

## AGENDA

### COMMITTEE ON FINANCE

**Meeting:** 1:15 p.m., Tuesday, May 21, 2019  
Glenn S. Dumke Auditorium

John Nilon, Chair  
Peter J. Taylor, Vice Chair  
Jane W. Carney  
Douglas Faigin  
Emily Hinton  
Jack McGrory  
Hugo N. Morales  
Lateefah Simon  
Christopher Steinhauser

- Consent**
1. Approval of Minutes of the Meeting of March 19, 2019, *Action*
  2. California State University Quarterly Investment Report, *Information*
  3. Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University, San Bernardino and California Polytechnic State University, San Luis Obispo, *Action*
- Discussion**
4. California State University, Fresno - Conceptual Approval of a Public-Private Partnership for the Central Utility Plant Replacement Project, *Action*
  5. 2019-2020 Operating Budget Update, *Information*
  6. Admission Application Fee Proposal, *Information*
  7. CSU Financial Transparency Portal, *Information*

**MINUTES OF THE MEETING OF THE  
COMMITTEE ON FINANCE**

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

**March 19, 2019**

**Members Present**

John Nilon, Chair  
Peter J. Taylor, Vice Chair  
Jane W. Carney  
Douglas Faigin  
Emily Hinton  
Jack McGrory  
Hugo N. Morales  
Lateefah Simon  
Christopher Steinhauser  
Adam Day, Chairman of the Board  
Timothy P. White, Chancellor

Trustee John Nilon called the meeting to order.

**Public Comment**

Mr. Ejmin Hakobian recommended the use of Six Sigma Lean trained project managers to better help manage construction and information technology projects.

**Approval of Minutes**

The minutes of the January 22, 2019 meeting of the Committee on Finance were approved as submitted.

Fin.  
Agenda Item 1  
May 20-22, 2019  
Page 2 of 2

### **University Operational Effectiveness Initiatives**

Information about continued operational effectiveness efforts was provided.

Following the presentation, Trustee John Nilon expressed desire to develop efficiency awards to encourage innovation and recognize projects and employees that contribute to significant savings for the university. The trustees asked questions about re-using designs for certain types of capital projects across campuses, the use of a captive insurance model with the University of California, and efforts to reduce the price of textbooks for students. The trustees expressed appreciation for the work being done in the sustainability area to reduce single use plastic products across the system, and in the energy area as part of the Community Choice Aggregation, which allows direct access to purchase energy for many CSU campuses.

Trustee Nilon adjourned the meeting on Finance Committee.

## **COMMITTEE ON FINANCE**

### **California State University Quarterly Investment Report**

#### **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 the California State University Board of Trustees with the quarterly investment report for the fiscal quarter ended December 31, 2018. The information in Attachment A provides the entire quarterly investment report regarding CSU investments as required by Education Code 89726.

#### **Background**

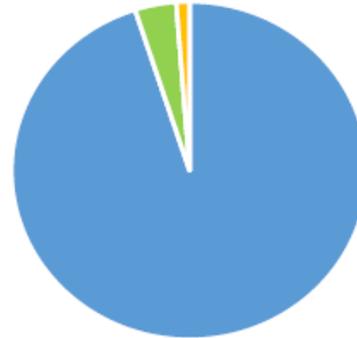
Pursuant to the CSU Master Investment Policy (included as Attachment B), CSU investments as of December 31, 2018 consisted of investments in the Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT), the Total Return Portfolio (TRP), and the State of California Surplus Money Investment Fund (SMIF). Except for amounts held in SMIF, all CSU investments are held by US Bank, the custodian bank for the CSU. Neither state general fund nor CSU auxiliary funds are included in CSU investments. In addition, this report does not include approximately \$0.95 billion in bond proceeds, which are required by state law to be held by the state and are invested in SMIF.

**CSU Investments – Balances, Allocations, and Returns  
 December 31, 2018**

	<b>Balance</b>	<b>% of CSU Investments</b>	<b>Twelve Month Returns</b>
Liquidity Portfolio (SWIFT)	\$3.72 billion	89.53%	1.76%
Total Return Portfolio (TRP)	\$346 million	8.34%	-2.60% <sup>1</sup>
Surplus Money Investment Fund (SMIF)	\$89 million	2.13%	1.65%
<b>CSU Investments</b>	<b>\$4.16 billion</b>	<b>100%</b>	



- Liquidity Portfolio (SWIFT) - 89.53%
- Total Return Portfolio (TRP) - 8.34%
- Surplus Money Investment Fund (SMIF) - 2.13%



- Fixed Income - 95.0%
- Equity - 3.8%
- Real Assets - 1.2%

**CSU Investment Portfolios**

For detailed information on the investment performance and characteristics of the CSU investment portfolios please see Attachment A.

CSU Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT)

The purpose of the Liquidity Portfolio is to provide sufficient and immediate liquidity to meet the operating needs of the CSU. The investment objective is safety of principal and liquidity.

The Liquidity Portfolio is managed through contracts with two investment management firms, US Bancorp Asset Management and Wells Capital Management, each of whom provides investment management services for the program. While the custodian, US Bank, holds the funds invested in

<sup>1</sup> Initial investment in the TRP was made on April 1, 2018, thus return information for the TRP is only for the nine months ended December 31, 2018.

the Liquidity Portfolio, for investment management purposes additions to the portfolio are split evenly between the investment managers and invested according to permitted investments outlined in the Government Code of the State and the Liquidity Portfolio investment policy. Consistent with state law, the Liquidity Portfolio is restricted to high quality, fixed income securities.

### CSU Total Return Portfolio (TRP)

Legislation effective January 1, 2017, expanded the CSU investment authority to allow investment in mutual funds (including equity mutual funds) and real estate investment trusts. The Total Return Portfolio was created to take advantage of the new investment authority.

The purpose of the TRP is to provide opportunity for additional risk adjusted returns on CSU funds over a full market cycle. The investment objective is to achieve a prudent return within a moderate risk level.

Under State law, investment of funds in the TRP is subject to the CSU meeting certain conditions regarding investment oversight, reporting, and use of earnings, and may not be more than \$600 million as of June 2019, nor more than 30 percent of eligible CSU investments thereafter. The CSU Investment Advisory Committee (IAC), established by the Board of Trustees in September 2017, oversees the TRP and focuses on key issues such as investment policy, asset allocation, investment manager oversight, and investment performance.

