with CSU work assignments and satisfactory performance.~~ (Complete and sign below)

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Reviewed by:**

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Administrator's Signature: \_\_\_\_\_

**If applicable, submit Form and attachments to the independent review committee for additional review and approval. Submit completed Form to HR.**

**ATTACHMENT B**

**Outside Employment Disclosure Form  
 For Senior Management Employees**

**Requirements:** *This form must be completed by all Senior Management employees (includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents) pursuant to Section 42740 of Title 5, California Code of Regulations and the 2016 Budget Act under the following conditions: upon hire, annually by [Date TBD], within 30 days of accepting outside employment, and within 10 days of request by an appropriate administrator.*

**1. Employee Information:** \_\_\_\_\_ Campus: \_\_\_\_\_  
 Name: \_\_\_\_\_ Title: \_\_\_\_\_

**2. Type of Disclosure (Check at least one box):**

- Annual:** The period covered is January 1, 20\_\_\_\_, through December 31, 20\_\_\_\_.  
 -OR- The period covered is \_\_\_\_/\_\_\_\_/20\_\_\_\_ (Time of hire or appointment) through December 31, 20\_\_\_\_.
- Time of Hire or Appointment**
- Accepted outside employment:** Outside employment began \_\_\_\_/\_\_\_\_/20\_\_\_\_
- Administrator request:** The period covered is \_\_\_\_/\_\_\_\_/20\_\_\_\_ through \_\_\_\_/\_\_\_\_/20\_\_\_\_  
 -OR- Current outside employment beginning \_\_\_\_/\_\_\_\_/20\_\_\_\_

**3. Outside Employment Involvement (Select "Yes" or "No" for each):**

<b>Types of services engaged in during disclosure period:</b>	<b>Please select one:</b>	
<u>Paid service* on a federal, state, or local government agency committee, panel, or commission</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid service* as an officer or member on a non-profit or for-profit board</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid service* to organization(s) that further the interests of higher education</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Pay* for presentation(s) at scholarly colloquia and conferences, speaker at an event, and/or guest lecturer</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid* consulting/professional advising activities</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid service* as an expert witness</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid service* on committees/advisory groups to other universities outside the CSU</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid* for developing scholarly communications or conducting editorial work in books, journal articles, movies, television productions or similar works</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid* review of journal/book manuscripts, grant or contract proposals</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Other (please specify any other service for which compensation was received):</u> _____		

**If you answered YES to any of these questions, you have outside employment to report.**  
 \*Does not include reasonable incidentals (e.g., travel, meals).

**1.4. Outside Employment Status (Select one):**

- I have outside employment to report.  
 I have no outside employment report (skip to Section 6 for signature and submit).

**5. Detailed Reporting (attach additional pages as necessary):**

**Outside Employment/Activity 1:**

1. Name of outside employer or business: \_\_\_\_\_
2. Duration of employment: \_\_\_\_\_

3. Describe the nature of the outside employment: \_\_\_\_\_  
\_\_\_\_\_
4. Total anticipated time to be served/Total time served (hrs): \_\_\_\_\_
5. Total compensation received including equity or deferred compensation: \_\_\_\_\_
6. Does the outside employer have any business dealings with CSU? If "yes", please explain.  
\_\_\_\_\_  
\_\_\_\_\_
7. Are you involved in making any decisions affecting CSU's dealings with the outside employer (either directly or indirectly)? Describe: \_\_\_\_\_
8. Additional comments (e.g., if compensation was donated, disclose here): \_\_\_\_\_  
\_\_\_\_\_

**Outside Employment/Activity 2:**

1. Name of outside employer or business: \_\_\_\_\_
2. Duration of employment: \_\_\_\_\_
3. Describe the nature of the outside employment: \_\_\_\_\_  
\_\_\_\_\_
4. Total anticipated time to be served/Total time served (hrs): \_\_\_\_\_
5. Total compensation received including equity or deferred compensation: \_\_\_\_\_
6. Does the outside employer have any business dealings with CSU? If "yes", please explain.  
\_\_\_\_\_  
\_\_\_\_\_
7. Are you involved in making any decisions affecting CSU's dealings with the outside employer (either directly or indirectly)? Describe: \_\_\_\_\_
8. Additional comments (e.g., if compensation was donated, disclose here): \_\_\_\_\_  
\_\_\_\_\_

=

**6. Certification and Review**

**To be completed by the Employee:**

I hereby affirm that the information on this form is accurate to the best of my knowledge, that I have read and understand my obligations under the CSU's policy on Outside Employment Disclosure, and that I will comply with the conditions and restrictions imposed by the CSU to manage, reduce, or eliminate conflicts of commitment/interest. I certify that my time commitment to the outside employer(s), if applicable, does not create a conflict of commitment/interest that would interfere with CSU work assignments and satisfactory performance. I also commit to providing an updated form to my immediate supervisor whenever a significant change occurs in the information I have provided.

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

**To be completed by the Employee's Immediate Supervisor/Appropriate Administrator:**

I have reviewed this disclosure form and assessed whether the outside employment described above will create a conflict of commitment or interest between the employee and the CSU. I find that:

- the information submitted does not present a conflict of commitment or conflict of interest.
- the information submitted may present a conflict of commitment or a conflict of interest.

Comments/recommendations (attach additional pages if necessary):  
\_\_\_\_\_  
\_\_\_\_\_

**If applicable, submit Form and attachments to the independent review committee for additional review and approval. Submit completed Form to HR.**

**Administrator's Name (Print):** \_\_\_\_\_ **Title, Dept:** \_\_\_\_\_

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**IF APPLICABLE - INDEPENDENT REVIEW COMMITTEE (FINAL LEVEL OF REVIEW)**

**Committee members:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Select one:**

- The outside employment does not present a conflict of commitment or conflict of interest.
- The outside employment presents a conflict of commitment or conflict of interest.

**Determination/Recommendation (Attach additional pages if necessary):**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Outside Employment Policy for MPP and Executives Frequently Asked Questions

### **1. Who is required to report outside employment?**

All MPP and Executive employees, whether part-time or full-time are required to complete the Outside Employment Disclosure Form even if they do not have any outside employment to report. (see Attachment A and B).

### **1.2. What are MPP and Executive employees expected to report?**

MPP and Executive employees are expected to report outside work for which the employees are being compensated, and ~~such work must~~ result in reportable income. "Reportable income" is any work for which a W-2 or 1099 is issued.

### **2.3. When must MPP and Executive employees disclose outside employment?**

MPP and Executive employees must disclose outside employment under the following instances:

- At the time of hire or appointment — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- Annually – All MPP and Executive employees must submit an annual disclosure by [Date TBD] of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- Within 30 days of accepting outside employment – Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- Upon Request – Employees shall provide any requested information within 10 days of an appropriate administrator's request.

### **4. Why are there outside employment disclosure requirements for MPPs and Executives?**

The need to report compensatory outside employment initially resulted from a California State Auditor (CSA) finding on CSU Compensation Practices and a Board of Trustees Resolution approving the addition to Title 5 of the California Code of Regulations. In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016.

### **5. Why are there two separate forms for reporting?**

The Outside Employment Disclosure Form for Senior Management Employees (Attachment B) is a detailed reporting form that is required for all Executive employees and Vice Presidents. Attachment A (Outside Employment Disclosure Form for MPP Employees) is for all other MPP employees.

### **3.6. Who is considered "Senior Management"?**

Senior Management, for the purpose of this policy, includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents.

**4.7. Why must outside employment for Senior Management be disclosed publicly?**

It is required under the Budget Act of 2016.

**8. Are Vice Presidents required to submit both forms (Attachment A and Attachment B)?**

No, Vice Presidents are only required to submit Attachment B.

**5.9. Are prospective MPP/Executive employees required to submit the Form even if they do not have outside employment?**

Yes, the policy requires all prospective MPP and Executive employees to complete the Disclosure Form even if he/she does not have outside employment to report.

**6.10. If an MPP employee works one or two days only on an outside employment engagement, do they have to report it under this policy?**

Yes, as stated in the policy, "MPP and Executive employees are expected to report any and all outside work for which the employees are being compensated". Any work that results in reportable income (for which a 1099 or W-2 is issued) must be reported, no matter the time commitment.

