

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

**Agenda**  
**May 20-21, 2014**

<b>Time*</b>	<b>Committee</b>	<b>Place</b>
<b><u>Tuesday, May 20, 2014</u></b>		
<b>9:00 a.m.</b>	<b>Board of Trustees – Closed Session</b> Executive Personnel Matters Government Code §11126(a)(1)  Pending Litigation – One Item Government Code §§11126(e)(1) and 11126(e)(2)(B)(i)	<b>Munitz Conference Room</b>
<b>10:00 a.m.</b>	<b>Committee on Collective Bargaining—Closed Session</b> Government Code §3596(d)	<b>Munitz Conference Room</b>
<b>11:00 a.m.</b>	<b>Committee on Collective Bargaining—Open Session</b> 1. Adoption of Initial Proposals For Successor Contract Negotiations with Bargaining Unit 1, Union of American Physicians and Dentists (UAPD), <i>Action</i> 2. Adoption of Initial Proposals for 2014-2015 Salary/Benefits Re-Opener Negotiations with Bargaining Unit 6, State Employees Trades Council-United (SETC), <i>Action</i> 3. Adoption of Initial Proposals for Re-Opener Negotiations with Bargaining Unit 13, California State University Employees Union (CSUEU) English Language Program Instructors at California State University, Los Angeles, <i>Action</i>	<b>Dumke Auditorium</b>
<b>11:30 a.m.</b>	<b>Committee on University and Faculty Personnel</b> 1. Executive Compensation: President–Humboldt State University, <i>Action</i> 2. Approval of Change in Appointment Date: Executive Vice Chancellor and Chief Financial Officer, <i>Action</i> 3. Executive Compensation: Individual Transition Program, <i>Information</i>	<b>Dumke Auditorium</b>

\*The Board of Trustees is a public body, and members of the public have a right to attend and participate in its meetings. This schedule of meetings is established as a best approximation of how long each scheduled meeting will take to complete its business. Each meeting will be taken in sequence, except in unusual circumstances. Depending on the length of the discussions, which are not possible to predict with precision in advance, the scheduled meeting times indicated may vary widely. For two-day meetings, items scheduled toward the end of the first day potentially may not be called until the next morning. The public is advised to take this uncertainty into account in planning to attend any meeting listed on this schedule.

**12:00 p.m. Luncheon**

**1:00 p.m. Joint Committee on Educational Policy and Campus Planning, Buildings and Grounds Dumke Auditorium**

1. California State University Sustainability Policy Proposal, *Action*

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

1. Amend the 2013-2014 Capital Outlay Program, Non-State Funded, *Action*
2. Status Report on the 2014-2015 State Funded Capital Outlay Program, *Information*
3. Annual California Environmental Quality Act (CEQA) Report, *Information*
4. Approval of Schematic Plans, *Action*
5. Approval of the Campus Master Plan Revision and Schematic Plans for the Recreation Wellness Center for San Francisco State University, *Action*
6. Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Approval of Schematic Plans for Plaza Linda Verde for San Diego State University, *Action*
7. Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Schematic Plans for Campus Village 2 for San José State University, *Action*
8. Certify the Final Environmental Impact Report, Approve the 2014 Master Plan Revision and the Amendment of the 2013-2014 Non-State Capital Outlay Program for Student Housing South for California Polytechnic State University, San Luis Obispo, *Action*

**3:05 p.m. Joint Committee on Finance and Campus Planning, Buildings and Grounds Dumke Auditorium**

1. Capital Financing and the 2014-2015 Governor's Budget Proposal, *Information*

**3:25 p.m. Committee on Finance Dumke Auditorium**

1. Report on the 2014-2015 Support Budget, *Information*
2. California State University Annual Debt Report, *Information*
3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects, *Action*

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- 4:00 p.m.      Committee on Educational Policy      Dumke Auditorium**
1. ~~The State of Higher Education in California: Opportunities for Policy and Institutional Change from the Campaign for College Opportunity, Information~~
  2. *Access to Excellence: Progress Report 2011-2013, Information*
  3. *Update on Reducing Bottlenecks: Improving Student Success, Information*
  4. *California State University Doctor of Nursing Practice Programs, Information*
  5. *The California State University Pre-Doctoral Program, Information*
  6. *The California State University Graduation Initiative, Information*

**Wednesday, May 21, 2014**

- 8:00 a.m.      Committee on Audit      Dumke Auditorium**
1. *Quality Assurance Review of the Office of Audit and Advisory Services, Information*
  2. *Status Report on Current and Follow-Up Internal Audit Assignments, Information*

- 8:45 a.m.      Committee on Governmental Relations      Dumke Auditorium**
1. *Legislative Update, Information*

- 9:15 a.m.      Committee on Organization and Rules      Dumke Auditorium**
1. *Schedule of California State University Board of Trustees' Meetings, Action*

- 9:30 a.m.      Board of Trustees      Dumke Auditorium**

**Call to Order and Roll Call**

**Public Comment**

**Chair's Report**

**Chancellor's Report**

**Report of the Academic Senate CSU: *Chair—Diana Guerin***

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**Report of the California State University Alumni Council: *President—Kristin Crellin***