The TRP investment policy provides a framework for the investment of portfolio funds in the TRP and includes the following key elements as further described in the TRP Investment Policy:

Investment Objectives	Investment Manager Selection
Spending Policy	Roles & Responsibilities
Time and Investment Horizon	Environmental, Social and Governance
Risk Tolerance	Framework
Expected Return	Risk Management
Asset Allocation	Monitoring and Control Procedures
Benchmarks	

The IAC has adopted an investment schedule for the TRP that utilizes a dollar-cost averaging approach and provides regular monthly contributions to the TRP. An initial investment of \$33.5 million into the TRP was made on April 1, 2018, with the goal of reaching the fiscal year 2018-2019 statutory limit of \$600 million in the first half of 2019. After June 30, 2019, the investment schedule will be re-assessed by the IAC and staff, as the TRP can be increased to as much as 30 percent of CSU investments at that time. The investment schedule may also be adjusted by the IAC at any time depending on market conditions. Consistent with state law and specifically,

Education Code 89726, additional moneys earned through investments in the TRP shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations.

The purpose of the TRP is to provide opportunity for additional risk adjusted returns on CSU funds over a full market cycle. For the nine months ending December 31, 2018, due to declines in global markets during the fourth quarter of 2018, the TRP total return trailed the Liquidity Portfolio (SWIFT) total return by 4.26 percent, or \$22.1 million.

However, since December 31, 2018 the global markets have rebounded significantly, offsetting the declines during the fourth quarter of 2018, and as of May 6, 2019 the TRP had a positive return since inception of \$23.7 million, or 7.4%.

#### Surplus Money Investment Fund (SMIF)

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. The portfolio includes Certificates of Deposit, Treasuries, Commercial Paper, Corporate Bonds, and U.S. Government Agencies.

#### **Next Steps**

Staff will continue implementing the TRP investment schedule with oversight from the IAC. Staff is also working on developing the Intermediate Duration Portfolio, consistent with the CSU Master Investment Policy, with the goal of implementing this portfolio in the second half of 2019. The next investment report to the board is scheduled for the September 2019 meeting and will provide information on the fiscal quarter ending March 31, 2019.

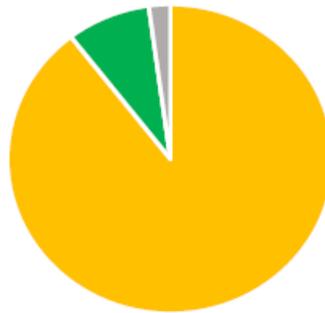
## CSU Quarterly Investment Report

**For the Quarter Ended December 31, 2018**

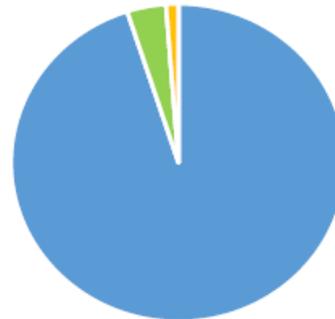
CSU investments as of December 31, 2018 consisted of investments in the CSU Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT), the Total Return Portfolio (TRP), and the State of California Surplus Money Investment Fund (SMIF). All CSU investments (except for funds invested in SMIF) are held by US Bank, the custodian bank for the CSU. Neither state general fund nor CSU auxiliary funds are included in CSU investments. In addition, this report does not include approximately \$0.95 billion in bond proceeds, which is required by state law to be held by the state and is invested in SMIF.

### Balances and Allocations as of December 31, 2018

	<b>Balance</b>	<b>% of CSU Investments</b>
Liquidity Portfolio (SWIFT)	\$3.72 billion	89.53%
Total Return Portfolio (TRP)	\$346 million	8.34%
Surplus Money Investment Fund (SMIF)	\$89 million	2.13%
<b>CSU Investments</b>	<b>\$4.16 billion</b>	<b>100%</b>



- Liquidity Portfolio (SWIFT) - 89.53%
- Total Return Portfolio (TRP) - 8.34%
- Surplus Money Investment Fund (SMIF) - 2.13%



- Fixed Income - 95.0%
- Equity - 3.8%
- Real Assets - 1.2%

For the six months ended December 31, 2018, direct investment management fees<sup>1</sup>, advisory, and custodial fees totaled just over \$1.09 million, or about 0.026 percent (2.6 basis points) on CSU investments total balance as of December 31, 2018.

<sup>1</sup> Direct investment management fees exclude TRP mutual fund investment management fees. TRP mutual fund investment management fees are included as mutual fund expenses and reported as a percent of total fund assets. See TRP Fund Expense Ratio (Fee) in the table on page 3.

**CSU Liquidity Portfolio (Systemwide Investment Fund Trust or SWIFT)**

The purpose of the Liquidity Portfolio is to provide sufficient and immediate liquidity to meet the operating needs of the CSU. The investment objective is safety of principal and liquidity. Consistent with state law, the portfolio is restricted to high quality, fixed income securities.

	<b>CSU Liquidity Portfolio</b>	<b>Benchmark<sup>2</sup></b>
1 Year Annualized Return <sup>3</sup>	1.76%	1.70%
3 Year Annualized Return	1.24%	1.01%
5 Year Annualized Return	0.98%	0.78%
Annualized Since Inception Return <sup>4</sup>	1.29%	1.54%
Yield	2.73%	2.53%
Duration (Years)	0.83	1.43
Average Credit Rating	AA-	Aaa/AA+

**Holdings by Asset Type (% of CSU Liquidity Portfolio):**

U.S. Corporate Bonds	29.50%
Treasuries	29.24%
U.S. Government Agencies	27.89%
Asset-Backed Securities	6.55%
CD's and Cash Equivalents	5.45%
Municipal Obligations	1.37%

<sup>2</sup> Benchmark for the CSU Liquidity Portfolio (SWIFT) is the Bank of America Merrill Lynch 0-3 Year Treasury Index.

<sup>3</sup> CSU Liquidity Portfolio (SWIFT) returns reported as gross of fees and total return, including income and gains (realized and unrealized).

<sup>4</sup> Inception Date for the CSU Liquidity Portfolio (SWIFT) was July 1, 2007.

**CSU Total Return Portfolio (TRP)**

The purpose of the Total Return Portfolio is to provide opportunity for additional risk adjusted returns on CSU funds over a full market cycle. The investment objective is to achieve a prudent return within a moderate risk level. Consistent with state law, the TRP is invested in mutual funds subject to registration by and under the regulatory authority of the United States Securities and Exchange Commission or in United States registered real estate investment trusts.