**11. If an MPP/Executive employee accepts an honorarium for giving a speech or presentation, does it have to be reported as outside employment?**

Yes. MPP/Executive employees are required to report all outside work for which they receive compensation. As a reminder, an employee may not accept an honorarium from a reportable source (i.e., a source the employee will be required to disclose on an annual Form 700 Statement of Economic Interest). Cal. Govt. Code §89502.

**7.12. Does the supervisor have the ability to tell the employee that the outside employment is a conflict and they cannot do the work?**

Yes. The appropriate administrator has the authority to advise the individual that his/her outside employment conflicts with CSU employment, and that the conflict can no longer continue.

**If so, can the employee be disciplined or discharged if they do not comply with the policy?**

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations and will depend on the severity of the conduct.

**8.13. Is documentation required to support that the outside employment "interfered with normal work assignments" or affected "satisfactory performance"?**

As with any disciplinary action and/or unfavorable performance review, these situations must be documented appropriately and in the same manner. Campus performance evaluation/assessment procedures should support these actions.

**9.14. When administrators sign the Disclosure Form that employees submit, are they actually approving the outside employment?**

Yes, only if the administrator is reviewing it for Senior Management employees. For MPP employees, the administrator's signature confirms that the administrator has reviewed the employee's outside employment and has determined that no conflict of commitment or conflict of interest exists.

**10.15. What happens if the employee refuses to provide the information?**

The administrator should acknowledge, sign, and indicate on the disclosure form that the employee refused to sign the form. Further action will be required to evaluate the employee on failure to adhere to a policy requirement.

**11.16. What is "too much" outside employment?**

"Too much" outside employment is one that interferes with CSU work assignments and employee performance.



**26. What is required on the annual report submitted to the Chancellor's Office?**

The report shall include the percentage of MPP employees with outside employment at the campus, detailed disclosure of all outside employment details for Senior Management, and any additional information as requested by the Systemwide HR office. Annual reminders will be sent from Systemwide HR detailing the required contents of the report.

**27. Will my Outside Disclosure Form be posted on the internet?**

The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management employees. All forms are public records and subject to production under the California Public Records Act.

## Outside Employment Activity Disclosure for Senior Management - Final Report

California State University, [Campus]

Reporting Year: January 1, 20XX to December 31, 20XX

Attachment

Percentage of MFP employees who disclosed outside employment: **XXX%**

Employee Name	CSU Working Title	Name of Outside employer/business	Role	Duration of employment	Total time served (Hrs)	Total compensation received (\$)	Additional Comments
John Doe	President	Company ABC	Board member	1/1/2015-6/30/2015	2 hrs/week (52 hours total)	\$1,000	Compensation was gifted to campus.
		Company XYZ	Consultant	December 1-3, 2015	5 hours total	\$200	Compensation was paid in company shares.

## AGENDA

### COMMITTEE ON GOVERNMENTAL RELATIONS

**Meeting:** 3:15 p.m., Tuesday, September 20, 2016  
Glenn S. Dumke Auditorium

J. Lawrence Norton, Chair  
Maggie K. White, Vice Chair  
Silas H. Abrego  
Lillian Kimbell  
Thelma Meléndez de Santa Ana  
Lateefah Simon  
Steven G. Stepanek

#### **Consent Item**

Approval of Minutes of the Meeting of July 19, 2016

#### **Discussion Items**

1. Proposition 55 - Tax Extension to Fund Education and Healthcare, *Action*
2. State Legislative Update, *Information*
3. Joint Memorandum of Understanding - Voter Registration and Engagement, *Information*

**MINUTES OF THE MEETING OF  
COMMITTEE ON GOVERNMENTAL RELATIONS**

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

**July 19, 2016**

**Members Present**

J. Lawrence Norton, Chair  
Maggie K. White, Vice Chair  
Rebecca D. Eisen, Chair of the Board  
Lillian Kimbell  
Thelma Meléndez de Santa Ana  
Lateefah Simon  
Steven G. Stepanek  
Timothy P. White, Chancellor

Trustee Norton called the meeting to order.

**Approval of Minutes**

The minutes of May 24, 2016, were approved as submitted.

**State Legislative Update**

Mr. Garrett P. Ashley, vice chancellor for university relations and advancement, reported that the legislature and governor came to a final budget agreement last month. When the legislature returns from summer recess at the beginning of August, fiscal committees will complete their hearings and bills will be considered on each floor.

Ms. Nichole Muñoz-Murillo, interim director for advocacy and state relations, gave an overview of key bills that impact the CSU and highlighted recent budget advocacy efforts:

- ***CSU Investment Authority (SB 1412 Block)***: This proposal would allow the CSU to invest in mutual funds and real estate investment trusts, with no more than 30 percent of funds placed in these new options. The intent is to boost annual returns, providing funding for CSU deferred maintenance and infrastructure needs. The bill passed the Senate and Assembly Higher Education Committee and will next be considered by the Assembly Appropriations Committee.

- ***Lottery Fund Payments (AB 2215 Medina/Baker)***: This proposal would make a technical change to government code regarding how the State Controller's Office distributes state lottery funds to the CSU. The bill was approved by the Senate Governmental Organization Committee and will next be considered by the Senate Appropriations Committee.

Other bills of interest to the CSU include those dealing with faculty compensation, the presidential search process, a four-year pledge program, food insecurity and mental health services.

On June 1, CSU mascots from sixteen campuses were at the capitol posing for photographs and delivering the #standwithCSU red glasses. On June 2, legislators were asked to wear their red glasses to show their support during floor session.

Ms. Muñoz-Murillo thanked the California State Student Association, campus advocacy teams and CSU alumni groups who contributed to the #standwithCSU efforts.

Chair Eisen asked for a comprehensive list of mandated tuition fee waiver programs and the number of students impacted.

Superintendent Torlaksen shared that the 2016-2017 budget includes \$200 million for college readiness; \$35 million to alleviate the teacher shortage, which includes \$10 million in grants to colleges that offer 4-year combined bachelors and credential programs; \$20 million to recruit classified employees who would like to become teachers; and \$5 million to establish a California Center for Teaching Careers. Superintendent Torlakson would like Proposition 55, which is an extension of Proposition 30 and provides \$8 to \$10 billion in funds, to be a future information or action item.

Trustee Norton adjourned the meeting.

## **COMMITTEE ON GOVERNMENTAL RELATIONS**

### **Proposition 55 - Tax Extension to Fund Education and Healthcare**

#### **Presentation By**

Garrett P. Ashley  
Vice Chancellor  
University Relations and Advancement

Kathleen Chavira  
Assistant Vice Chancellor  
Advocacy and State Relations

#### **Summary**

There are 17 propositions on the November ballot. Below is an overview of Proposition 55, which could impact the California State University.

Proposition 55 extends the income tax increases that were approved in 2012 under Proposition 30. This extension – from 2019 to 2030 – would affect roughly 1.5 percent of taxpayers with the highest incomes, but it does not extend the sales tax increase that voters approved in Proposition 30.

The Legislative Analyst's Office estimates the impact of this tax extension will be increased state revenues ranging from \$4 billion to \$9 billion each year, depending on the economy and stock market. Roughly half of the revenue raised by this measure would be directed towards increased funding for schools and community colleges. Additionally, there would be increased revenues of up to \$2 billion each year to fund healthcare for low-income Californians and between \$60 million and \$1.5 billion for budget reserves and debt repayment.

#### *Support*

Proponents argue that Proposition 55 will prevent \$4 billion in cuts to schools and will continue to restore funding that was cut during the recession. Supporters include numerous elected public officials, school and community college boards, teachers, healthcare providers, doctors, and labor organizations, among others.

*Opposition*

Opponents argue that the proposition extends taxes during a period in which higher taxes are not necessary. Opponents include taxpayer groups and the California Chamber of Commerce.

*Issues to consider*

The CSU adopted a support position on Proposition 30 to authorize the original tax increases currently set to expire in 2018. While there was no direct or increased funding for the CSU in relation to the passage of Proposition 30, its failure would have resulted in a \$250 million cut for the university.

This proposition provides for no direct fiscal benefit or consequence to the CSU. However, it does provide for an increased revenue stream to California's K-12 and community college systems, allowing local districts to hire more teachers and support staff, reduce class sizes, increase community college course offerings, and develop and expand high-impact programs and practices. This continued investment in K-12 and community colleges would likely benefit the CSU in the form of a more robust public education pipeline. Improving the college readiness of first-time freshmen and transfer applicants would further support the ongoing commitment of the CSU to increasing four and six-year graduation rates.

