

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

**California State University
Office of the Chancellor
Glenn S. Dumke Auditorium
401 Golden Shore
Long Beach, CA 90802**

November 16, 2011—10:15 a.m.

Presiding: Herbert L. Carter, Chair

Call to Order and Roll Call

Public Comment

Chair's Report

Chancellor's Report

Report of the California State University Alumni Council: *President—Guy Heston*

Report of the California State Student Association: *President—Gregory Washington*

Report of the Academic Senate CSU: *Chair—James Postma*

Approval of Minutes of Board of Trustees' Meeting of September 21, 2011

Committee Reports

Committee on Collective Bargaining: *Chair—Lou Monville*

Committee on Governmental Relations: *Chair—Peter G. Mehas*

1. 2011-2012 Legislative Report No. 6

Committee on Institutional Advancement: *Chair—Melinda Guzman*

2. Naming of a Facility—California State University, Fresno, *Action*

Committee on Audit: *Chair—Henry Mendoza*

Committee on Educational Policy: *Chair—Debra S. Farar*

1. Recommended Changes to Title 5, California Code of Regulations, Related to Post-Baccalaureate Admission and Nursing Programs

Committee on Campus Planning, Buildings and Grounds: *Chair—Bob Linscheid*

3. Amend the 2011-2012 Capital Outlay Program, Non-State Funded
4. Certify the Revised Environmental Impact Report and Approve the Campus Master Plan Revision and Amendment to the Non-State Capital Outlay Program for the Campus Pointe Project at California State University, Fresno
5. State and Non-State Funded Five-Year Capital Improvement Program 2012-2013 through 2016-2017
6. Approval of Schematic Plans

Committee on Finance: *Chair—William Hauck*

3. 2012-2013 Support Budget
4. 2012-2013 Tuition Fee Increases
5. 2012-2013 Lottery Revenue Budget
6. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments
7. California State University Los Angeles University Development Corporation, Auxiliary Organization Dissolution
8. Cal Poly Pomona University Educational Trust—Auxiliary Organization Dissolution

**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**

September 21, 2011

Trustees Present

Herbert L. Carter, Chair of the Board
Roberta Achtenberg
Carol R. Chandler
Bernadette Cheyne
Debra S. Farar
Kenneth Fong
Margaret Fortune
Steven M. Glazer
William Hauck
Hsing Kung
Linda Lang
Bob Linscheid
Henry Mendoza
Peter G. Mehas
Lou Monville
Charles B. Reed, Chancellor
Jillian L. Ruddell
Glen O. Toney

Chair Carter called the meeting to order.

Public Comment

Chair Carter called for public comment. Pat Gantt, president, CSUEU spoke about the vice presidential salaries and the presidential selection process and the importance of a campus visit; Andy Merrifield, associate vice president, CFA stated that he hoped for an amicable and fair contract for CFA; Russel Kilday-Hicks, vice president representation, CSUEU, commented on the presidential search process and vice presidential salaries; Flecia Johnson Williams, community spoke about admissions policies at CSUDH; Azayacatzin Montalvo, CSUDH alumnus, Julian Camacho, community and Agustin Cebada, community member, spoke about a matter at the CSU Los Angeles campus regarding the name change of the Chicano/a Studies department.

Chair's Report

Chair Carter's complete report can be viewed online at the following URL:

<http://www.calstate.edu/BOT/chair-reports/sept2011.shtml>

Chancellor's Report

Chancellor Charles B. Reed's complete report can be viewed online at the following URL:

<http://www.calstate.edu/executive/reparchive/110921.shtml>

Report of the California State University Alumni Council

Guy Heston reported on behalf of the Alumni Council.

Report from the California State Student Association

Gregory Washington reported on behalf of CSSA.

Report of the Academic Senate CSU

James Postma reported on behalf of the Academic Senate CSU.

Approval of Minutes

The Board of Trustees approved the minutes of the meeting of July 12, 2011.