**Report of the California State Student Association: *President—Sarah Couch***

**Approval of Minutes of Board of Trustees' Meeting of March 26, 2014**

**Board of Trustees**

1. Conferral of the Title Trustee Emeritus: Bob Linscheid, *Action*

**Committee Reports**

**Committee on Collective Bargaining: *Chair—Lou Monville***

**Committee on University and Faculty Personnel: *Chair—Debra Farar***

1. Executive Compensation: President–Humboldt State University
2. Approval of Change in Appointment Date: Executive Vice Chancellor and Chief Financial Officer

**Joint Committee on Educational Policy and Campus Planning, Buildings and Grounds: *Chairs—Debra Farar and Rebecca D. Eisen***

1. California State University Sustainability Policy Proposal

**Committee on Campus Planning, Buildings and Grounds: *Chair—Rebecca D. Eisen***

1. Amend the 2013-2014 Capital Outlay Program, Non-State Funded
4. Approval of Schematic Plans
5. Approval of the Campus Master Plan Revision and Schematic Plans for the Recreation Wellness Center for San Francisco State University
6. Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Approval of Schematic Plans for Plaza Linda Verde for San Diego State University
7. Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Schematic Plans for Campus Village 2 for San José State University
8. Certify the Final Environmental Impact Report, Approve the 2014 Master Plan Revision and the Amendment of the 2013-2014 Non-State Capital Outlay Program for Student Housing South for California Polytechnic State University, San Luis Obispo

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**Joint Committee on Finance and Campus Planning, Buildings  
and Grounds: *Chair— Rebecca D. Eisen***

**Committee on Finance: *Chair—Rebecca D. Eisen***

3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects

**Committee of Educational Policy: *Chair—Debra Farar***

**Committee on Audit: *Chair—Lupe C. Garcia***

**Committee on Governmental Relations: *Chair—Steven Glazer***

**Committee on Organization and Rules: *Chair—J. Lawrence Norton***

1. Schedule of California State University Board of Trustees' Meetings

**Committee on Committees: *Chair—Rebecca D. Eisen***

1. Election of the Chair and Vice Chair of the Board of Trustees for 2014-2015
2. Committee Assignments for 2014-2015

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## Addressing the Board of Trustees

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

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

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

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

Trustee Secretariat  
Office of the Chancellor  
401 Golden Shore, Suite 620  
Long Beach, CA 90802  
Phone: 562-951-4022  
Fax: 562-951-4949  
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## AGENDA

### COMMITTEE ON COLLECTIVE BARGAINING

**Meeting: 10:00 a.m., Tuesday, May 20, 2014**  
**Munitz Conference Room—Closed Session**

**11:00 a.m., Tuesday, May 20, 2014**  
**Glenn S. Dumke Auditorium—Open Session**

Lou Monville, Chair  
Roberta Achtenberg, Vice Chair  
Debra S. Farar

**Closed Session – Munitz Conference Room**  
Government Code §35969(d)

**Open Session – Glenn S. Dumke Auditorium**

#### **Consent Items**

Approval of Minutes of Meeting of March 25, 2014

#### **Discussion Items**

1. Adoption of Initial Proposals For Successor Contract Negotiations with Bargaining Unit 1, Union of American Physicians and Dentists (UAPD), *Action*
2. Adoption of Initial Proposals for 2014-2015 Salary/Benefits Re-Opener Negotiations with Bargaining Unit 6, State Employees Trades Council-United (SETC), *Action*
3. Adoption of Initial Proposals for Re-Opener Negotiations with Bargaining Unit 13, California State University Employees Union (CSUEU) English Language Program Instructors at California State University, Los Angeles, *Action*

**MINUTES OF MEETING OF  
COMMITTEE ON COLLECTIVE BARGAINING**

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

**March 25, 2014**

**Members Present**

Lou Monville, Chair  
Roberta Achtenberg, Vice Chair  
Debra Farar  
Bob Linscheid, Chair of the Board  
Timothy P. White, Chancellor

Chair Monville called the Committee on Collective Bargaining to order.

**Approval of Minutes**

The minutes of the January 28, 2014 meeting were approved as submitted.

There were no action items for the Committee.

The Committee heard from the public speakers.

Pat Gantt (CSUEU) spoke about advocacy for increased University funding and about payroll issues. Mike Geck (CSUEU) spoke about the continuing effects of 2009 budget cuts on CSUEU bargaining unit employees. CSUEU's John Orr and Susan Smith spoke about bullying in the workplace. Loretta Seva'aetasi (CSUEU) spoke about the dedication of long term employees. Sandee Noda (CSUEU) spoke about the positive level of communication regarding the Science Building at San Francisco State. Alisandra Brewer (CSUEU) spoke about the early stages of CSUEU bargaining. CFA's Andy Merrifield spoke about CFA bargaining and compensation. Faculty member Beth Baker read a statement from CFA's John Griffin about increased class sizes. Faculty members Elaine Bernal and Jamil Momand spoke about faculty compensation. Faculty members Erik Goldner and Begona Velasco spoke about increased faculty duties and compensation.

Trustee Monville requested a briefing to the Committee on University and Faculty Personnel on the subject of workplace bullying. Chancellor White asked that Vice Chancellor Brooks present the report to the Board of Trustees at the next meeting. Trustee Monville adjourned the meeting.