Additionally, the initiative dedicates increased funding for K-12 and community colleges, healthcare, reserves, and debt repayment, thereby reducing the need to fund these areas from the general fund. Relieving the general fund of this budgetary pressure results in more resources being available for other discretionary purposes.

The following resolution is recommended for adoption:

**RESOLVED**, by the Board of Trustees of the California State University, that it hereby endorses the Tax Extension to Fund Education and Healthcare to ensure continued investments in public education in the State of California.

## **COMMITTEE ON GOVERNMENTAL RELATIONS**

### **State Legislative Update**

#### **Presentation By**

Garrett P. Ashley  
Vice Chancellor  
University Relations and Advancement

Kathleen Chavira  
Assistant Vice Chancellor  
Advocacy and State Relations

#### **Summary**

This item contains an update on legislation tracked by the Advocacy and State Relations Office during the second year of the 2015-2016 Legislative Session. Please note all bill statuses are accurate as of Friday, September 2.

#### **Overview of 2016 Legislation**

##### *Board of Trustees Sponsored Legislation*

#### **SB 1412 (Block) - CSU Investment Authority**

This bill would provide the CSU the potential to increase investment earnings on its funds by expanding its investment authority. Under current law, the CSU is limited to investing in fixed-income securities. Over a four year phase-in period, the bill would allow the CSU to invest in mutual funds and real estate investment trusts, with no more than 30 percent of funds in the new investment options. The intent is to boost funding for CSU deferred maintenance and infrastructure needs through the increased earnings.

Status:                   The bill was passed by the Senate, sent to enrollment and is before the Governor for his action.

#### **AB 2215 (Medina) - Lottery Fund Payments**

This bill would make a technical change to the Government Code regarding how the State Controller's Office (SCO) distributes state lottery funds to the CSU. This bill would remove unnecessary administrative processes currently carried out by staff from both the CSU and SCO.

Status:                   The bill was signed by the Governor on August 29, 2016. Chapter 227, Statutes of 2016.

### ***CSU Supported Legislation Highlights***

#### **AB 1747 (Weber) - Higher Education Food Assistance**

This bill would require postsecondary educational institutions to ensure that each campus located in a county participating in the Restaurant Meals Program apply to the program if they operate eligible food facilities, or to provide program information to third-party vendors located on campus. This bill would also make public postsecondary institutions eligible entities to partner with local governments in order to apply for federal reimbursement funds to conduct CalFresh outreach activities. It would also establish the Public Higher Education Pantry Assistance Account within the Department of Social Services' Emergency Food Assistance Fund Program, and require that moneys in the account (appropriated by the Legislature) be allocated to food banks that support on-campus food pantries and to hunger relief efforts serving low-income students.

Recent amendments removed language that linked compliance with these provisions to participation in the Cal Grant program. With these amendments, the CSU has moved to a "support" position as it would help address food insecurity among students.

CSU Position: SUPPORT

Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

#### **AB 2154 (Medina) - California Student Aid Commission: Student Members**

Sponsored by CSSA, this bill would allow a student member of the California Student Aid Commission to continue serving past their two-year term expiration if the Governor has not named a replacement. The bill also requires their university to waive the student's tuition during their term on the commission.

CSU Position: SUPPORT

Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

#### **SB 1359 (Block) - Public Postsecondary Education: Education Materials: Textbooks**

This bill would require that all public postsecondary institutions post the cost for required course materials in the schedule of courses. Should the cost not be available, then the campus must put an estimate of the costs for materials in the schedule.

The CSU has worked with the author on the bill as it has moved through the process. Senator Block recently amended the bill to provide more transparency for a student choosing a class. This would be accomplished by letting them know before they register which course uses open educational resources (OER) or another free material instead of a traditional textbook. As a result, the CSU has moved to a "support" position on the bill.

CSU Position: SUPPORT  
Status: The bill was passed by the Senate, sent to enrollment and is before the Governor for his action.

**AB 2317 (Mullin) - California State University: Doctor of Audiology Degrees**

This bill would authorize CSU campuses to offer a doctoral degree in audiology. The national standard for this degree has become a doctoral degree, which forced the CSU to close their related master's level programs.

CSU Position: SUPPORT  
Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

*Other Measures of Interest*

**SB 412 (Glazer and De Leon) - The California Promise**

This bill would require that by the 2017-18 academic year, the CSU establish a California Promise Program (i.e. four-year pledge program) at eight CSU campuses. The campuses would be required to enter into a pledge with a student who, if they satisfy program eligibility, would receive various incentives including priority registration and advisement. Additionally, the bill would require that at least 15 CSU campuses implement a pledge program for Associate Degree for Transfer students by 2017-18 and 20 campuses in the 2018-19 school year.

The CSU requested that the number of four-year pledge programs be reduced to four campuses.

CSU Position: SUPPORT IF AMENDED  
Status: The bill was passed by the Senate, sent to enrollment and is before the Governor for his action.

**SB 906 (Beall) - Public Postsecondary Education: Priority Enrollment**

This bill would remove the sunset on a program that provides priority enrollment for former foster youth at the CSU and other public segments. The current sunset expires in 2017.

CSU Position: SUPPORT  
Status: The bill was passed by the Senate, sent to enrollment and is before the Governor for his action.

**AB 1594 (McCarty) - Prohibition of Smoking on Campus**

This bill would prohibit smoking, including e-cigarettes, on all public postsecondary institutions and allow campuses to take certain actions to enforce the ban. The CSU is currently in the process of drafting a policy for the system, which is anticipated to be similar to the language found in AB 1594. It should be noted that any policy adopted by the system would have to be collectively bargained with all bargaining units.

CSU Position: NO OFFICIAL POSITION  
Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

**AB 1721 (Medina) - Cal Grant Program**

As introduced, this bill would have made several expansions to the Cal Grant program, including an increase in the authorized Cal Grant B Access Award to \$3,000. Unfortunately, the bill was substantially amended, and deleted the expansion of Cal Grant B Access Awards. With this amendment, the CSU changed its position from “support” to “no official position” as the provisions that would have most impacted CSU students were deleted from the bill.

CSU Position: NO OFFICIAL POSITION  
Status: The bill was held on the Senate Appropriations Committee Suspense File and is dead.

**AB 1726 (Bonta) - Asian Pacific Islander Data Collection**

This bill would require the California Community Colleges (CCC) and the CSU, and request the University of California (UC), to provide disaggregated data on Asian Pacific Islanders who are admitted to their systems. The author removed that language from the bill and it now only deals with data collected by the State Department of Public Health.

CSU Position: NO OFFICIAL POSITION  
Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

**AB 1756 (Bonilla) - Teacher Credential: Integrated Programs for Professional Preparations**

This bill would provide one-time grant funding of up to \$10 million to support postsecondary institutions in creating and expanding integrated/blended teacher credentialing programs. The goal is to recruit teachers to these programs that can provide an undergraduate degree and a credential program in five years or less. As part of the Budget Act, the Legislature appropriated funding for integrated teacher credential programs, similar to the contents of this bill.

CSU Position: SUPPORT  
Status: The bill was held in the Senate Education Committee and is dead.

**AB 1778 (Quirk) - Sexual Assault and Violence Training**

This bill would require CSU and all state institutions of higher education to conduct annual training which is consistent with our current policies.

CSU Position: NO OFFICIAL POSITION  
Status: The bill was passed by the Senate, sent to enrollment and is before the Governor for his action.

**AB 1837 (Low) - Office of Higher Education Performance and Accountability**

This bill would create a successor entity to the California Postsecondary Education Commission (CPEC). However, currently this bill does not provide segment representation to the newly created entity. The CSU has asked that the system have a seat on the governing body, consistent with the other segments of higher education.

CSU Position: NO OFFICIAL POSITION  
Status: The bill was held on the Senate Appropriations Committee Suspense File and is dead.

**AB 1914 (Bonilla) - Public Postsecondary Education: Access Codes**

This bill, sponsored by the California State Student Association (CSSA), would require the Academic Senates of each CSU campus, in collaboration with the students and campus administrators, to develop strategies related to academic materials required for a course. The goal is to reduce redundancy in what a student may have to pay for when registering for a course. The guidelines developed would require that if an existing online platform is already in place at the campus and can be used in the same manner as what a student would have to purchase with their textbook, then a student would not be required to purchase that item. Also, the bill would require bookstores to notify faculty about the historical cost of a book, if the course is only offered sporadically.