	<b>CSU Total Return Portfolio<sup>5</sup></b>	<b>Strategic Benchmark<sup>6</sup></b>	<b>Policy Benchmark<sup>7</sup></b>
3 Months Return	-7.26%	1.36%	-7.19%
6 Months Return	-5.45%	2.77%	-5.27%
Annualized Since Inception Return <sup>8</sup>	-2.60%	4.35%	-4.31%

The purpose of the TRP is to provide opportunity for additional risk adjusted returns on CSU funds over a full market cycle. For the nine months ending December 31, 2018, due to declines in global markets during the fourth quarter of 2018, the TRP total return trailed the Liquidity Portfolio (SWIFT) total return by 4.26 percent, or \$22.1 million.

However, since December 31, 2018 the global markets have rebounded significantly, offsetting the declines during the fourth quarter of 2018, and as of May 6, 2019 the TRP had a positive return since inception of \$23.7 million, or 7.4%.

**Holdings by Asset Type (% of CSU Total Return Portfolio):**

Equity Mutual Funds	45%
Fixed Income Mutual Funds	40%
Real Asset Mutual Funds	15%

<sup>5</sup> TRP Returns are net of mutual fund investment management fees and expenses.

<sup>6</sup> The TRP Strategic Benchmark is Inflation (Core Consumer Price Index) plus 4.5% per annum. The long-term rate of inflation is assumed at 2.5% per annum.

<sup>7</sup> The TRP Policy Benchmark is a blend of passive indices whose weights match the TRP target asset allocation.

<sup>8</sup> TRP Inception Date was April 1, 2018.

**Values, Holdings & Fees (CSU Total Return Portfolio)**

<b>Asset Class</b>	<b>Strategy Name</b>	<b>Ticker</b>	<b>Value (millions)</b>	<b>% of Total Return Portfolio</b>
<b>Fixed Income</b>				
	Vanguard Total Bond Market Index Fund	VBTIX	80.0	23%
	Vanguard Inflation-Protected Securities Fund	VIPIX	17.9	5%
	Lord Abbett High Yield Fund	LHYOX	20.9	6%
	Pacific Funds Floating Rate Income Fund	PLFRX	10.5	3%
	Vanguard Emerging Markets Government Bond	VGAVX	10.8	3%
<b>Equity</b>				
	Vanguard Total Stock Market Index Fund	VITSX	79.9	23%
	Vanguard Developed Markets Index Fund	VTMNX	41.2	12%
	Vanguard Emerging Markets Stock Index Fund	VEMIX	34.8	10%
<b>Real Assets</b>				
	Vanguard Real Estate Index Fund	VGSNX	23.3	7%
	Vanguard Energy Index Fund	VENAX	6.3	2%
	Vanguard Materials Index Fund	VMIAX	6.7	2%
	First State Global Listed Infrastructure Fund	FLIIX	13.7	4%
<b>Cash</b>			0.0	0%
<b>Total</b>			<b>346.2</b>	<b>100.00%</b>

**Surplus Money Investment Fund (SMIF)**

The Surplus Money Investment Fund (SMIF) is 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. The portfolio includes Certificates of Deposit, Treasuries, Commercial Paper, Corporate Bonds, and U.S. Government Agencies.

**Apportionment Annual Yield<sup>9</sup>**

Trailing 12 month as of 12/31/18	1.65%
Average Annualized (FYE 06/30/07 – 12/31/18)	1.06%

<sup>9</sup> Annual Yield calculated by CSU Treasury Operations based on the quarterly apportionment yield rates published by the State Controller's Office.



# Master Investment Policy For The California State University

Approved on November 8, 2017  
By The Board of Trustees of The California State University

## Contents

I.	Scope and Purpose.....	3
II.	Compliance with Law and Adherence to Policy.....	3
III.	Background and Investment Objectives.....	3
IV.	Investment Portfolios.....	4
V.	Roles and Responsibilities.....	5
	▪ Board of Trustees.....	5
	▪ Chancellor’s Office Staff.....	6
	▪ Investment Advisory Committee.....	7
	▪ Prudence, Ethics and Conflict of Interest.....	8
	▪ Document and Acceptance of the Investment Policy Statement.....	8
VI.	Environmental, Social and Governance (ESG) Framework.....	9
VII.	Adoption of the Investment Policy Statement.....	9

## **I. Scope and Purpose**

This California State University Master Investment Policy (“MIP”) governs the investment of California State University (“CSU”) funds. CSU investments are centrally managed on behalf of the CSU System and its campuses.

The purpose of the MIP, together with investment policies that govern individual Portfolios (as defined in Section IV) and are created pursuant to delegated authority contained herein, is to provide a framework for the investment of CSU funds consistent with the goals of the CSU Board of Trustees (the “Board”) and the educational mission of the CSU.

The MIP sets forth objectives, guidelines, and responsibilities that the Board deems to be appropriate and prudent in consideration of the needs of, and the legal requirements applicable to, the CSU’s investment program. The MIP is also intended to ensure that the Board, and any parties to whom the Board delegates authority, are fulfilling their fiduciary responsibilities in the oversight of CSU investments.

The MIP is a dynamic document and will be reviewed from time to time. The MIP will be modified, if necessary, to reflect the changing nature of the CSU’s assets and investment program, organizational objectives, and economic conditions.

## **II. Compliance with Law and Adherence to Policy**

CSU investments are to be managed in full compliance with all applicable laws, rules, and regulations from various local, state, federal, and international political entities that may impact the CSU’s assets, including but not limited to the provisions of the California Education Code and California Government Code applicable to the investment of CSU funds, and in accordance with the policy objectives, guidelines, and responsibilities expressed herein.

## **III. Background and Investment Objectives**

The investment objectives for the investment of CSU funds have been established in conjunction with a comprehensive review of current and projected financial requirements. The Board desires to provide the Chancellor, the Chancellor’s Staff, and the IAC (as defined in Section V) with the greatest possible flexibility to maximize investment opportunities. However, as agents of the Board, the Chancellor, the Chancellor’s Staff, and the IAC must recognize the fiduciary responsibility of the Board to conserve and protect the assets of the CSU investment program, and, by prudent management, prevent exposure to undue and unnecessary risk.

The following objectives shall govern the investment of CSU funds:

1. Safeguard the principal.
2. Meet the liquidity needs of the CSU.
3. Obtain the best possible return commensurate with the degree of risk the CSU is willing to assume in obtaining such return.

The Board acknowledges that these objectives may be weighted or prioritized differently for individual Portfolios depending upon the purpose of the Portfolio.

#### **IV. Investment Portfolios**

Consistent with its investment objectives, the Board has determined that CSU funds may be invested in three investment portfolios (individually, a “Portfolio” and together, the “Portfolios”) created by the CSU, with oversight by the Chancellor, the Chancellor’s Staff, and the IAC, and each with its own investment policy.