Board of Trustees

Conferral of Title of President Emeritus: Steven L. Weber (RBOT 09-11-04)

Chair Carter moved the item, there was a second. The Board of Trustees approved the following resolution:

WHEREAS, Stephen L. Weber served as SDSU's president from July 1996 to July 2011—just the seventh president in SDSU's 114-year history; and

WHEREAS, He oversaw remarkable gains in student achievement highlighted by an increase in SDSU's six-year graduation rate, led by SDSU's students of color, from 38 percent to 66 percent; and

WHEREAS, He transformed the campus during his presidency with \$733 million in new construction, only 23 percent being funded through state dollars; and

WHEREAS, His leadership was instrumental in the establishment of the Campanile Foundation, SDSU's philanthropic arm, which since 1999 has raised

nearly \$670 million in private support, an incredible 250 percent more than the total raised during the university's previous 102-year history; and

WHEREAS, under his tenure SDSU established itself as a research powerhouse attracting more than \$1.1 billion in research funding over the last decade and ranking it among the top 150 research universities in the U.S. according to the National Science Foundation; and

WHEREAS, It is altogether fitting that the California State University recognize those members who have made fundamental and historic contributions to this system of higher education; now, therefore, be it

RESOLVED, By the Board of Trustees of the California State University, that this board confer the title of President Emeritus on Stephen L. Weber, with all the rights and privileges thereto.

Commendation for Service—Nicole M. Anderson (RBOT 09-11-05)

Chair Carter moved the item, there was a second. The Board of Trustees approved the following resolution:

WHEREAS, Nicole Anderson was appointed as a member of the Board of Trustees of the California State University in 2010 by Governor Arnold Schwarzenegger, and since that time has ably and actively served in that position; and

WHEREAS, Throughout her service as a student member of the Board of Trustees, she thoughtfully contributed to the consideration of matters imperative to the purpose of this system of higher education; and

WHEREAS, Trustee Anderson has been integral in providing a valuable student voice and student vote throughout a time of fiscal challenges, contributing to the continuation of this University's mission to provide access and quality education to the state and its people; and

WHEREAS, Trustee Anderson has served on the Educational Policy, Campus Planning, Buildings and Grounds, and Finance and Government Relations Committees; and

WHEREAS, Trustee Anderson's service to the Board and the aforementioned Committees has been influential to the deliberations and decisions of this Board, so that this University may continue to serve the present and future good of the state and its people; and

WHEREAS, It is fitting that the California State University recognize those members who have made demonstrable contributions to this public system of higher education and the people of California; now, therefore, be it

RESOLVED, By the Board of Trustees of the California State University, that this board commends and thanks Nicole Anderson for her service to the California State University.

Committee Reports

Committee on Collective Bargaining

Trustee Monville reported the committee heard comments from Pat Gant, CSUEU president, and Russell Kilday-Hicks, CSUEU vice president.

Committee on Governmental Relations

Trustee Mehas reported the committee heard one action item as follows:

2011-2012 Legislative Report No. 5 (RGR 07-11-06)

Trustee Mehas moved the item; there was a second. The Board of Trustees approved the following resolution:

RESOLVED, By the Board of Trustees of The California State University, that 2011-12 Legislative Report Number 4 is adopted.

Committee on Institutional Advancement

Trustee Toney reported the committee heard two information items, 50th Anniversary Presentation and William Randolph Hearst/California State Trustees' Award for Outstanding Achievement Presentation.

Committee on Educational Policy

Trustee Farar reported the committee heard five information items. California State University Alcohol Policies and Prevention Programs: Fifth Biennial Report, Report on Voluntary Self-Monitoring of Equal Opportunity in Athletics for Women Students, Report on SB 1440 Implementation and Oversight Committee, International Programs in the California State University, and The California State University: From Local to Global Engagement and, and one action items as follows:

Academic Plan Update for Fast-Track Program Development (REP 09-11-07)

Trustee Farar moved the item; there was a second. The Board of Trustees approved the following resolution:

RESOLVED, by the Board of Trustees of the California State University, that the California State University, Bakersfield academic plan degree projections (contained in Attachment A to Agenda Item 1 of the March 21-22, 2011 meeting of the Committee on Educational Policy) be amended to include a projected Master of Science in Science Education, with implementation planned for fall 2012; and be it further

RESOLVED, by the Board of Trustees of the California State University, that the San Diego State University academic plan degree projections (contained in Attachment A to Agenda Item 1 of the March 21-22, 2011 meeting of the Committee on Educational Policy) be amended to include projections for a Bachelor of Arts with a major in Comparative International Studies; a Bachelor of Arts with a major in Lesbian, Gay, Bisexual, and Transgender Studies; and a Bachelor of Arts with a major in Sustainability. All three San Diego State University projections are planned for spring 2012 implementation; and be it further

RESOLVED, by the Board of Trustees of the California State University, that the San José State University academic plan degree projections (contained in Attachment A to Agenda Item 1 of the March 21-22, 2011 meeting of the Committee on Educational Policy) be amended to include a projected Master of Science in Biomedical Engineering, with implementation planned for fall 2011.