The CSU has worked closely with the author and all other interested parties to address how students can save money on course materials they need for their education. The CSU has been a leader on this issue and appreciates the work of the author and CSSA.

CSU Position: SUPPORT  
Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

**AB 1936 (Chavez) - Public Postsecondary Education: Dependents of Armed Forces Members**

This bill would change the time of residency determination for dependents of a member of the Armed Forces from the time of enrollment to the time of admittance. This seeks to ensure that college-going students who live in California do not lose their residency status between the time they are admitted and the time they begin college if their family is relocated outside the state. The

bill is narrowly crafted to address this specific issue and will help ensure current California students do not have to pay out-of-state tuition for reasons beyond their control.

CSU Position: SUPPORT  
Status: The bill was held on the Senate Appropriations Committee Suspense File and is dead.

**AB 2017 (McCarty) - College Mental Health Services Program**

As introduced, this bill would allow CSU, CCC and UC campuses to submit proposals to augment their mental health services using money from Proposition 63, the mental health initiative. It would require a dollar-for-dollar match, with a maximum of \$5 million provided to a campus. The bill would be in place until 2022 and would have a pool of \$40 million a year. The CSU has worked with the author and sponsor to amend the bill to allow campuses to use the funds for direct services and not just for outreach. The CSU has also asked that a campus could pledge in-kind resources, such as office space, as part of their dollar-for-dollar match.

However, the bill was recently amended to remove language that funds this program with moneys from Proposition 63. Instead, the bill would now make moneys available to the Department of Health Care Services, subject to appropriation by the Legislature. For these reasons, we removed our “support” position to “none”.

CSU Position: NONE  
Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

**AB 2163 (Low) - Appointment of CSU Campus Presidents**

Sponsored by the California Faculty Association (CFA), this bill would have prohibited the Board of Trustees from naming a campus president until the prospective candidate has visited the campus and held a public forum. The measure had all of its original language removed and now deals with the Imperial Irrigation District. This bill no longer impacts the CSU.

CSU Position: NONE  
Status: The bill was last in the possession of the Senate Utilities and Commerce Committee and is dead.

**AB 2164 (O'Donnell and Cooper) - Public Postsecondary Education: Tuition and Fees**

Currently, the CSU is required to provide a systemwide tuition fee waiver to any surviving spouse or child of a deceased public safety officer who died as a result of their official duties. As introduced, this bill would extend this benefit to any mandatory tuition and fees, including campus-based fees. This bill would also expand the benefit to deaths caused as a result of an industrial injury or illness arising out of their duties, for both systemwide and campus-based mandatory fees.

It should be noted that the CSU used to receive a backfill from the state for this lost revenue to the system, but that ended in 1992-1993.

The bill was recently amended in the Senate Appropriations Committee to remove language that would waive campus-based fees.

CSU Position: NO OFFICIAL POSITION  
Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

**AB 2222 (Holden) - Transit Passes**

This bill would establish the Transit Pass Program with moneys to support transit pass programs that provide free or reduced-fare transit passes to low-income public school students as well as CCC, CSU and UC students who receive Cal Grants. Initially, the bill would have funded this program with funds from the Greenhouse Gas Reduction Fund. Recent amendments have changed this to instead provide that the program would be funded with moneys appropriated by the Legislature.

CSU Position: SUPPORT  
Status: The bill was held on the Senate Appropriations Suspense File and is dead.

**AB 2294 (Gomez) - California State University: Leave of Absence Union Work**

Sponsored by CFA, this bill would require the Board of Trustees to grant a leave to any union member so they can serve as an elected board member on a campus, statewide or national public union, regardless of related provisions of the collective bargaining agreement. It should be noted that the bill does not acknowledge that the collective bargaining agreements for our unions allow a specific number of employees to leave for whatever purpose they deem appropriate. For example, CFA currently is provided 16 leaves, without question, but have never used all of these positions.

The CSU sought two amendments: 1) that the CSU should be notified of a request for an absence at least 30 days before the beginning of an academic term; and 2) that any additional leave provided by this proposal be offset first by any available release time negotiated by the CSU and the collective bargaining agreement associated with the union group. The author agreed to amendments to provide 30 days before the academic term, if possible. We have been in conversations with the author and sponsor on potential future amendments.

CSU Position: OPPOSE UNLESS AMENDED  
Status: The bill was passed by the Assembly, sent to enrollment and is before the Governor for his action.

**AB 2386 (Williams) - California State University: Trustees**

Sponsored by the California State University Employees Union, this bill requires that the 16 governor's general appointment trustees include a permanent non-faculty employee and excludes any employee who is in a Management Personnel Plan, in a confidential classification or an excluded classification from this process. In addition, the bill requires the employee organizations (i.e. unions) that represent staff to fund a staff council, which would select the nominees for the staff trustee position. The CSU requested that the bill be amended to broaden the definition of non-faculty representative to include all staff, both represented and non-represented, with the exception of presidents, vice presidents and deans. The CSU has also requested that the requirement that the collective bargaining units pay for the staff council be deleted.

CSU Position: OPPOSE UNLESS AMENDED  
Status: The bill was passed by the Senate, sent to enrollment and is before the Governor for his action.

**AB 2455 (Chiu) - Automatic Student Voter Registration Program**

Initially, this bill would have mandated that data collected from CSU Mentor be provided to the Secretary of State's (SOS) office to ensure that as many Californians as possible were registered to vote. Issues were raised pertaining to the federal Family Educational Rights and Privacy Act, as the data collected by CSU and other segments might not be the same as what is required by the SOS. The bill now requires the segments to implement a process with the SOS to allow a student to submit an affidavit of voter registration electronically. The CSU will continue to work with the author to get a better understanding of how the bill would be implemented, should it become law.

CSU Position: NO OFFICIAL POSITION  
Status: The bill was passed by the Senate, sent to enrollment and is before the Governor for his action.

## **COMMITTEE ON GOVERNMENTAL RELATIONS**

### **Joint Memorandum of Understanding – Voter Registration and Engagement**

#### **Presentation By**

Garrett P. Ashley  
Vice Chancellor  
University Relations and Advancement

#### **Summary**

This item provides information on the Joint Memorandum of Understanding (MOU) between the California State University (CSU), the California State Student Association (CSSA) and the California Secretary of State's Office (SOS) regarding voter engagement, registration and communication efforts for students on CSU campuses.

#### **Overview**

The MOU outlines several opportunities for engagement with students regarding voter registration and engagement. Under the MOU, each CSU campus is encouraged to develop – using input and feedback from students and the campus community – a comprehensive plan to support student civic engagement.

As part of the agreement, CSSA will support the CSU efforts directly and through partnerships with on-campus student organizations. CSSA will also provide field outreach, communications and volunteer support to the efforts on campus.

The SOS will provide support directly to the CSU or through partnerships with non-partisan civic organizations. This will include the hosting of voter engagement events with Secretary of State Alex Padilla, assistance with media outreach, and the SOS serving as a knowledge base and resource for campus efforts.

The full text of the MOU is included in the following pages.

## **Memorandum of Understanding Voter Registration & Engagement**

### **Overview**

This memorandum of understanding (MOU) sets forth the mutual commitments by the California State Student Association (CSSA), the California State University Office of the Chancellor, and the California Secretary of State to increase voter engagement by the CSU student body. All parties recognize their shared goal of increasing the democratic engagement and civic literacy of students. By working together, all parties can amplify the reach and strength of their efforts that will result in students having an even greater voice in the democratic process.

### **Introduction: the State of Student Civic Engagement**

Today's college students are part of the largest generation in history, the Millennial Generation. This generation—born between 1978 and 1996—exceeds the Baby Boomer generation by 9 million. The sheer size of the Millennial Generation points to the major role it will play in upcoming elections and the political discourse. The Millennial Generation is uniquely positioned to make vital decisions in an increasingly globalized world and, therefore, it is essential to ensure that this generation is engaged in our democracy.