The three Portfolios and general purpose of each Portfolio are as follows:

##### **Liquidity Portfolio (Systemwide Investment Fund—Trust or “SWIFT”)**

The purpose of this Portfolio is to provide sufficient and immediate liquidity to meet the operating needs of the CSU. The investment objectives for this Portfolio shall be safety of principal and liquidity. The existing CSU Systemwide Investment Fund—Trust (SWIFT) shall serve as the Liquidity Portfolio and shall be comprised of investments authorized pursuant to California Government Code Sections 16330 or 16430.

##### **Intermediate Duration Portfolio (IDP)**

The purpose of this Portfolio is to provide opportunity for modest, additional risk adjusted returns on CSU funds not needed for immediate liquidity. The investment objectives for this Portfolio shall be safety of principal, liquidity and return. The Intermediate Duration Portfolio shall be comprised of investments authorized pursuant to California Government Code Sections 16330 or 16430.

##### **Total Return Portfolio (TRP)**

The purpose of this Portfolio is to provide opportunity for additional risk adjusted returns on CSU funds over a full market cycle. The investment objectives for this Portfolio shall

be to achieve a prudent total return within a moderate risk level. The Total Return Portfolio shall be comprised of investments authorized pursuant to California Government Code Sections 16330, or 16430 or California Education Code Sections 89724 or 89725.

The acceptable allocations for the Portfolios are as follows:

<b><u>Portfolio</u></b>	<b><u>Min – Target – Max</u></b>
Liquidity – Systemwide Investment Fund Trust (“SWIFT”)	<b>5% - 20% - 100%</b>
Intermediate Duration Portfolio (“IDP”)	<b>0% - 52% - 95%</b>
Total Return Portfolio (“TRP”)	<b>0% - 28% - 30%<sup>1</sup></b>

In addition, the CSU may invest any amount (from 0% to 100%), in any California State Treasury investment option, available now, or in the future, that the IAC and the Staff deem prudent, including, but not limited to:

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

## **V. Roles and Responsibilities**

### **Board of Trustees**

The Board assumes fiduciary responsibility to conserve and protect the investment assets of the CSU, and by prudent management, to prevent exposure to undue and unnecessary risk. However, the Board also acknowledges investments are inherently risky with risk of loss and, as such, are viewed with a long-term time horizon.

As a fiduciary, the primary responsibilities of the Board are to:

1. Maintain and approve the MIP.

---

<sup>1</sup> Percentage allocations to the TRP are subject to annual phase-in restrictions through June 30, 2020 per state law.

2. Ensure that CSU investments are prudently diversified in order to obtain the best possible return commensurate with the degree of risk that the CSU is willing to assume.
3. Report annually to the California state legislature and the California Department of Finance regarding the investment of CSU funds.

The Board shall have oversight responsibility for investment of the assets and has delegated investment authority to the Chancellor, the Chancellor's Staff, and the IAC.

#### **Chancellor and Chancellor's Staff**

As agents of the Board, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor responsible for CSU investments, and their designees (the "Chancellor's Staff"), recognize the fiduciary responsibility of the Board to conserve and protect the investment assets of the CSU and, by prudent management, to prevent exposure to undue and unnecessary risk.

The Chancellor and the Chancellor's Staff are hereby authorized to establish policies and procedures to implement the provisions of this MIP, including, but not limited to, the following activities:

1. Overseeing and implementing general administrative and investment operations for the Portfolios.
2. Informing the IAC on the overall investments of the CSU and each of the Portfolios to assist the IAC in fulfilling its duties.
3. Developing and implementing policies that are suitable for achieving the strategic objectives for each Portfolio, including coordination with the IAC in developing and implementing policies for the TRP.
4. Selecting, contracting with, and monitoring third party service providers, including, but not limited to, investment advisors, investment managers, and custodians. For the TRP, such actions will be based on the recommendations of the IAC.
5. Directing the investment of funds, including the ordering of purchase and sale transactions to, from and between the Portfolios to meet investment objectives and strategic asset allocations.

6. Monitoring and reviewing the performance of the Portfolios to their stated objectives.
7. Reporting to the Board regarding the investment of CSU funds as requested, but no less than quarterly.
8. Controlling and accounting for all investment, record keeping, and administrative expenses associated with the Portfolios.
9. Identifying the need for updates, monitoring the Portfolios for legal and policy compliance, and acting on the recommendations of the IAC, as appropriate.
10. All other duties designated or delegated by the Board or the IAC.

### **Investment Advisory Committee**

As required by state law, the CSU has created an Investment Advisory Committee (the "IAC"), to provide investment advice and expertise to the Board, particularly with respect to the management of the TRP.

The IAC shall be an advisory body and shall make recommendations, as appropriate, to the Board for approval or to the Chancellor and the Chancellor's Staff for implementation. The IAC shall be responsible for overseeing all aspects of the TRP and is hereby authorized to recommend policies and procedures for the creation and implementation of the TRP, including, but not limited to, the following activities:

1. Understanding the overall investments of the CSU and each of the Portfolios as informed by the Chancellor's Staff, investment advisors and/or investment managers.
2. Developing and approving an IAC charter to establish guidelines for operations of the IAC.
3. Developing, approving, and overseeing the implementation of an investment policy statement for the TRP.
4. Reviewing and approving target asset allocations and ranges for the TRP.
5. Monitoring and reviewing the performance of the TRP to its stated objectives.
6. Prudently reviewing, selecting, monitoring, and replacing investment management firms engaged to manage the TRP's assets.

7. Monitoring and supervising all service vendors and fees for the TRP.
8. Any other investment or administrative duties deemed necessary to prudently oversee the investment program for the TRP.

### **Prudence, Ethics and Conflict of Interest**

All participants in the investment process shall act responsibly. The standard of prudence applied by the Board, the Chancellor, the Chancellor's Staff, and the IAC, as well as any external service providers, shall be the "prudent investor" rule. The "prudent investor" rule in part, states, "A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill and caution. A trustee's investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust."

Furthermore, all participants in the investment process shall use the same care, skill, prudence, and due diligence under the circumstances then prevailing that a prudent person acting in a like capacity and fully familiar with such matters would use in the conduct of an enterprise of like activities for like portfolios with like aims and in accordance and compliance and all other applicable laws, rules and regulations.

All investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. All investment personnel shall disclose to the Chancellor's Staff or the IAC any material financial interests in financial institutions which conduct business within the jurisdiction and shall disclose any material financial investment positions which could be related in a conflicting manner to the performance of the Portfolios. All investment personnel shall report any potential conflicts of interest consistent with Government Code Section 87200. Further, the Chancellor shall report to the Board in writing any issues that could reflect any conflict in the performance of the Portfolios.