Committee on University and Faculty Personnel

Trustee Fong reported the committee heard three information items, Compensation for Vice Presidents: Annual Update, Executive Compensation: Annual Executive Relocation Report, Executive Compensation: Annual Executive Transitions Update, and 1 action item as follows:

Report from the Special Committee on Presidential Selection and Compensation (RUF 09-11-05)

Trustee Fong moved the item; there was a second. The Board of Trustees approved the following resolution:

RESOLVED, By the Board of Trustees of the California State University, that the process for Selection of CSU Presidents shall be as described in Exhibit A, to agenda item 4 of the Committee on University and Faculty Personnel at its September 20-21, 2011 meeting.

Exhibit A

Board of Trustees Policy for the Selection of Presidents

Responsibility for Appointment of Presidents

The Board of Trustees of the California State University, in partnership with the Chancellor, is responsible for the recruitment, selection and appointment of CSU campus presidents. There is a deep commitment throughout the process to the principles of consultation with campus and community representatives and diversity. The ultimate decision and responsibility for the transition of executive leadership rests with the Board. The Chancellor designates staff to support the process.

The Trustees Committee for the Selection of the President

The Chair of the Board appoints a Trustees Committee for the Selection of the President (TCSP) for any campus with an impending vacancy. The TCSP is composed of the Chair of the Board, four Trustees, and the Chancellor. The Chair designates a Trustee as chair of the TCSP.

The TCSP determines the attributes desired for a successful candidate, approves the final campus and job descriptions, and any advertising copy, and reviews and interviews candidates. Although the TCSP is the ultimate body to make the final decisions, including the advancement of candidates to the full Board, the process is to be conducted in a manner that includes the campus representatives. The Chancellor may indicate his or her ranking of final candidates before the Board. The Board Chair and the Chancellor may use executive search firms to assist on specific tasks related to the selection process. The Chancellor is responsible for background and reference checks of the final candidates advanced to the Board.

The Advisory Committee to the Trustees Committee for the Selection of the President

The Chair of the Board also appoints an advisory group to the TCSP, known as the Advisory Committee to the Trustees Committee for the Selection of the President (ACTCSP). The ACTCSP is composed of the Chair of the Academic Senate on the campus, two faculty representatives selected by the campus faculty, one member of the campus support staff selected by the staff, one student selected by the duly constituted representatives of the campus student body, one member of the campus Advisory Board selected by that board, one alumnus/alumna of the campus selected by the campus Alumni Association, and one Vice President or academic Dean from the campus, and the President of another CSU campus selected by the Chancellor. Each of the campus representatives shall be determined according to procedures established by the campus. If the campus has a standing policy on campus representation to the ACTCSP that does not call for open election by each constituency, that policy shall be reviewed at the start of a new presidential search, and ratified or amended. The Chair of the Board or the Chancellor may appoint up to two additional members from constituent groups to the ACTCSP to strengthen its capacity to cope with the complex requirements of a specific search, including diversity of the campus, the service area or the state.

The ACTCSP provides advice and consultation regarding the position and campus descriptions and any advertisement of the position. Members of the ACTCSP may also suggest potential candidates with the leadership qualities, administrative ability, academic qualities and other talents appropriate to the position. The ACTCSP reviews and comments on all candidate applications, participates in candidate interviews and the deliberations that lead to the selection of the final candidate(s). The consultative procedures are to be conducted in a manner designed to generate confidence in the selection process and garner local support for the eventual appointee.

Confidentiality and Professionalism

To ensure that the search process respects the professional needs of candidates and is conducted with integrity, strict confidentiality must be maintained by members of the TCSP and the ACTCSP, the Chancellor and staff. Only the Chair of the TCSP or the Chancellor will act as spokesperson for the committees during the presidential search process. After providing a notice of violation and an opportunity for a meeting, the Chair may dismiss a member of the TCSP or the ACTCSP if confidentiality is determined by the Chair to have been violated, or if the behavior of a member is determined by the Chair to have been unethical, unprofessional, disruptive to the conduct of business, or if a member is determined by the Chair to have ignored or failed to follow these rules and procedures.