## AGENDA

### COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

**Meeting:** 11:30 a.m., Tuesday, May 20, 2014  
Glenn S. Dumke Auditorium

Debra Farar, Chair  
Lou Monville, Vice Chair  
Roberta Achtenberg  
Steven M. Glazer  
Lillian Kimbell  
J. Lawrence Norton  
Steven G. Stepanek

#### Consent Items

Approval of Minutes of Meeting of March 26, 2014

#### Discussion Items

1. Executive Compensation: President–Humboldt State University, *Action*
2. Approval of Change in Appointment Date: Executive Vice Chancellor and Chief Financial Officer, *Action*
3. Executive Compensation: Individual Transition Program, *Information*

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

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

**March 26, 2014**

**Members Present**

Debra Farar, Chair  
Lou Monville, Vice Chair  
Roberta Achtenberg  
Steven M. Glazer  
Bob Linscheid, Chair of the Board  
J. Lawrence Norton  
Steven G. Stepanek  
Timothy P. White, Chancellor

**Approval of Minutes**

The minutes of January 29, 2014, were approved as submitted.

**Executive Compensation**

Chancellor White presented Agenda Item 1 that proposed compensation for Dr. Jane Close Conoley as president of California State University, Long Beach. Chancellor Timothy P. White recommended an annual salary of \$320,329 and in accord with existing policy, an auto allowance of \$1,000 per month. He noted that the proposed compensation is equal to the previous incumbent's pay. Dr. Conoley will receive standard benefits for Executive classification employees including relocation benefits. A motion was passed to recommend approval of the compensation as stated in the agenda item. (RUF 03-14-01)

Chancellor White presented Agenda Item 2 explaining that at the January 2014 meeting of the Board of Trustees the division previously known as Office of the University Auditor was renamed to the Office of Audit and Advisory Services. Additionally, the title of Mr. Larry Mandel as university auditor was changed to vice chancellor and chief audit officer. Chancellor White stated that Mr. Mandel received an annual salary of \$229,596 as university auditor and there will be no change to his salary as vice chancellor and chief audit officer. Mr. Mandel will receive an auto allowance of \$1,000 per month and standard benefits for Executive classification employees. Chair Bob Linscheid commented that while the reporting relationship between the chief audit officer and the Board ensures the audit office is organizationally independent, Mr. Mandel will serve as a direct advisor to the chancellor and university management. A motion was passed to recommend approval of the compensation as stated in the agenda item. (RUF 03-14-02)

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U&FP

Chancellor White introduced Mr. Steven W. Relyea as executive vice chancellor and chief financial officer. An annual salary of \$310,000 was proposed and in accord with existing policy, a monthly auto allowance of \$1,000. Chancellor White noted that the proposed compensation is equal to the previous incumbent's pay. Mr. Relyea will receive relocation benefits including a temporary housing allowance of \$2,750 per month for six months and standard benefits for Executive classification employees. A motion was passed to recommend approval of the compensation as stated in Agenda Item 3. (RUF 03-14-03)

Trustee Farar adjourned the meeting.

**COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Approval of Change in Appointment Date: Executive Vice Chancellor and Chief Financial Officer**

**Presentation By**

Timothy P. White  
Chancellor

**Summary**

Mr. Steven W. Relyea's appointment and compensation as executive vice chancellor and chief financial officer of the California State University was presented and approved at the March Board of Trustees Meeting. The Board resolution identified Mr. Relyea's appointment date as May 1, 2014. After consultation with and approval by the Board Chair, the Chancellor advanced the start date by one day to April 30, 2014, and agreed to seek Board ratification of this administrative action.

**Recommended Action**

The following resolution is recommended for adoption:

**RESOLVED**, by the Board of Trustees of the California State University, that the administrative change in the effective date of Mr. Relyea's appointment as executive vice chancellor and chief financial officer from May 1, 2014 to April 30, 2014 is ratified and approved.

**COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Executive Compensation: Individual Transition Program**

**Presentation By**

Timothy P. White  
Chancellor

**Summary**

In November 2006, the Board of Trustees adopted a resolution (RUFP 11-06-06) requiring the chancellor to report on new individual transition programs in an open meeting of the Committee on University and Faculty Personnel. This item will provide information regarding the transition of President Rollin C. Richmond.

**Background**

Trustee policy provides for an executive transition program for individuals appointed into an executive position between November 18, 1992 and November 14, 2006 (RUFP 11-92-04). Under the provisions of the program, the executive is entitled to a paid transitional period of one year.

**Information**

Effective June 30, 2014, Dr. Rollin C. Richmond will resign from the position of president of Humboldt State University. His transition assignment to which he is entitled under the executive transition program will be from July 1, 2014 through June 30, 2015.

During his transition assignment he will be reassigned into the Management Personnel Plan (MPP – Administrator IV) and be eligible for standard benefits afforded MPP employees. Dr. Richmond's salary will be set at the annual rate of \$223,311. His auto and housing allowances will be discontinued effective June 30, 2014.

Dr. Richmond's duties during his transition assignment shall include:

- To continue serving on the Presidents' Commissions for CSUPERB (CSU Program for Education and Research in Biotechnology) and COAST (Council on Ocean Affairs, Science and Technology);
- To continue serving as an associate member of the CSU/ARI (Agriculture Research Initiative) commission;

**Information Item**

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- To continue as a representative on the California Council on Science and Technology;
- To continue serving on the Board of Cal State Online; and
- To be available to the new president of Humboldt State for advice and counsel with any transitional issues.