### **Document Acceptance of the Investment Policy Statement**

The Chancellor's Staff shall provide a copy of this MIP, and the relevant Portfolio investment policy, to each firm retained to provide investment services to the CSU and each such firm shall acknowledge in writing receipt of the document and accept its content.

## **VI. Environmental, Social and Governance Framework**

The Board acknowledges the importance of understanding the potential risks and value that environmental, social, and governance (“ESG”) factors may have on CSU investments. Therefore, the Board expects that the consideration of ESG factors shall be integrated into the investment decision processes of the CSU.

Approved:

The California State University Board of Trustees  
November 8, 2017

## COMMITTEE ON FINANCE

### **Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for Projects at California State University, San Bernardino and California Polytechnic State University, San Luis Obispo**

#### **Presentation By**

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

#### **Summary**

This item requests that the California State University Board of Trustees authorize the issuance of long-term Systemwide Revenue Bond (SRB) financing and related debt instruments. This includes shorter term and variable rate debt, floating and fixed rate loans placed directly with banks, and bond anticipation notes (BANs) to support interim financing under the CSU commercial paper (CP) program in an aggregate amount not-to-exceed \$128,395,000 to provide financing for two campus projects:

1. California State University, San Bernardino Student Union Renovation and Expansion
2. California Polytechnic State University, San Luis Obispo – Science and Agriculture Teaching and Research Complex.

#### **Background**

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 of Trustees. Revenues from these programs and other revenues approved by the Board of Trustees, including CSU operating funds, are used to meet operational requirements for the projects and pay debt service on the bonds issued to finance the projects. The consolidated pledge of gross revenues to the bondholders strengthens the SRB program and 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 used to finance the projects. CP notes provide greater financing flexibility and lower short-term borrowing costs during project construction than long-term bond financing. Proceeds from the issuance of bonds are then used to retire outstanding CP and finance any additional costs not previously covered by CP.

**1. California State University, San Bernardino Student Union Renovation and Expansion**

The California State University, San Bernardino Student Union Renovation and Expansion project was presented to the Board of Trustees for approval of the amendment of the Capital Outlay program and schematics at the November 2017 meeting of the Committee on Campus Planning, Buildings and Grounds. The existing 86,400 gross square foot (GSF) Santos Manuel Student Union (#22) was originally constructed in 1977 with three subsequent minor renovations and additions over the years. The expansion will include the construction of a new separate three-story (approximately 119,974 GSF) student union expansion building (#22A) on a vacant site adjacent to, and immediately north of, the existing student union. This new building will be comprised of a multi-purpose ballroom, a bowling alley and game room, a pub, food service and retail space, collaboration spaces for student organizations and student support centers, and a bookstore. This project will also renovate the north entrance of the existing Santos Manuel Student Union and minor improvements to vacated ancillary spaces.

The not-to-exceed par amount of the proposed bonds is \$91,280,000, based on a total budget of \$90,200,000 with a program reserve contribution of \$9.02 million. Additional net financing costs, such as capitalized interest and cost of issuance (estimated at \$10,100,000), are expected to be funded from bond proceeds. The project is scheduled to start construction in July 2019 with completion expected in June 2021.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$91,280,000
Amortization	Approximately level debt service over 30 years
Projected maximum annual debt service	\$6,008,231
Projected debt service coverage including the new project:	
Net revenue – All campus pledged revenue programs: <sup>1</sup>	1.35
Net revenue – Campus student union program:	1.17

1. Based on campus projections of 2022-2023 operations of the project with expected full debt service.

The not-to-exceed amount for the project, the maximum annual debt service, and the financial ratios above are based on an all-in interest cost of 5.26 percent, which includes a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan assumes level amortization of debt service, which is the CSU program standard. The campus financial plan projects a student union program net revenue debt service coverage of 1.17 in fiscal year 2022-2023, the first full year of operations, which meets the CSU benchmark of 1.10 for the program. Combining the 2022-2023 student union expansion project projections and 2022-2023 projections for all other campus pledged revenue programs yields a campus net revenue debt service coverage for the first full year of operations of 1.35 which just meets the CSU benchmark of 1.35.

## 2. California Polytechnic State University, San Luis Obispo – Science and Agriculture Teaching and Research Complex

The California Polytechnic State University, San Luis Obispo Science and Agriculture Teaching and Research Complex (SATRC) project was approved as part of the 2019-2020 Capital Outlay Program approved by the Board of Trustees Joint Committees on Finance and Campus Planning, Buildings and Grounds at its November 13-14, 2018 meeting and approved for schematics by the Board of Trustees Committee on Campus Planning, Buildings and Grounds at its January 22-23, 2019 meeting. In addition, a Final Initial Study/Mitigated Negative Declaration was adopted, and a minor master plan adjustment was approved under delegated authority. The project will provide general-purpose classrooms, student research laboratories, collaboration space, and faculty offices to foster interdisciplinary teaching and research among the College of Science and Math, the College of Agriculture, Food and Environmental Sciences, and the College of Liberal Arts. The SATRC project will consist of two adjacent buildings: Building A, approximately 87,900 GSF, and Building B, approximately 15,000 GSF, and will be located along North Poly View Drive between the existing Erhart Agriculture, English, and Science North buildings, and the Warren J. Baker Center for Science and Mathematics buildings.

The SATRC project has a budget total of \$125 million with Building A estimated at \$102 million and Building B estimated at \$23 million. The project will be funded from multiple sources consisting of the following:

SRB/CP Financing previously approved by the Board:	\$35 million <sup>1</sup>
Campus Fundraising:	\$54 million
Auxiliary Reserves:	\$5 million
Campus Reserves:	\$2 million
SRB/CP Financing supported by campus operating funds:	<u>\$29 million</u>
<b>Total:</b>	<b>\$125 million</b>

The campus will continue fundraising efforts to reduce or eliminate the need for the \$29 million in additional SRB/CP financing supported by campus operating funds. However, in order to keep the project on schedule and start construction in June 2019, all funding sources must be identified at the time of the construction contract signing, thus the request for this financing authorization. In addition to this \$29 million component, this agenda item is also requesting approximately \$7.8 million of financing authorization to meet interim financing needs resulting from possible timing differences between the expected construction funding schedule and the receipt of future donations.

---

<sup>1</sup> This \$35 million financing component was authorized as part of multi-year financing plans previously approved by the Board.