Despite the importance of voter turnout at the polls, only 52 percent of eligible California youth aged 18-24 were registered to vote before the November 2014 election. Even more staggering, only 8% of eligible youth went to the polls – a historic low. This was the lowest of any age group and an 18% decline from 2010. In the same year, data shows that *only 0.3% of the total students served by public colleges and universities in California were registered through online voter registration opportunities they were provided.*

By taking an active role, all parties to this MOU recognize the meaningful impact they can have on student voter registration and turnout outcomes during the 2016 elections.

### **For Chancellor White on behalf of the California State University**

I, the undersigned, am deeply committed to the civic engagement of students on our campuses. Our institutions recognize that voting is the cornerstone of our democracy and the means of a representative government. Accordingly, we are committed to taking the following steps to formalize voter engagement at the California State University and throughout the state:

1. Each campus in our system is encouraged to develop, using student input, a comprehensive plan to support student civic engagement.
2. Each campus in our system is encouraged to provide voter registration opportunities to students at move-in day and upon graduation from the school. Whenever possible, the campus will work with student organizations to facilitate these voter registration opportunities.

3. Each campus in our system is encouraged to adopt policies that allow for, and encourage, nonpartisan voter registration, voter education, and get-out-the-vote efforts by student organizations. These policies should allow student organizations seeking to register students access to: on-campus housing; move-in days when students first arrive to their on-campus housing; orientation events; welcome week events; and high traffic locations to set up tables and/or clipboarding events.
4. Each campus in our system will send at least one all-campus email regarding voter registration and engagement. Campuses are also encouraged to post social media messages leading up to the election that highlight important deadlines regarding registration and engagement.
5. Each campus in our system will send out at least one voter registration reminder using the online student portal. Campuses are encouraged to think strategically about when the reminders are sent out.

#### **For the California State Student Association**

We, the undersigned, are deeply committed to the civic engagement of youth, particularly college students. Accordingly, we are committed to the following actions to institutionalize voter engagement at our colleges across the state:

1. CSSA will support the CSU administration, either directly or through connections with organizations on campus, in the development and implementation of a comprehensive plan to increase student civic engagement.
2. CSSA will provide volunteer support, additional communications, and field outreach to conduct nonpartisan voter registration, voter education, and get out the vote efforts on campus.
3. CSSA will provide, at no cost, an online voter registration platform and links that can be used by any CSU stakeholder to promote voter registration on high traffic campus websites and through other communications.
4. CSSA will assist in the dissemination of nonpartisan voter registration, voter education, and get-out-the-vote communications by providing samples, information, and/or other print or digital materials, particularly through the use of paid posts and ads on social media.

#### **For Secretary of State Alex Padilla**

As the chief elections official for the State of California, I recognize the important role leaders can play in facilitating youth voter engagement. Accordingly, my office and I are committed to the following actions to help students become knowledgeable, responsible and engaged voters:

1. We will support your University, either directly or through partnerships to nonpartisan civic organizations, in the development and implementation of a comprehensive plan to increase youth civic engagement.
2. We will work directly with your University's office, schedule permitting, to host voter engagement events on campus at which I, Alex Padilla, will personally be present.

3. We will work to promote and support your activities through our own media team and encourage other political, community and education leaders, when and where appropriate, with whom we have strong ties to do so as well.
4. We will provide and guide conversations on policies that can be adopted by your University to allow access for student organizations seeking to offer direct, nonpartisan, peer-to-peer voter registration opportunities, civic engagement opportunities, and get out the vote efforts across campus.

As leaders of our state, we recognize the vital role we must play in supporting youth civic engagement. We believe that, by acting together, we can equip students for a lifetime of civic participation. By supporting voter education, voter registration, and voter turnout efforts on campus, we will both better serve the students of this state and play an active role in creating a vibrant civil society and functioning democracy.

We, the undersigned, are deeply committed to expanding access and opportunity for democratic engagement to students attending institutions of higher education. In recognition of this mutual commitment, we do hereby enter into this Memorandum of Understanding and commit our organizations to taking these essential steps to increase youth civic engagement.

Signed,

Alex Padilla  
Secretary of State

Timothy P. White  
Chancellor, California State University

David Lopez  
President, California State Student Association

## AGENDA

### COMMITTEE ON INSTITUTIONAL ADVANCEMENT

**Meeting:** 3:45 p.m., Tuesday, September 20, 2016  
Glenn S. Dumke Auditorium

Silas H. Abrego, Chair  
Lateefah Simon, Vice Chair  
Douglas Faigin  
John Nilon  
Maggie K. White

#### **Consent Item**

Approval of Minutes of the Meeting of July 19, 2016

#### **Discussion Items**

1. Naming of the Don B. Huntley College of Agriculture – California State Polytechnic University, Pomona, *Action*
2. Naming of the James M. Rosser Hall – California State University, Los Angeles, *Action*
3. 2016-2017 California State University Trustees' Award for Outstanding Achievement, *Information*

**MINUTES OF THE MEETING OF  
COMMITTEE ON INSTITUTIONAL ADVANCEMENT  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**July 19, 2016**

**Members Present**

Lateefah Simon, Acting Chair  
Rebecca D. Eisen, Chair of the Board  
Douglas Faigin  
John Nilon  
Maggie K. White  
Timothy P. White, Chancellor

Trustee Simon called the meeting to order.

**Approval of Minutes**

The minutes of May 24, 2016, were approved as submitted.

Trustee Simon recognized the CSU recipients of the 2016 Council for Advancement and Support of Education (CASE) International Circle of Excellence Awards and Educational Fundraising Awards.

**Naming of “CEFCU Stadium – Home of the Spartans” – San José State University**

Mr. Garrett Ashley, vice chancellor for university relations and advancement, reported that the proposed naming recognizes the \$8 million commitment by Citizens Equity First Credit Union (CEFCU). Funds from the sponsorship agreement will be used to support and strengthen athletic operations, improve the stadium and other facilities, and allow for the full funding of scholarship commitments for student-athletes.

The committee approved the proposed resolution (RIA 07-16-07) that Spartan Stadium at San José State University be named CEFCU Stadium – Home of the Spartans for a period not to exceed fifteen years from the date of the agreement, and contingent upon receipt of the annual payment and fulfillment of the terms as stipulated in the sponsorship agreement.

**Naming of the Jack H. Brown College of Business and Public Administration – California State University, San Bernardino**

Mr. Ashley reported that the proposed naming recognizes the \$10 million gift made by Jack H. Brown. The endowed funds from this gift will support academic enrichment and student scholarships in the College of Business and Public Administration, help to attract and retain faculty, provide for new programs and supplement research.

2

Inst. Adv.

The committee approved the proposed resolution (RIA 07-16-08) that the College of Business and Public Administration at California State University, San Bernardino be named the Jack H. Brown College of Business and Public Administration.

Trustee Simon adjourned the meeting.

## **COMMITTEE ON INSTITUTIONAL ADVANCEMENT**

### **Naming of the Don B. Huntley College of Agriculture – California State Polytechnic University, Pomona**

#### **Presentation By**

Garrett P. Ashley  
Vice Chancellor  
University Relations and Advancement

Soraya M. Coley  
President  
California State Polytechnic University, Pomona

#### **Summary**

This item will consider naming the College of Agriculture at California State Polytechnic University, Pomona as the Don B. Huntley College of Agriculture.

This proposal, submitted by Cal Poly Pomona, meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Academic Entities, including approval by the system review panel and the campus academic senate.

#### **Background**

The proposed naming recognizes the leadership and generosity of Dr. Don B. Huntley and the irrevocable gift of his 475.34-acre pistachio farm (valued at \$16.4 million) to benefit the College of Agriculture. Dr. Huntley has also provided an additional \$2,854,000 in lifetime gifts to the University. His total lifetime commitments to the University are \$19,254,000.

Don B. Huntley graduated from Cal Poly Pomona's College of Agriculture with a bachelor's degree in animal husbandry in 1960. A highly successful farmer, businessman and avid art collector, Huntley's background in biology and chemistry brought him to the San Joaquin Valley where, after his graduation, he joined the American Cyanamid Company in animal health sales. Huntley entered into permanent tree crops in 1966 through a partnership, and later acquired a real estate license and transitioned into a career specializing in the sale of agricultural and recreational land. Today, he is a highly successful farmer in the San Joaquin Valley, raising pistachios on 475.34 acres with nuts sold internationally under Huntley Moore farms.