## AGENDA

### JOINT MEETING OF THE COMMITTEES ON EDUCATIONAL POLICY AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

**Meeting:** 1:00 p.m., Tuesday, May 20, 2014  
Glenn S. Dumke Auditorium

#### **Committee on Educational Policy**

Roberta Achtenberg, Chair  
Debra S. Farar, Vice Chair  
Rebecca D. Eisen  
Douglas Faigin  
Margaret Fortune  
Lupe C. Garcia  
Steven M. Glazer  
Lillian Kimbell  
Lou Monville  
J. Lawrence Norton  
Steven G. Stepanek  
Cipriano Vargas

#### **Committee on Capital Planning, Buildings and Grounds**

Rebecca D. Eisen, Chair  
J. Lawrence Norton, Vice Chair  
Adam Day  
Douglas Faigin  
Margaret Fortune  
Lillian Kimbell  
Lou Monville  
Cipriano Vargas

#### **Discussion**

1. California State University Sustainability Policy Proposal, *Action*

## **JOINT MEETING**

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

#### **California State University Sustainability Policy Proposal**

##### **Presentation By**

Ken O'Donnell  
Senior Director, Student Engagement and Academic Initiatives and Partnerships  
Academic Affairs

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

##### **Summary**

This item brings forward the revised policy on sustainability for approval by the California State University Board of Trustees, having been presented at the March 2014 board meeting as an information item. An updated report highlighting the accomplishments of the CSU in sustainability since 2011, as well as the vision for the future as prescribed by the policy herein, will be available at the meeting.

As stated at the March 2014 board meeting, the Board of Trustees has been a proponent of energy conservation and other sustainability measures and has had established policies since 1978. This proposed revised policy is broader than prior policies and more inclusive of all areas of the university community. The policy aims not only to reduce the university's impact on the environment and educate our students, faculty and staff on sustainable practices, but also to incorporate sustainability principles and climate science in our educational offerings.

##### **University Sustainability**

1. The CSU will seek to further integrate sustainability into the academic curriculum working within the normal campus consultative process. (14-New)
2. The CSU will develop employee and student workforce skills in the green jobs industry, promote the development of sustainable products and services, and foster economic development. (14-New)



3. The CSU will pursue sustainable practices in all areas of the university, including:
  - a. business operations such as procurement; information technology; student services; food services; facilities operations; design and construction; and
  - b. self-funded entities such as student housing, student unions, parking, children's centers, and auxiliary operations. (14-New)
4. Each CSU is encouraged to designate a sustainability officer responsible for carrying out and/or coordinating campus sustainability program efforts. (14-New)

### **Climate Action Plan**

1. The CSU will strive to reduce systemwide facility greenhouse gas (GHG) emissions to 1990 levels, or below, by 2020 consistent with AB 32, California's Global Warming Solutions Act of 2006 (HSC §38550). Emissions will include both state and auxiliary organization purchases of electricity and natural gas; fleet, marine vessel usage; and other emissions the university or self-support entity has direct control over. The Chancellor's Office staff will provide the baseline 1990 facility emission levels (for purchased electricity and natural gas) for the campuses that existed at that time and assist campuses added to the CSU after 1990 to determine their appropriate baseline. (14-New)
2. The CSU will strive to reduce facility GHG emissions to 80 percent below 1990 levels by 2040. Campus tracking and reporting of their GHG inventory will be grounded in the American College and University President's Climate Commitment guidelines or equivalent, with consideration to campus requested improvements. Metrics will include GHG emissions per FTE. (14-New)
3. The CSU will encourage and promote the use of alternative transportation and/or alternative fuels to reduce GHG emissions related to university associated transportation, including commuter and business travel. (14-New)

### **Energy Independence and Procurement**

1. The CSU shall pursue energy procurement and production to reduce energy capacity requirements from fossil fuels, and promote energy independence using available economically feasible technology for on-site and/or renewable generation. The CSU shall endeavor to increase its self-generated energy capacity from 44 to 80 megawatts (MW) by 2020. (05-New; 14-Revise)
2. The CSU will endeavor to exceed the State of California and California Public Utilities

Commission Renewable Portfolio Standard (RPS) sooner than the established goal of procuring 33 percent of its electricity needs from renewable sources by 2020. (05-New; 14-Revise)

### **Energy Conservation and Utility Management**

1. All CSU buildings and facilities, regardless of the source of funding for their operation, will be operated in the most energy efficient manner without endangering public health and safety and without diminishing the quality of education and the academic program. (78-Adopt; 88-Revise; 01-No Change; 04-No Change; 14-Revise)
2. All CSU campuses will continue to identify energy efficiency improvement measures to the greatest extent possible, undertake steps to seek funding for their implementation and, upon securing available funds, expeditiously implement the measures. (78-Adopt; 88-Revise; 01-No Change; 04-No Change; 14-Revise)
3. The CSU will cooperate with federal, state, and local governments and other appropriate organizations in accomplishing energy conservation and utilities management objectives throughout the state; and inform students, faculty, staff and the general public of the need for and methods of energy conservation and utilities management. (78-Adopt; 88-Revise; 01-No Change, 04-No Change; 14-No Change)
4. Each CSU campus will designate an energy/utilities manager with the responsibility and the authority for carrying out energy conservation and utilities management programs. The Chancellor's Office will have the responsibility to coordinate the individual campus programs into a systemwide program. (78-Adopt; 88-Revise; 01-No Change; 04-No Change; 14-No Change)
5. The CSU will monitor monthly energy and utility usage on all campuses and the Chancellor's Office, and will prepare a systemwide annual report on energy utilization and greenhouse gas emissions. The Chancellor's Office will maintain a systemwide energy database in which monthly campus data will be compiled to produce systemwide energy reporting. Campuses will provide the Chancellor's Office the necessary energy and utility data, such as electricity and natural gas consumption; water and sewer usage; fuel consumed by fleet vehicles, boats, and ships; waste disposal for the systemwide database in a timely manner. (78-; 88- Adopt; 01-Revise; 04-No Change; 14-Revise)
6. Each CSU campus is encouraged to develop and maintain a campuswide integrated strategic energy resource plan, which will include tactical recommendations in the areas of new construction, deferred maintenance, facility renewal, energy projects, water conservation, solid waste management, and an energy management plan. This plan will guide the overall energy program at each campus. (78-Adopt; 88-Revise; 01-Revise; 04-Revise; 14-Revise)