The financial plan calls for issuing CP in order to maintain flexibility to reduce any outstanding debt as donations materialize. However, to be conservative and to support the \$37,115,000 not-to-exceed amount on a fully funded and long term amortizing basis, the campus has allocated \$2.6 million in recurring base budget operating funds to pay for debt service and provide a cushion to meet the 1.10 debt service coverage benchmark.

The not-to-exceed par amount of the proposed debt is \$37,115,000, which consists of the \$29 million financing component, the approximately \$7.8 million of authorization to meet possible interim financing needs, and additional net financing costs, such as capitalized interest and cost of issuance (estimated at approximately \$317,830) expected to be funded from bond proceeds. The project is scheduled to start construction in June 2019 with completion expected in August 2021.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$37,115,000
Amortization	Approximately level debt service over 30 years
Projected maximum annual debt service	\$2,429,084
Projected debt service coverage including the new project:	
Net revenue – All campus pledged revenue programs: <sup>2</sup>	1.54
Net revenue – Campus operating budget:	1.10

2. Based on campus projections of 2022-2023 operations of the project with expected full debt service.

The not-to-exceed amount for the project, the maximum annual debt service, and the financial ratios above are based on an all-in interest cost of 5.24 percent, which includes a cushion for changing financial market conditions that could occur before any permanent financing bonds might be sold. The financial plan assumes level amortization of debt service, which is the CSU program standard. The campus financial plan projects a campus operating budget net revenue debt service coverage of 1.10 in fiscal year 2022-2023, the first full year of operations, which meets the CSU benchmark of 1.10 for the program. Combining the project projections for all other campus pledged revenue program projections yields a campus net revenue debt service coverage for the first full year of operations of 1.54 which exceeds the CSU benchmark of 1.35.

### **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 the Trustees of the California State University Systemwide Revenue Bonds, and/or the sale and issuance of related Systemwide Revenue Bond Anticipation Notes, and/or the issuance of related debt instruments, including shorter term debt, variable rate debt, floating rate loans placed directly with banks, or fixed rate loans placed directly with banks, in an aggregate amount not-to-exceed 128,395,000 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 projects as described in this Agenda Item 3 of the Committee on Finance at the May 20-22, 2019, meeting of the CSU Board of Trustees is recommended for:

**California State University, San Bernardino Student Union Renovation and Expansion**

**California Polytechnic State University, San Luis Obispo – Science and Agriculture Teaching and Research Complex**

## **COMMITTEE ON FINANCE**

### **California State University, Fresno – Conceptual Approval of a Public-Private Partnership for the Central Utility Plant Replacement Project**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Joseph I. Castro  
President  
California State University, Fresno

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

#### **Summary**

This item requests conceptual approval for California State University, Fresno to pursue a development plan through a public-private partnership to replace the existing central utility plant.

#### **Background**

The central utility plant provides heating and cooling services to over 3.1 million square feet of building space, spread across 80 buildings and 1,011 acres. The plant, built in 1954, has had limited improvements over the past 65 years and its equipment and ancillary infrastructure have exceeded their useful life. Importantly, the plant lacks additional capacity to accommodate campus expansion and new buildings that are part of the 25,000 full-time equivalent student (FTE) campus master plan.

The condition of the plant has resulted in significant increases in operating and maintenance expenses over the past three years, and failure in plant operations is a constant threat. To assess the severity of these issues, an energy conservation study conducted by a consulting firm in 2017 outlined recommendations for phased like-for-like replacements of plant equipment in a similar location as existing equipment, and implementation of energy conservation measures in individual buildings across campus.

Additional assessment of a wide variety of finance and delivery methods concluded that a public-private partnership approach would accelerate delivery schedule and generate significant cost-savings over the life cycle of the project.

### **Project Description**

The project plan is comprised of several major elements, including: the installation of new equipment in the current plant location; replacement of hot and cold-water distribution systems; an energy management and control system; and other energy conservation and efficiency measures throughout the campus facilities. The new plant equipment and distribution systems will operate at a higher efficiency, resulting in additional heating and cooling capacity, energy savings, decreased operating costs, and improved reliability. Overall, the project aims to significantly improve central plant reliability and allow for critical campus growth.

The campus intends to enter into a project agreement with a developer partner team, which will design, engineer, procure, finance, construct, maintain, and upgrade designated components of the project over the life of the agreement. Under the proposed agreement, the developer will be responsible for the routine and life-cycle maintenance of the designated project elements, and perform such maintenance in accordance with the technical requirements and standards set forth in the agreement, applicable laws, regulations, and policies. The campus will retain responsibility for the day-to-day operations.

The campus has completed a request-for-qualifications process and identified four development teams as potential partners. Selection of the final development partner team will be conducted through a request-for-proposal process following appropriate approvals from the Board of Trustees.

### **Financing**

The preliminary project cost is currently estimated at a range of \$130 to \$170 million, however, the final cost will not be known until proposals are submitted and a development partner is selected. A portion of the project cost will be funded by the CSU Capital Outlay Program and campus contribution, however, the bulk of the project cost will be funded through alternative financing by the developer. In addition, the developer will be compensated for their investment and services relating to life-cycle maintenance through periodic performance-based payments by the campus over the term of the agreement, which is anticipated to be no greater than 40 years.

All proposed financing structures provided by the developer will be without recourse to the CSU. The agreement will retain the right for the campus to make future milestone payments to reduce the term of the agreement and provide system-wide capital outlay funding for certain elements of the project.

## **Educational Benefits**

The project stands as the highest priority capital project for the campus. Growth of the campus is currently constrained, in part due to inadequate utility infrastructure to support existing buildings and future construction of buildings, severely limiting the ability to serve additional student enrollment. Upgrades to critical infrastructure will enable future campus growth and supports the overall campus master plan, programmatic goals, and education mission. Moreover, the project will place the campus on the right path toward achieving lower-carbon heating and cooling operations and complying with the Board of Trustees' policy on sustainability and the carbon reduction goal of 80 percent below 1990 levels by 2040.

## **Approval of the Final Development Plan**

Per Board of Trustees policy, as the project moves forward, all related master plan revisions, amendments of the capital outlay program, proposed schematic plans, financial plans, and proposed key business points of the finalized development plan will be presented at future meetings for final approval by the Board of Trustees prior to execution of any commitments for development and use of the project.

## **Recommendation**

The following resolution is presented for approval:

**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 project at California State University, Fresno;
2. Authorize the chancellor and the campus, to enter into negotiations for agreements as necessary to develop a final plan for the public-private partnership as explained in Agenda Item 4 of the May 20-22, 2019 meeting of the Committee on Finance;
3. 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 development and financial plan negotiated by the campus and the developer with the advice of the chancellor;
  - c) Approval of an amendment to the Non-State Capital Outlay Program;
  - d) Approval of the schematic design.