Ins. Adv.  
Agenda Item 1  
September 20-21, 2016  
Page 2 of 2

Don Huntley has contributed a total of \$2.854 million to various university initiatives and programs within the Colleges of Agriculture, Education and Integrative Studies, Engineering, Environmental Design, and Science. He has also established the Huntley Western Art Collection at Cal Poly Pomona. Dr. Huntley was awarded an Honorary Doctorate of Science in 2009, and named a Distinguished Alumnus in 2004. He is a former member of the National Development Council, and serves on the Agriculture Advisory Board and External Land Review Committee. He is a member of Cal Poly Pomona's Founder's Society for lifetime giving, and is involved with the Kellogg/Voorhis Heritage project.

### **Recommended Action**

The following resolution is recommended for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that the College of Agriculture at California State Polytechnic University, Pomona be named as the Don B. Huntley College of Agriculture.

## **COMMITTEE ON INSTITUTIONAL ADVANCEMENT**

### **Naming of the James M. Rosser Hall – California State University, Los Angeles**

#### **Presentation By**

Garrett P. Ashley  
Vice Chancellor  
University Relations and Advancement

William A. Covino  
President  
California State University, Los Angeles

#### **Summary**

This item will consider the naming of Wing B in the Wallis Annenberg Integrated Sciences Complex at the California State University, Los Angeles as the James M. Rosser Hall.

This proposal, submitted by California State University, Los Angeles, meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Facilities including approval by the system review panel and the campus academic senate.

#### **Background**

The proposed naming of the facility recognizes the 34-year presidency of James M. Rosser at California State University, Los Angeles. President Rosser holds the distinction of being the longest-serving president of a public university in the nation, and was the youngest person appointed as president of a CSU campus. President Rosser devoted his career at Cal State LA to excellence, establishing the first Honors College and the Charter College of Education during his tenure. President Rosser held a principle role in establishing the CSU Chancellor's Doctoral Incentive Program, and has mentored countless leaders who went on to become college and university presidents across the country.

Wing B is devoted primarily to meet the academic and research needs of the Natural and Allied Health Departments. It also houses the College of Natural and Social Sciences Dean's Office suite, faculty for the chemistry, biochemistry, physics and astronomy departments, as well as wet laboratories and fume hood intensive space. There are a total of 30 faculty offices, a lounge area, 91 fume hood intensive spaces and 76 lab rooms in 93,110 square feet of academic space.

The wing is home to the Louis Stokes Alliance for Minority Participation (LSAMP) Undergraduate and LSAMP-Bridges to the Doctorate Programs, funded by the National Science Foundation and the CSU Chancellor's Office, as well as the Minority Opportunities in Research program. Wing B also houses a lecture hall that seats up to 195 students and is used by all disciplines throughout the university. It is considered one of the premier teaching facilities on the Cal State LA campus.

President Rosser established the first public transportation facility at a CSU campus and the first student housing complex in the CSU that was built without state or federal funding. He also established the first public high school for the arts in California—Los Angeles County High School for the Arts (LACHSA) and the Mark and Eva Stern Math and Science School on the campus of California State University, Los Angeles.

During President Rosser's tenure, Cal State LA received the largest cash gift given to a CSU campus at the time, establishing the Luckman Fine Arts Complex and the Luckman Jazz Orchestra. He was also instrumental in connecting legendary alumna, Billie Jean King, to the campus and establishing the Billie Jean King and Friends event, now in its 19<sup>th</sup> year. He also established the endowed scholarship that bears her name.

The Pat Brown Institute and the state-of-the-art Hertzberg-Davis Forensic Science Center were established with President Rosser's guidance, and his commitment to expanding opportunities to students through these unique entities was visionary. President Rosser also established the Anna Bing Arnold Children's Center on campus.

President Rosser has been one of Cal State LA's largest and most consistent donors, with his gifts funding a seven-figure endowed scholarship for scholar-athletes majoring in STEM fields. President Rosser's personal commitment and generosity toward this university deserves recognition.

President Rosser's lifetime commitment to higher education began at Southern Illinois University where he earned his B.A., M.A., and Ph.D. in health education and microbiology and served as faculty, Assistant to the Chancellor, and Founding Director of the Black American Studies Program. He also served as Vice Chancellor of the State of New Jersey Department of Higher Education and was a Senior Associate Vice Chancellor for Academic Affairs at the University of Kansas.

President Rosser served on the boards of many national, state and local organizations including the Los Angeles Urban League, the California Community Foundation, the Los Angeles Philharmonic Association, the Los Angeles Area Council of the Boy Scouts of America and the Los Angeles County Alliance for College-Ready Public Schools.

His awards include the 2012 Reginald Wilson Diversity Leadership Award from the American Council on Education, the 2008 Frank W. Hale Jr. Diversity Leadership Award from the National Association of Diversity Officers in Higher Education, and the President's Award from the Accreditation Board for Engineering and Technology. He was awarded an Honorary Degree of Humane Letters from Southern Illinois University, and Honorary Degree of Doctor of Laws from Pepperdine University, and was named a distinguished member of the honor society Phi Kappa Phi. President Rosser was an Aspen Scholar for the 1995 Aspen Institute's Executive Seminar, and in the same year received the National Science Foundation's Educator Achievement Award.

### **Recommended Action**

The following resolution is recommended for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that Wing B of the Wallis Annenberg Integrated Sciences Complex at California State University, Los Angeles be named the James M. Rosser Hall.

## COMMITTEE ON INSTITUTIONAL ADVANCEMENT

### 2016-2017 California State University Trustees' Award for Outstanding Achievement

#### **Presentation By**

Timothy P. White  
Chancellor

Ali C. Razi  
Trustee Emeritus

Silas H. Abrego  
Trustee

#### **Summary**

Each year, the California State University (CSU) Board of Trustees provides scholarships to high-achieving students who have demonstrated financial need and overcome profound personal hardships to attain an education from the CSU. These students have superior academic records and are also providing extraordinary service to their communities.

#### **Background**

Since its inception, 342 students have received the CSU Trustees' Awards for Outstanding Achievement. Thanks to donor generosity, 24 students (1 from each campus and the top Razi Scholar) will receive an award this year.

These distinguished awards are funded by contributions from the CSU trustees, employees and friends of the university. Endowments have been established by the William Randolph Hearst Foundation, Trustee Emeritus Murray L. Galinson, Trustee Emeritus Kenneth Fong, Trustee Emerita Claudia Hampton, Trustee Emeritus William Hauck, Trustee Emeritus George Marcus, Trustee Emeritus Ali C. Razi, Chancellor Emeritus Charles B. Reed and the Stauffer Foundation. Additional named scholarships have been funded by: Trustee Rebecca Eisen, Trustee Peter Taylor, CSU Foundation Chair Ronald Barhorst, CSU Foundation board member Peter Brightbill/Wells Fargo, CSU Foundation board member Scott Wells/Santé Health Systems and Advantek Benefit Administrators, CSU Foundation board member Michael Lizárraga/TELACU, CSU Foundation board member Sheri Slate/Cisco, CSU Foundation board member Michael Lucki, CSU Foundation board member and Trustee Emeritus Ralph Pesqueira, CSU Foundation board member Mona Simpson, Sycuan Band of Kumeyaay Nation, Fresno State Foundation, The Henry J. Kaiser Family Foundation and the Ralph M. Parsons Foundation. Trustees, presidents and other donors contributed to tribute scholarships honoring Trustee Emerita Margaret Fortune and Trustee

Ins. Adv.  
Agenda Item 3  
September 20-21, 2016  
Page 2 of 3

Emeritus Lou Monville. Travel for the scholars has been generously provided by Southwest Airlines and the reception is sponsored by TELACU.