### **Water Conservation**

1. All CSU campuses will pursue water resource conservation to reduce water consumption by 10 percent by 2016, and 20 percent by 2020 including such steps to develop sustainable landscaping, install controls to optimize irrigation water use, reduce water usage in restrooms and showers, and promote the use of reclaimed/recycled water. In the event of a declaration of drought, the CSU will cooperate with the state, city, and county governments to the greatest extent possible to reduce water use. (78-; 88-Adopt; 01-No Change; 04-No Change; 14-Revise)

### **Waste Management**

1. Campuses shall seek to reduce the solid waste disposal rate by 50 percent (PRC § 42921) by 2016, by 80 percent by 2020, and move to zero waste. (14-New)
2. The CSU will encourage the reduction of hazardous waste to the extent possible while supporting the academic program. (14-New)

### **Sustainable Procurement**

1. Campuses will promote use of suppliers and/or vendors who reduce waste, re-purpose recycled material, or support other environmentally friendly practices in the provision of goods or services to the CSU under contract. This may include additional evaluation points in solicitation evaluations for suppliers integrating sustainable practices. (14-New)
2. To move to zero waste, campus practices should: (1) encourage use of products that minimize the volume of trash sent to landfill or incinerators; (2) participate in the CalRecycle Buy-Recycled program or equivalent; and (3) increase recycled content purchases in all Buy-Recycled program product categories. (14-New)
3. Campuses shall continue to report on all recycled content product categories, consistent with PCC § 12153-12217 and shall implement improved tracking and reporting procedures for their recycled content purchases. (14-New)

### **Sustainable Food Service**

1. All campus food service organizations should track their sustainable food purchases. Such tracking and reporting will be grounded in the Real Food Challenge guidelines, or equivalent, with consideration to campus requested improvements. Campuses shall strive to increase their sustainable food purchases to 20 percent of total food budget by 2020. (14-New)

2. Campuses and food service organizations shall collaborate to provide information and/or training on sustainable food service operations to staff and patrons. (14-New)

### **Sustainable Building Practices**

1. All future CSU new construction, remodeling, renovation, and repair projects will be designed with consideration of optimum energy utilization, low life cycle operating costs, compliance with all applicable energy codes (enhanced Title 24 energy codes) and regulations. In the areas of specialized construction that are not regulated through the current energy codes, such as historical buildings, museums, and auditoriums, the CSU will ensure that these facilities are designed to consider energy efficiency. Energy efficient and sustainable design features in the project plans and specifications will be considered in balance with the academic program needs of the project within the available project budget. (78-Adopt; 88-Revise; 01-Revise; 04-Revise; 14-Revise)
2. Capital Planning, Design and Construction in the Chancellor's Office shall monitor building sustainability/energy performance and maintain information on design best practices to support the energy efficiency goals and guidelines of this policy. The sustainability performance shall be based on Leadership in Energy and Environmental Design (LEED) principles with consideration to the physical diversity and microclimates within the CSU. (05-New; 14-Revise)
3. The CSU shall design and build all new buildings and major renovations to meet or exceed the minimum requirements equivalent to LEED "Silver." Each campus shall strive to achieve a higher standard equivalent to LEED "Gold" or "Platinum" within project budget constraints. Each campus may pursue external certification through the LEED process. (05-New; 14-Revise)

### **Physical Plant Management**

1. Each campus shall operate and maintain a comprehensive energy management system that will provide centralized reporting and control of the campus energy related activities. (78-Adopt; 88-Revise; 01-Revise; 04-No Change; 14-Revise)
2. To the extent possible, academic and non-academic programs will be consolidated in a manner to achieve the highest building utilization. (78-; 88-Adopt; 01-No Change; 04-No Change; 14-Revise)
3. All CSU campuses will implement a utilities chargeback system to recover direct and indirect costs of utilities provided to self-supporting and external organizations pursuant to procedures in the Integrated California State University Administrative Manual (ICSUAM). (78-; 88-Adopt; 01-No Change; 04-No Change; 14-Revise)

### **Recommendation**

The following resolution is presented for approval:

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

1. The revised Sustainability Policy in Agenda Item 1 of the May 20-21, 2014 joint meeting of the CSU Board of Trustees' Committees on Educational Policy and Campus Planning, Buildings and Grounds is adopted.
2. The progress in achieving the goals stated in this revised Sustainability Policy shall be evaluated at the end of 2016-2017. Interim reports may be requested.
3. The chancellor or his designee is authorized to take all necessary steps to implement the intent of this policy including seeking available state, federal, grant, and private sector funds.