## **COMMITTEE ON FINANCE**

### **2019-2020 Operating Budget Update**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### **Summary**

This item and subsequent presentation summarize the latest developments regarding the California State University's operating budget request for 2019-2020.

#### **Legislative Hearings**

The annual budget process includes informational budget hearings in Sacramento by the senate and assembly. This year, hearings held from February through the first week of May considered a variety of topics for the CSU including: the operating budget request, Graduation Initiative 2025, enrollment, infrastructure and deferred maintenance, student housing, mental health services, food insecurity, financial aid, the potential for new CSU campuses, and the Project Rebound program. As of May 10, no CSU-related action has been taken by either house.

Typically, legislative action on the state budget occurs in late May after the release of the May Revision, which must be released not later than May 14.

With the early release of the May Revision as described below, post-May Revision budget hearings will likely begin the week of May 13. With this accelerated timeline, it is possible that the assembly and senate, respectively, will act on their budget plans sooner than usual.

#### **Early Release of the May Revision**

The governor released his May Revision proposal earlier than required on May 9, one day prior to this item being posted. With this early release, the state has already entered the rapid and dynamic end phase of the annual budget process. Information included in this item could be outdated by the time the Board of Trustees meets on May 20-22, 2019.

## **Content of the May Revision**

In the initial review of the May Revision, staff identified key statewide and CSU-specific items contained in the governor's proposal.

Overall, the governor's administration concluded that state tax revenues exceeded January 2019 expectations by \$3.2 billion (-\$400 million for 2017-2018, \$2 billion for 2018-2019 and \$1.6 billion for 2019-2020). As a result, the administration proposed more revenue dedicated to building reserves, paying off debt, and paying down pension liabilities. Also, the administration proposed new spending on a variety of existing and new state programs—in particular, K-14 education.

Specifically for the CSU, the governor's administration continues its January commitment of an additional \$300 million recurring for Board of Trustees' budget priorities providing full funding of CSU's request to cover increasing mandatory costs and employee compensation, portions of the requested funding for Graduation Initiative 2025, and additional funded enrollment growth. Additionally, the governor remains committed to his \$262 million one-time funding proposals for deferred maintenance and basic needs partnerships, consistent with the Board of Trustees' request.

The governor's administration went further at the May Revision and included these new proposed investments in the CSU:

- \$6.5 million recurring to support rapid rehousing of homeless and housing insecure students.
- \$1.0 million recurring for the Project Rebound program (the initial proposal was \$250,000 recurring in January), and
- \$740,000 one-time to support a First Star foster youth cohort at the Sacramento campus.

Staff will continue reviewing the May Revision and provide additional information at the May 2019 Board of Trustees meeting.

## **Summary**

The governor's January and May budget proposals represent a bold and historic commitment to invest in higher education and the CSU. We appreciate the governor's continued commitment on the CSU budget and focus on specific needs of CSU students. The May Revision is not the end of the budget cycle; the assembly and senate must finalize their budget plans and the governor and legislature will finalize a budget agreement for the 2019-2020 in June. From now until the end of the budget cycle, the CSU will continue to demonstrate the value added to the state's economy and society with additional investments in the graduation initiative and with additional California student enrollment. As such, the CSU stands ready to serve additional California students should the legislature and governor decide to fully fund our enrollment growth and graduation initiative budget request.

## **COMMITTEE ON FINANCE**

### **Admission Application Fee Proposal**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

April Grommo  
Director of Enrollment Management Services  
Student Academic Services

#### **Summary**

This information item presents a proposal to increase the application fee for the California State University (CSU) from \$55 per application to \$70 per application. The revenue raised by this increase would be used systemwide and shared with campuses to improve the applicant experience through investments in Cal State Apply; to adjust the criteria for the application fee waiver, enabling more applicants to qualify and better aligning with the University of California (UC); and to provide additional funding to campuses to offset the financial impact of fee waivers, support the implementation of the new Board of Trustees redirection policy and acknowledge cost increases in outreach and admission over the last 30 years.

Adjustment to this fee requires amendment to Title 5 of the California Code of Regulations. Action will be proposed at the July Board of Trustees meeting.

#### **Background**

The CSU currently charges applicants a \$55 application fee for each campus to which they apply. The application fee was last raised from \$45 to \$55 in May 1989. The increase was intended to support campus admission staffing to process paper applications for admission and was necessary due to state reductions in funding for the CSU.

The university collects approximately \$35 million in application fees annually after granting approximately \$20 million in undergraduate application fee waivers. Through the application process, California undergraduate applicants can apply for a fee waiver based on self-reported financial information. The application fee waiver can be used for up to four campuses. For fall 2019, the CSU received 902,517 applications. Of those applications, 415,659 qualified for a fee waiver, approximately 46 percent. Additional applications and associated fee revenue and waivers for the winter and spring 2020 terms will round out the academic year.

While much of the application process has shifted to the online application for admission, currently the application fees are used to support campus admission reviews, and not the centralized online application for admission or other costs related to its administrative processes at the Office of the Chancellor. With the migration from CSU Mentor to Cal State Apply, application fees are collected centrally and then distributed to the campuses net of credit card processing fees.

### **Application Fee Proposal**

The proposal to increase the application fee by \$15 is estimated to yield approximately \$7 million in new revenue per application cycle. This estimate is based on current application numbers and an estimation of fee waivers. The additional revenue would be used to support three areas:

- Funding to offset adjustments to the criteria for the application fee waiver;
- Investments in Cal State Apply; and
- Implementation of the new redirection policy and systems.

#### *Adjustments to the Criteria for the Application Fee Waiver*

The current income criteria for the waiver is 125 percent of the annual poverty guidelines established by the U.S. Department of Health and Human Services for single and married students. The criteria for students with dependents or dependent students are based on a \$1,000 expected family contribution (EFC) as calculated for federal financial aid. The proposed expansion would use the Department of Agriculture Free and Reduced Lunch guidelines as a second option for students to qualify for a waiver.

Adjusting the income criteria also will align to the criteria used by the University of California to determine fee waivers, which will send a consistent message to prospective students and high school and community college counselors on income levels that are and are not eligible for application fee waivers. Today, UC and CSU income criteria do not fully align between the systems, which creates some confusion for applicants and families.

The percentage of applicants who receive an application fee waiver varies by campus. CSU campuses range from 23 percent application fee waivers to 71 percent. This impacts the amount of funding that campuses receive for the same work of processing and evaluating applications. A portion of the increased revenue will be used to offset the disproportionate impact of application fee waivers on campuses.