The recipients of the 2016-2017 CSU Trustees' Award for Outstanding Achievement are:

Anh Nguyen  
California State University, Bakersfield  
*Henry J. Kaiser Family Foundation Scholar*

Natalie Titcomb  
California State University Channel Islands  
*Santé Health Systems and Advantek Benefit Scholar*

Claudia Martinez Pureco  
California State University, Chico  
*Ralph M. Parsons Foundation Scholar*

Bertha Solares  
California State University, Dominguez Hills  
*Trustee Peter and Coralyn Taylor Scholar*

Ashley Walker  
California State University, East Bay  
*Trustee Rebecca Eisen Scholar*

Tranicé Warner  
California State University, Fresno  
*Trustee Emeritus Peter Mehas Scholar*

William McCoy  
California State University, Fullerton  
*Wells Fargo Scholar*

Morgan Danielle Burris  
Humboldt State University  
*William Randolph Hearst Scholar*

Mark Aquiapao  
California State University, Long Beach  
*Cisco Scholar*

Amalia Castañeda  
California State University, Los Angeles  
*Mike and Debe Lucki Scholar*

David Ketenjian Chamyan  
California State University Maritime Academy  
*Trustee Emeritus Ralph R. and Eva Pesqueira Scholar*

Amanda Lutje  
California State University, Monterey Bay  
*Chancellor Emeritus Charles B. Reed Scholar*

Oshae Rodgers  
California State University, Northridge  
*Trustee Emerita Margaret Fortune Scholar*

Sabrina Lemmon  
California State Polytechnic University, Pomona  
*William Randolph Hearst Scholar*

Malika Melissa Murray  
California State University, Sacramento  
*Trustee Emeritus Murray L. Galinson Scholar*

Maria Ceja  
California State University, San Bernardino  
*Trustee Emeritus Lou Monville Scholar*

Kathryn Grizzle  
California State University, San Bernardino  
*Trustee Emeritus Ali C. Razi Scholar*

Susana Najera  
San Diego State University  
*Ronald R. and Mitzi Barhorst Scholar*

Marisa Samano Jimison  
San Francisco State University  
*Trustee Emerita Claudia Hampton Scholar*

Andy Nguyen  
San José State University  
*Trustee Emeritus William Hauck Scholar*

Salvador Cortes Soanatl  
California Polytechnic State University, San  
Luis Obispo  
*Cisco Scholar*

Carolina Quirarte  
California State University San Marcos  
*Sycuan Band of the Kumeyaay Nation Scholar*

Elizabeth Valverde Campos  
Sonoma State University  
*Mona Simpson and Thomas Curtin Scholar*

Ciera Demi Soliz  
California State University, Stanislaus  
*TELACU Scholar*

**TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY**

**California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, CA 90802**

**September 21, 2016**

*Presiding: Rebecca D. Eisen, Chair*

**8:30 a.m. Board of Trustees Dumke Auditorium**  
**Call to Order**  
**Roll Call**  
**Public Speakers**  
**Chair's Report**  
**Chancellor's Report**  
**Report of the Academic Senate CSU: Chair—Christine Miller**  
**Report of the California State University Alumni Council: President—Dia S. Poole**  
**Report of the California State Student Association: President—David Lopez**

**Board of Trustees**

**Consent Agenda**

Approval of the Minutes of the Board of Trustees Meeting of July 19, 2016  
Approval of Committee Resolutions as follows:

**Committee on Educational Policy**

2. Graduation Initiative 2025

**Committee on Finance**

1. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for a Project at California State University, Sacramento
4. Final Approval of a Public-Public Partnership Project for the Development of a Public Charter School at California State University, Monterey Bay

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

**Joint Committees on Finance and Campus Planning, Buildings and Grounds**

1. Approval of the Draft 2017-2018 Capital Outlay Program and the Draft 2017-2018 through 2021-2022 Five-Year Facilities Renewal and Capital Improvement Plan

**Committee on Campus Planning, Buildings and Grounds**

1. Approval of Schematic Plans for California State University, Sacramento
2. Approve the 2016 Master Plan Revision, Amendment of the 2016-2017 Capital Outlay Program, and Schematic Plans for the Monterey Bay Charter School, Phase I at California State University, Monterey Bay

**Committee on University and Faculty Personnel**

1. Executive Compensation: Interim Vice Chancellor, Human Resources, California State University

**Committee on Governmental Relations**

1. Proposition 55 – Tax Extension to Fund Education and Healthcare

**Committee on Institutional Advancement**

1. Naming of the Don B. Huntley College of Agriculture – California State Polytechnic University, Pomona
2. Naming of the James M. Rosser Hall – California State University, Los Angeles

**Discussion**

1. Conferral of the Title of President Emeritus—Mohammad H. Qayoumi, *Action*

**10:45 a.m. Board of Trustees—Closed Session**  
**Executive Personnel Matters**  
Government Code §11126(a)(1)

**Munitz Conference Room**

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

**MINUTES OF THE MEETING  
OF BOARD OF TRUSTEES**

**Trustees of the California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**July 19, 2016**

**Trustees Present**

Rebecca D. Eisen, Vice Chair  
Adam Day  
Jane Carney  
Douglas Faigin  
Debra S. Farar  
Jean Picker Firstenberg  
Lupe Garcia  
Lillian Kimbell  
Thelma Melendez de Santa Ana  
Hugo Morales  
John Nilon  
Lateefah Simon  
Steven Stepanek  
Anthony Rendon, Speaker of the Assembly  
Peter Taylor  
Tom Torlakson, Superintendent of Public Instruction  
Maggie K. White  
Timothy P. White, Chancellor

Chair Eisen called the meeting of the Board of Trustees to order.

**Public Comment**

The board of heard from several individuals during the public comment period: Pat Gantt, president, CSUEU addressed the board regarding extending proposition 30; Loretta Seva'aetasi, vice president, CSUEU, also spoke to the board about extending proposition 30; Neil Jaklin, President of organizing, CSUEU, spoke about recruitment and IRP; Tessa Reese, chair, Bargaining Unit 2 (San Diego), spoke about outsourcing jobs; Rocky Sanchez, bargaining unit 7 representative CSUEU spoke about surveillance cameras on campuses; Sergio Roldan, CSUEU, spoke about contract negotiations; Elizabeth Sanchez, student CSU, Fullerton, spoke about homelessness on campuses; Marvin Morales, student, Cal Poly Pomont, spoke about student fees; Mick Bruckner, student Cal Poly San Luis Obispo, also spoke about student fees; Celia LoBuono Gonzalez, student, San Francisco State spoke about the CSU sustainable financial model and shared governance; Justin Blakely, student, CSU, Dominguez Hills, spoke about the importance of ethnic studies; Shannon Deloso, student, San Francisco State, urged the board on implementing the recommendations of the ethnic studies task force.

## **Chair's Report**

Chair Eisen's complete report can be viewed online at the following URL:  
<http://www.calstate.edu/BOT/chair-reports/jul2016.shtml>

## **Chancellor's Report**

Chancellor Timothy P. White's complete report can be viewed online at the following URL:  
<https://www2.calstate.edu/csu-system/board-of-trustees/chancellor-reports/Pages/July-19-2016.aspx>

## **Report of the Academic Senate CSU**

CSU Academic Senate Chair, Christine M. Miller's complete report can be viewed online at the following URL:  
[http://www.calstate.edu/AcadSen/Records/Chairs\\_Reports/documents/ChairsBoardofTrusteesReportMarch2016.pdf](http://www.calstate.edu/AcadSen/Records/Chairs_Reports/documents/ChairsBoardofTrusteesReportMarch2016.pdf)

## **Report of the California State University Alumni Council**

Alumni Council President, Dia S. Poole's complete report can be viewed online at the following URL: <http://www.calstate.edu/alumni/council/bot/20160719.shtml>

## **Report from the California State Student Association**

CSSA President David M. Lopez complete report can be viewed online at the following URL:  
[http://www.csustudents.org/wp-content/uploads/2016/08/07-16-bot\\_report\\_lopez.pdf](http://www.csustudents.org/wp-content/uploads/2016/08/07-16-bot_report_lopez.pdf)

## **Board of Trustees**

The minutes of the meeting of May 25, 2016 were approved as submitted.

Chair Eisen asked to move all the consent items for approval except for Item 3, Compensation for Executives, from the Committee on University Faculty and Personnel which was removed for separate discussion. There was a second.

The Board of Trustees approved the following resolutions:

## **Board of Trustees**

### **Conferral of Commendation—Lori Lamb (RBOT 07-16-10)**

**RESOLVED**, by the Board of Trustees of the California State University, that this board commends Vice Chancellor Lori Lamb for her dedication and leadership on behalf of the students, faculty, staff, administrators, alumni and friends of the California State University.

**Conferral of the Title of Trustee Emerita—Lupe C. Garcia  
(RBOT 07-16-11)**

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of Trustee Emerita on Trustee Lupe C. Garcia, with all the rights and privileges thereto.