## AGENDA

### COMMITTEE ON CAMPUS PLANNING, BUILDINGS AND GROUNDS

**Meeting: 1:30 p.m., Tuesday, May 20, 2014**  
**Glenn S. Dumke Auditorium**

Rebecca D. Eisen, Chair  
J. Lawrence Norton, Vice Chair  
Adam Day  
Douglas Faigin  
Margaret Fortune  
Lillian Kimbell  
Lou Monville  
Cipriano Vargas

#### **Consent Items**

Approval of Minutes of Meeting of March 25, 2014

#### **Discussion Items**

1. Amend the 2013-2014 Capital Outlay Program, Non-State Funded, *Action*
2. Status Report on the 2014-2015 State Funded Capital Outlay Program, *Information*
3. Annual California Environmental Quality Act (CEQA) Report, *Information*
4. Approval of Schematic Plans, *Action*
5. Approval of the Campus Master Plan Revision and Schematic Plans for the Recreation Wellness Center for San Francisco State University, *Action*
6. Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Approval of Schematic Plans for Plaza Linda Verde for San Diego State University, *Action*
7. Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Schematic Plans for Campus Village 2 for San José State University, *Action*
8. Certify the Final Environmental Impact Report, Approve the 2014 Master Plan Revision and the Amendment of the 2013-2014 Non-State Capital Outlay Program for Student Housing South for California Polytechnic State University, San Luis Obispo, *Action*

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

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

**March 25, 2014**

**Members Present**

Rebecca D. Eisen, Chair  
J. Lawrence Norton, Vice Chair  
Edmund G. Brown, Jr., Governor  
Douglas Faigin  
Margaret Fortune  
Bob Linscheid, Chair of the Board  
Lou Monville  
Cipriano Vargas  
Timothy P. White, Chancellor

**Approval of Minutes**

The minutes for the January 2014 meeting were approved as submitted.

**Amend the 2013-2014 Capital Outlay Program, Non-State Funded**

Trustee Eisen presented agenda item 1 as a consent action item. After a brief discussion, the item was tabled pending presentation of Item 4, at which time a motion was passed and the committee recommended approval by the board of the proposed resolution (RCPBG 03-14-04).

**Amend the 2013-2014 Capital Outlay Program, State Funded**

Trustee Eisen presented agenda item 2 as a consent action item. After a brief discussion, the item was tabled pending presentation of Item 4, at which time a motion was passed and the committee recommended approval by the board of the proposed resolution (RCPBG 03-14-05).

**California State University Seismic Safety Program Annual Report**

This information item was not presented during the meeting due to time constraints. The item can be referenced on the trustees' agenda website and will be presented at a later meeting.

**Report on Systemwide Sustainability Goals and Proposed Policy Revision**

Trustee Eisen introduced five public speakers requesting time to address Item 4, the Report on

### Systemwide Sustainability Goals and Proposed Policy Revision.

Eric Recchia, California Student Sustainability Coalition member and Humboldt State University alum, spoke of his pride in the sustainability efforts at Humboldt State University, and his support for the proposed sustainability policy introduced today. He has been working for the policy to include that campuses shall strive to increase their sustainable food purchases to 20 percent of total food budget by 2020.

Stephanie Yee, California State University, Monterey Bay student, stated that she is part of the *Real Food Challenge* group who are working to promote and ensure the availability of local, fair, ecologically sound and humane food systems in the CSU. She expressed her support of the proposed sustainability policy.

Christopher Sturken, San Francisco State University student, involved with the *Real Food Challenge* group, expressed his desire to reduce the CSU environmental impact and for improved access to healthy food options for the university and public community. He stated his support for the proposed sustainability policy.

Ana Lisa Campos, California State University, Northridge student majoring in urban planning and sustainability noted four CSU schools have passed resolutions in support of the sustainability policy including Humboldt, San Francisco, Monterey Bay and Long Beach. She asked the trustees for their support of the *Real Food Challenge* campaign and the proposed sustainability policy.

Taylor Heron, Associated Student, Inc. President at California State University, Chico and the Sustainability Officer for the California State Student Association (CSSA), expressed her support for the proposed sustainability policy noting enthusiastically that students have been an integral part of the process in developing the policy and that the CSSA passed a resolution in its support. She went on to say that the policy is progressive, innovative and future-oriented and that it integrates sustainability throughout the system.

Trustee Eisen thanked the speakers for their enthusiastic and articulate comments on this important issue. In her introduction of the item, Trustee Eisen shared quotes from Governor Brown, Jr. given in 2013 regarding the long-term liability of the buildup of carbon dioxide and greenhouse gases, realizing that while the problem may be in the future, the solution has to begin now. Trustee Eisen posed the philosophical question, how does one motivate people to act in a way that will benefit others, not themselves.

With the use of a PowerPoint presentation, Assistant Vice Chancellor Elvyra F. San Juan along with Caitlin Steele, Director of Sustainability and Energy, San Francisco State University, presented a report on systemwide sustainability goals and the proposed policy revision for the board's information that will return in May for approval.