The Presidential Selection Process

The TCSP meets initially, together with the ACTCSP, to discuss the needs of the campus, and the desired attributes of the new President. The committees also receive information from the campus and the community on these subjects. After these initial sessions, advertising copy is developed, candidates are invited to submit applications, and a broad pool is developed. The Chancellor and the Chair of the TCSP confer and evaluate whether any additional internal CSU candidate(s) is/are a good fit for the position to be added to the pool and considered for the position. The TCSP and the ACTCSP then meet again, review all candidates and decide whether to interview internal candidates, internal and external candidates, or external candidates. After consultation with the TCSP and the ACTCSP, the Chancellor and the Chair of the TCSP determine whether to schedule campus visits, which are optional, or to schedule campus visits on a modified basis, depending on the circumstances of the search.

Deviations from These Procedures

The Board of Trustees will normally confine itself to the names presented by the TCSP. In rare instances and for compelling reasons, the Board reserves the right if, in its judgment, circumstances warrant to depart from the recommended candidate(s) or from the procedures outlined in this policy.

Committee on Finance

Trustee Hauck reported the committee heard four information items, Report on the 2011-2012 Support Budget, Planning for the 2012-2013 Support Budget, 2012-2013 Lottery Revenue Budget, California State University Annual Investment Report, and two action items as follow:

California State University Investment Policy (RFIN 09-11-11)

Trustee Hauck moved the item; there was a second. The Board of Trustees approved the following resolution:

RESOLVED, By the Board of Trustees of the California State University, that the California State University Investment Policy, as amended in Attachment A, of Agenda Item 5 at the September 20-21, 2011 meeting of the Committee on Finance, is approved; and, be it further

RESOLVED, that the chancellor, when investing funds, shall safeguard the principal through sufficient number and diversity of investments, provide adequate liquidity to meet normal cash needs and anticipate extraordinary cash demand, and maintain a consistent rate of return representative of current market yield direction; and, be it further

RESOLVED, that the chancellor shall establish and maintain, on behalf of the campuses, investment pools to invest available funds held by the California State University under the jurisdiction of the board.

Attachment A:

The California State University Investment Policy

The following investment guidelines have been developed for CSU campuses to use when investing funds.

Investment Policy Statement

The objective of the investment policy of the California State University (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 to each campus president the greatest possible flexibility to maximize investment opportunities. However, as agents of the trustees, campus presidents 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 campus funds, the primary objective of the campus shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the campus. The third objective shall be to return an acceptable yield.

Investment Authority

The California State University 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; and
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States; and
- Bonds or warrants of any county, city, water district, utility district or school district; and
- 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; and
- 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; and
- 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; and
- Bankers’ acceptances eligible for purchase by the Federal Reserve System; and
- Certificates of deposit (insured by FDIC, FSLIC or appropriately collateralized); and
- 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; and
- Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration; and

- Student loan notes insured by the Guaranteed Student Loan Program; and
 - Debt issued, assumed, or guaranteed by the Inter-American Development Bank, Asian Development Bank or Puerto Rican Development Bank; and
 - 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 campus 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; and
 - 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

- A. 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 all CSU campuses and the chancellor's office, including market values.
- B. Each campus will provide no less than quarterly to the chancellor a report containing a detailed description of the campus's investment securities, including market values. A written statement of investment policy will also be provided if it was modified since the prior submission. These quarterly reports are required:
- to be submitted to the Chancellor within 30 days of the quarter's end; and
 - to contain a statement with respect to compliance with the written statement of investment policy; and
 - to be made available to taxpayers upon request for a nominal charge.

**California Polytechnic State University Cal Poly Housing Corporation- Auxiliary Organization
Dissolution Approval (RFIN 09-11-12)**

Trustee Hauck moved the item; there was a second. The Board of Trustees approved the following resolution:

RESOLVED, that the Board of Trustees of the California State University approve the dissolution of the auxiliary organization known as the Cal Poly Housing Corporation at California Polytechnic State University, San Luis Obispo and the transfer of all assets to the auxiliary organization known as the Cal Poly Corporation at California Polytechnic State University, San Luis Obispo.

Committee on Committees

Trustee Farar reported the committee heard one action item as follows:

Committee Assignments: Faculty Trustee Bernadette Cheyne (RCOC 09-11-05)

Trustee Farar moved the item; there was a second. The Board of Trustees approved the following resolution:

RESOLVED, By the Board of Trustees of The California State University, on recommendation by the Committee on Committees, that Bernadette Cheyne be appointed to the following committees for 2011-2012:

Educational Policy
Institutional Advancement
Governmental Relations
University and Faculty Personnel