**Conferral of the Title of Trustee Emeritus—Lou Monville  
(RBOT 07-16-12)**

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of Trustee Emeritus on Trustee Lou Monville, with all the rights and privileges thereto.

---

**Committee on Finance**

**Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State Polytechnic University, Pomona; California State University, San Bernardino; San Diego State University; and California State University, Monterey Bay  
(RFIN 07-16-08)**

Orrick, Herrington & Sutcliffe LLP, as bond counsel, prepared resolutions presented in Agenda Item 1 of the Committee on Finance at the July 19, 2016 meeting of the CSU Board of Trustees that authorize interim and permanent financing for projects at California State Polytechnic University, Pomona (Parking Lot C Reconfiguration); California State University, San Bernardino (Student Housing and Dining Commons); San Diego State University (Tenochca Hall Tower Deferred Maintenance and Infrastructure Replacement); and California State University, Monterey Bay (University Corporation at Monterey Bay—Promontory Student Housing Acquisition). The proposed resolutions will achieve the following:

1. Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes and/or the related or stand-alone sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds in an aggregate amount not-to-exceed \$196,330,000 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 assistant vice chancellor, Financing, Treasury, and Risk Management; 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.

**Conceptual Approval of a Public-Private Partnership to Develop a Sports Complex Project at California State University, Monterey Bay (RFIN 07-16-09)**

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

1. Approve the concept of a public-private partnership for the development of sports complex project at California State University, Monterey Bay;
2. Authorize the chancellor and the campus to enter into negotiations for agreements necessary to develop the final plan for the public-private partnership as explained in Agenda Item 2 of the July 19, 2016 meeting of the Committee on Finance;
3. Authorize the chancellor and the campus to enter into a due diligence access and option agreement which provides the developer with a limited-term option along with the responsibility for the development of a final plan, schematic drawings, and necessary environmental analyses during the option period;
4. Will consider the following additional action items relating to the final plan:
  - a) Certification of Final California Environmental Quality Act (CEQA) documentation;
  - b) Approval of a financial plan negotiated by the campus and the Developer with the advice of the chancellor;
  - c) Approval of any amendments to the campus master plan as they pertain to the project;
  - d) Approval of an amendment to the Non-State Capital Outlay Program;
  - e) Approval of the schematic design.

---

**Committee on University and Faculty Personnel**

**Exemption from Post-Retirement Employment Waiting Period (RUF 07-16-08)**

**RESOLVED**, by the Board of Trustees of the California State University, that Dr. Benjamin Quillian is exempt from the 180-day waiting period and is eligible to be employed as a rehired annuitant following the date of his retirement as cited in Agenda Item 4 of the Committee on University and Faculty Personnel at the July 19, 2016, meeting of the CSU Board of Trustees.

---

**Committee on Committees**

**Amendment to the Board of Trustees' Committee Assignments for 2016-2017  
(RCOC 07-16-03)**

**RESOLVED**, by the Board of Trustees of The California State University, on recommendation by the Committee on Committees that the following amendments be made to the Standing Committees for 2016-2017.

**AUDIT**

Douglas Faigin, Chair  
~~Lupe C. Garcia, Vice Chair~~  
*John Nilon, Vice Chair*  
Lillian Kimbell  
Hugo N. Morales  
Lateefah Simon

**CAMPUS PLANNING,  
BUILDINGS AND GROUNDS**

Steven G. Stepanek, Chair  
John Nilon, Vice Chair  
Jane W. Carney  
Adam Day  
Thelma Meléndez de Santa Ana  
J. Lawrence Norton  
Peter J. Taylor

**COLLECTIVE BARGAINING**

~~Lupe C. Garcia, Chair~~  
*Adam Day, Chair*  
Peter J. Taylor, Vice Chair  
Debra S. Farar  
Lillian Kimbell  
Hugo N. Morales  
*John Nilon*  
J. Lawrence Norton

**EDUCATIONAL POLICY**

Lillian Kimbell, Chair  
Jane W. Carney, Vice Chair  
Silas H. Abrego  
Douglas Faigin  
Debra S. Farar  
Jean P. Firstenberg  
Thelma Meléndez de Santa Ana  
Steven G. Stepanek  
Maggie K. White

**FINANCE**

Peter J. Taylor, Chair  
Debra S. Farar, Vice Chair  
Jane W. Carney  
Adam Day  
Jean P. Firstenberg  
~~Lupe C. Garcia~~  
Hugo N. Morales  
~~John Nilon~~  
Lateefah Simon

**GOVERNMENTAL RELATIONS**

J. Lawrence Norton, Chair  
Maggie K. White, Vice Chair  
Silas H. Abrego  
Lillian Kimbell  
Thelma Meléndez de Santa Ana  
Lateefah Simon  
Steven G. Stepanek

**INSTITUTIONAL ADVANCEMENT**

Silas H. Abrego, Chair  
Lateefah Simon, Vice Chair  
Douglas Faigin  
John Nilon  
Maggie K. White

**ORGANIZATION AND RULES**

Debra S. Farar, Chair  
Jean P. Firstenberg, Vice Chair  
Jane W. Carney  
Adam Day  
Steven G. Stepanek  
Peter J. Taylor  
Maggie K. White

**UNIVERSITY AND FACULTY  
PERSONNEL**

Hugo N. Morales, Chair  
Thelma Meléndez de Santa Ana, Vice Chair  
Silas H. Abrego  
Adam Day  
Douglas Faigin  
Jean P. Firstenberg  
~~Lupe C. Garcia~~  
~~John Nilon~~  
J. Lawrence Norton

---

**Committee on Campus Planning, Building and Grounds**

**Approval of the Amendment of the 2016-2017 Capital Outlay Program and Schematic Plans for California Polytechnic State University, San Luis Obispo (RCPBG 07-16-08)**

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

1. The 2016-2017 capital outlay program is amended to include \$6,379,000 for preliminary plans, working drawings, construction, and equipment for the Baseball Clubhouse Replacement Building project.
  2. The board finds that the Categorical Exemption for the California Polytechnic State University, San Luis Obispo Baseball Clubhouse Replacement Building project has been prepared pursuant to the requirements of the California Environmental Quality Act.
  3. The proposed project will not have significant adverse impacts on the environment and the project will benefit the California State University.
  4. The schematic plans for California Polytechnic State University, San Luis Obispo Baseball Clubhouse Replacement Building are approved at a project cost of \$6,379,000 at CCCI 6255.
- 

**Committee on Institutional Advancement**

**Naming of “CEFCU Stadium – Home of the Spartans” – San José State University (RIA 07-16-07)**

**RESOLVED**, by the Board of Trustees of the California State University, that Spartan Stadium be named “CEFCU Stadium – Home of the Spartans” for a period not to exceed fifteen years from the date of the agreement, and contingent upon receipt of the annual payment and fulfillment of the other terms as stipulated in the sponsorship agreement.

**Naming of the Jack H. Brown College of Business and Public Administration – California State University, San Bernardino  
(RIA 07-16-08)**

**RESOLVED**, by the Board of Trustees of the California State University, that the College of Business and Public Administration at California State University, San Bernardino, be named the Jack H. Brown College of Business and Public Administration.

Prior to the approval of the consent agenda, Trustee Morales requested that Item 3, Compensation for Executives, from the Committee on University Faculty and Personnel be removed from the consent agenda for separate discussion. Following the approval of the consent agenda, there was a motion and a second to approve the item. Chancellor White recused himself from the vote. The following resolution was approved.

**Compensation for Executives  
(RUF 07-16-07)**

**RESOLVED**, by the Board of Trustees of the California State University, that the individuals named in the salary tables cited in Agenda Item 3 of the Committee on University and Faculty Personnel at the July 19, 2016 meeting of the Board of Trustees shall receive the annual base salaries cited in the tables effective July 1, 2016.

**BOARD OF TRUSTEES**

**Conferral of the Title of President Emeritus—Mohammad H. Qayoumi**

**Presentation By**

Rebecca D. Eisen  
Chair of the Board

**Summary**

It is recommended that Mohammad H. Qayoumi, who retired as president on August 17, 2016, be conferred the title of President Emeritus for his service to San José State University. The granting of emeritus status carries the title, but no compensation.

The following resolution is recommended for approval:

**RESOLVED**, by the Board of Trustees of the California State University, that this board confers the title of President Emeritus on Mohammad H. Qayoumi, with all the rights and privileges thereto.