*Investments in Cal State Apply*

Prior to 2018, CSU Mentor was the online application for admission. The application was used for approximately two decades; however, the technology became increasingly outdated and was unable to provide the flexibility necessary to meet the needs of CSU applicants. Last year, the CSU shifted to Cal State Apply as the online application. As the CSU admission process becomes increasingly multifaceted, the CSU will need to continue to expand application tools, data and campus, student and counselor support within Cal State Apply.

A portion of the revenue from the application fee increase would be dedicated to the ongoing development and improvement of Cal State Apply to support the applicant experience. This includes future projects, such as a community college transfer planner, college and high school transcript integration, and Advanced Placement test score matching and campus sharing. It also includes activities within the Office of the Chancellor to better support the application, campuses and internal and external communications.

*Implementation of the New Redirection Policy*

Revenue will be used to expand Cal State Apply to better support the new Board of Trustees systemwide redirection policy, which requires the redirection of all CSU-eligible undergraduate applicants who have not been admitted to a CSU campus. The current redirection process is taking place within the Cal State Apply application – everything from collecting the applicant responses to the Chancellor’s Office staff redirecting the application from the original campus to the redirection campus. While initial updates to Cal State Apply have taken place, additional updates will be needed to improve the process for applicants, campuses and the Chancellor’s Office.

Revenue will also be used to support campuses that are receiving redirected applications. Campuses that receive redirected applications must process these applications almost the same as for someone that has applied to their campus. Application review, transcript and test score requests must all be completed before the applicant can become a fully matriculated student.

### **Comparator Institutions**

A review of application fees from other colleges and university systems show that the proposed CSU application fee aligns with other institutions. The tables below provide current application fees for the campuses:

#### *California Comparators*

<b>College/University System</b>	<b>Application Fee</b>
Biola University	\$45
Chapman University	\$70
Claremont McKenna College	\$70
Loyola Marymount University	\$60
Pepperdine University	\$60
Pomona College	\$70
Stanford University	\$90
University of California	\$70
University of San Diego	\$55
University of San Francisco	\$65
University of Southern California	\$85

#### *National Comparators*

<b>College/University System</b>	<b>Application Fee</b>
Arizona State University at Tempe	\$85
Cleveland State University	\$40
George Mason University	\$70
Georgia State University at Atlanta	\$85
Illinois State University	\$50
North Carolina State University	\$85
Rutgers University	\$70
State University of New York at Albany	\$50
University of Connecticut	\$80
University of Maryland, Baltimore County	\$75
University of Colorado at Denver	\$50
University of Nevada at Reno	\$60
University of Texas at Arlington	\$90
University of Wisconsin at Milwaukee	\$50
Wayne State University	\$25

## **Proposed Title 5 Revision**

The proposed Title 5 amendment removes language setting the application fee at \$55 and replaces it with language indicating that the CSU Board of Trustees shall set the application fee amount. An item will be presented at the July meeting for board action to adopt the following recommended amendment to Title 5.

**Title 5. California Code of Regulations**  
**Division 5. Board of Trustees of the California State Universities**  
**Chapter 1. California State University**  
**Subchapter 5. Administration**

**Article 3. Fees**

**§ 41800.1 Application Fees**

(a) Definitions.

(1) Semester and Quarter. As used in this section, the words “semester,” and “quarter” shall include any semester or quarter other than a special session semester or quarter for which tuition fees are required pursuant to Education Code Section 89708.

(2) Application for Admission. As used in this section, the phrase “application for admission” shall include an application for readmission as well as an application for initial admission to a campus for undergraduate or post-baccalaureate study.

(b) Imposition of Fee. All applications for admission to a campus shall pay an application fee ~~of fifty five dollars (\$55.00)~~ for set by the CSU Board of Trustees to support the application system and the processing of the application by the campus.

(c) Time of Payment. Application fees shall be submitted with applications for admission, and no application shall be considered complete unless accompanied by said fee.

(d) Exclusions. This section shall not apply:

(1) to applications for enrollment in extension courses or as an auditor without credit.

(2) to applications for admission submitted by persons enrolled at the campus to which application is made during either of the two semesters or any of the three quarters, as the case may be, immediately preceding the semester or quarter with respect to which the application is submitted, unless such person was enrolled at another institution subsequent to such previous semester or quarter.

- (3) to an application transferred at the request of the applicant to a campus by the campus at which it was originally filed, provided that the application fee was paid at the latter if required by this section, and provided further, that the applicant did not enroll at the campus at which the application was previously filed.
- (4) to applications for admission which are restricted to certain special programs as designated by the Chancellor.
- (5) to applications for admission from individuals as to whom, in the judgment of the president or designee, payment of the fee would constitute undue financial hardship. The Chancellor shall establish appropriate guidelines for implementation of this exclusion.
- (6) in the case of a student returning from an authorized planned student leave granted by appropriate campus authority where the principal purpose of the leave was related to the student's educational objective, provided that the conditions of the leave have been met.

Note: Authority cited: Sections 89030 and 89700, Education Code. Reference: Section 89700, Education Code.

## COMMITTEE ON FINANCE

### CSU Financial Transparency Portal

#### Presentation By

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Mary Ek  
Assistant Vice Chancellor  
Financial Services

#### Summary

The California State University is committed to ensuring that the citizens of California know how resources entrusted to the CSU are managed. To that end, the system strives to be transparent in all its dealings with students, faculty, staff, the community, and businesses. As one example, for many years the CSU has made available information about contracts, copies of audited financial statements, and internal audit reports through the CSU [transparency and accountability](#) website.

Recently, the CSU expanded the financial information made available to help the public explore the CSU's finances. Working with OpenGov, the CSU created the [Financial Transparency Portal](#) providing public financial reports and visualizations that are engaging, easy-to-understand, and interactive.

The new portal provides five years of actual revenue and expenses that can be viewed by year, campus, and fund. In addition, the portal includes “stories” that provide more in-depth information, added context, and more detailed explanations. The first story published on the portal answers the question “[What are Reserves?](#)” Reserves, which are monies held by the campuses for specific purposes, are integral to the CSU's management of campus operations. Non-recurring reserves are used in several ways to deal with non-recurring expenses by managing short-term obligations and commitments, provide funding for capital infrastructure repairs and maintenance, and help ensure that operating costs can be paid during times of economic and budget uncertainty.

The financial transparency portal also includes opportunities for the public to comment on the information presented, provide recommendations on improving the site, and ask additional questions. The new portal extends the CSU’s commitment to transparency, accountability, and strengthening our stewardship of vital public resources dedicated to the CSU mission.