Ms. San Juan acknowledged all the campus and Chancellor's Office staff and faculty who work



to improve the stewardship of facilities and reduce the CSU's environmental impact. She remarked that the CSU has had energy conservation policies in place since 1978 and the board has periodically updated the policy on an as needed basis with the last update in 2005. The intention to come back to the board in 2011 to establish new policy goals calling for increased investment and reporting was deferred due to severe budget and staff reductions. While budget challenges still exist, the most significant change in the policy is to broaden its focus on physical plant operations and building design to include all areas across the university's business operations, academic program, and self-support entities, e.g., student housing and student unions. Ms. San Juan reported the system reduced energy use per square foot by 10 percent, increased energy generation to 44 MW and continues to seek available funding for energy efficiency projects. She also stated that Capital Planning, Design and Construction teamed with Academic Affairs and the Systemwide Academic Senate to develop and prepare a grant program to encourage campuses to incorporate sustainability into the curriculum using the campus as the living lab.

Ms. Steele reported that San Francisco State was the recipient of four of the Campus as a Living Lab Grants awarded by the system to redesign curriculum to integrate sustainability principles. A new course tasks students to examine the economic impact of bicycling and analyzing bike routes available to commuters. The campus is proud of its comprehensive campuswide sustainability program created over the past ten years. Ms. Steele reported a 27 percent reduction in greenhouse gas emissions over 25 years, a 75 percent landfill diversion rate, a 40 percent natural gas reduction over 5 years and a 35 percent water reduction over 5 years. The campus offers a reduced transit pass, tracks greenhouse gas emissions including from commuting and travel; and will host the 2015 California Higher Education Sustainability Conference. Recently, San Francisco State's Academic Senate passed a Sustainable Literacy Requirement that goes into effect with the 2014-2015 academic year; all students will be required to complete a course on sustainability.

Governor Brown remarked that the presentation was impressive recognizing that while the problem is global we must work at the local level to affect any progress, and how important it was for each campus to tackle the work in its own way. The governor has signed a number of memoranda of understanding with foreign nations and other states to change the tide from potential irreversible catastrophic damage to a healthy sustainable environment. Governor Brown applauded the work being done by the CSU and expressed the desire to see similar efforts spread to colleges throughout the state, country and the world.

Trustee Eisen stated that her visits to various CSU campuses have demonstrated that inspiring sustainability programs are occurring throughout the system, similar to what was just presented for San Francisco State.

Trustee Achtenburg requested there be consideration of creative financing opportunities to afford the programs necessary to meet the policy's goals and encourage the potential commercialization of cutting-edge solutions developed by faculty and students in the applied fields.

Chancellor White acknowledged the presidential leadership of the CSU who signed on early to what became known as the American College and University President's Climate Commitment; President Zingg signed on in December 2006 as a founding member. This group has grown to include 1,000 campuses across America and today President Harrison serves on the steering committee thus continuing CSU leadership in the group. The policy could help encourage everybody doing a little bit that will make a huge difference for the world and allow our students to see the university modeling the right behavior.

Chair Linscheid offered to introduce The Next Generation folks or Mr. Tom Steyer's group to Ms. Steele and her team at San Francisco State to explore commercialization partnerships for the 12<sup>th</sup> Annual California Higher Education Sustainability Conference being hosted by the campus in summer 2015.

Academic Senate Chair Diana Wright Guerin speaking on behalf of the Senate expressed full support for the sustainability policy and noted the Senate has had four resolutions encouraging a policy. The integration of sustainability into the curriculum is the way the CSU will impact the future. Chair Guerin thanked Ms. San Juan and her staff for their work in moving the policy forward.

Trustee Monville asked that staff consult with the CSU agricultural farm programs particularly at San Luis Obispo and Fresno with regards to the sustainable food program to understand the economic impact of the program in the current market environment.

Trustee Eisen noted the sustainability policy item will come back in May for board approval, and adjourned the meeting.

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

**Amend the 2013-2014 Capital Outlay Program, Non-State Funded**

**Presentation by**

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

**Summary**

The California State University Board of Trustees approved the 2013-2014 non-state funded capital outlay program at its September 2012 meeting. However, as non-state funded projects can require a fairly long lead time to secure approval of viable financing plans, it is not always possible to complete the necessary requirements to include them in the annual five-year capital improvement program. This item allows the board to consider the scope and budget of projects not previously identified in the non-state funded capital outlay program.

**1. California State University, Northridge**

**Food Service**

**PWCE<sup>1</sup>**

**\$2,717,000**

California State University, Northridge wishes to proceed with the renovation of the first floor of the Satellite Student Union Building (#47). This renovation (7,590 gross square feet (GSF)) will convert existing meeting space to expand the food service capacity to support the residents (400 beds) of the new Student Housing, Phase II currently under construction. The project will include a new kitchen and renovated scullery for food options which will be served in new indoor and outdoor dining spaces.

This project will be funded from The University Corporation reserves.

**2. California State University San Marcos**

**Mangrum Track Field Lighting and Cell Tower**

**PWCE**

**\$1,041,000**

California State University San Marcos wishes to proceed with the installation of four 90-foot tall lights for the existing Mangrum Track Field. A cell tower will be installed on top of one of the new light poles. A 600 GSF utility building will be constructed to house telecommunications equipment and a back-up generator. The campus 12kV (kilovolt) electrical system will be

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<sup>1</sup> Project phases: P – Preliminary Plans, W – Working Drawings, C – Construction, E – Equipment

extended to the center of the athletic fields for distribution of power to the new lights and to serve planned athletic fields in the future.

The project will be entirely funded by AT&T, including all utilities and maintenance, in exchange for siting of the cell tower. The university will retain ownership of the electrical service and lighting.

**3. Sonoma State University**  
**Wine Spectator Learning Center Renovation** **PWCE** **\$4,226,000**

Sonoma State University wishes to proceed with the renovation of the interior of the existing Commons Building (#16) for the Wine Spectator Learning Center. The proposed renovation of 18,500 GSF will provide the Wine Business Institute a centralized location for all program activities, including classroom and seminar space, a wine entrepreneurship lab, research facilities, indoor and outdoor meeting spaces, collaboration spaces for professors, students and industry experts, offices for Wine Business Institute faculty and program leadership, and a gallery to showcase student, alumni, and industry partnership successes.

The reconfigured space will support the Wine Business Institute by providing a modern learning center that will include technology enhancements supporting increased use of computers, tablets, and smart phones; and improved wireless internet access. The project will address deferred maintenance building needs: HVAC, flooring, painting, ceilings, interior finishes, and upgraded electrical systems to support the technology enhancements.

The project will be funded entirely from donor funds. Funds for the entire project are on hand or have been pledged.

**Recommendation**

The following resolution is recommended for approval:

**RESOLVED**, By the Board of Trustees of the California State University, that the 2013-2014 non-state funded capital outlay program is amended to include:  
1) \$2,717,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Northridge Food Service;  
2) \$1,041,000 for preliminary plans, working drawings, construction, and equipment for the California State University San Marcos Mangrum Track Field Lighting and Cell Tower; and 3) \$4,226,000 for preliminary plans, working drawings, construction, and equipment for the Sonoma State University Wine Spectator Learning Center Renovation.

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

### **Status Report on the 2014-2015 State Funded Capital Outlay Program**

#### **Presentation By**

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

#### **Summary**

This item will provide an update on the California State University's 2014-2015 state funded capital outlay program request and the funding level included in the governor's budget.

#### **Background**

The CSU's proposed state funded 2014-2015 capital outlay program was presented at the November 2013 CSU Board of Trustees' meeting. The trustees approved the entire state funded priority list (32 projects) of \$456 million for the 2014-2015 capital outlay program. Of the \$456 million amount, the administration included capital funding of \$5,766,000 in the January 2014 budget proposal to fund three equipment projects (listed below). The funds will pay for moveable equipment like desks, chairs, kilns, recording studio consoles, cabinets, etc. needed to make the new buildings operable and ready for students, faculty and staff use. Remaining general obligation bond funds are the proposed funding source for the three equipment projects.

The governor has also proposed a change to the CSU support budget by means of a trailer bill. The trailer bill language and its implication for the CSU are addressed in Item 1 of the Joint Meeting of the Committees on Finance and Campus Planning, Buildings and Grounds (Capital Financing and the 2014-2015 Governor's Budget Proposal).

The Legislative Analyst's Office (LAO) has taken no position on the three projects included in the governor's proposed capital program for the CSU. However, the LAO recommends in its report, *The 2014-15 Budget: Analysis of the Higher Education Budget* that the legislature reject the governor's trailer bill proposal to combine universities' capital and support budgets and designate funding for specific purposes.

#### **Legislative Hearings**

On March 27, 2014, the Senate Budget and Fiscal Review Subcommittee No. 1 approved the

three CSU equipment projects noted above to total \$5,766,000. On April 23, 2014, the Assembly Budget Subcommittee No. 2 considered the CSU project requests. The item was held open to address a member’s question on the use of long term bond financing for computers that have a two- to three-year life. Staff noted that the average life of the entire equipment list for the buildings will have a longer life once the items such as desks, chairs, bookshelves, etc. are considered. In addition to providing the committee information on the equipment list, citations from both the State General Obligation Bond Law and Government Code will be included that defines an allowable use of bond proceeds for “equipment with an expected useful life of two years or more.” The three projects to equip new buildings under construction include:

<b>Campus</b>	<b>Project</b>	<b>Governor’s Budget</b>	<b>Senate Subcommittee No. 1</b>
Chico	Taylor II Replacement Building	\$2,740,000	\$2,740,000
East Bay	Warren Hall Replacement Building	\$1,061,000	\$1,061,000
Monterey Bay	Academic Building II	\$1,965,000	\$1,965,000
<b>Total</b>		<b>\$5,766,000</b>	<b>\$5,766,000</b>

**Board of Trustees’ April Technical Letter Request**

The CSU request for an amendment to the governor’s 2014-2015 budget to extend the time available to enter into contracts for the preliminary plans, working drawings, and construction of the California State Polytechnic University, Pomona Administration Replacement Facility has been granted by the Department of Finance. The April Technical Letter sent to the legislature requests this action to reappropriate the funds as additional time is required for the project to proceed to working drawings and to award the construction contract. The project is funded by Lease Revenue Bonds.

On April 23, 2014, the Assembly Budget Subcommittee No. 2 approved the CSU request. The item will be considered by the Senate Budget and Fiscal Review Subcommittee No. 1 at a future meeting.

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

### **California Environmental Quality Act Annual Report**

#### **Presentation By**

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

#### **Summary**

Pursuant to the California State University Board of Trustees' policy, this item provides the annual report on the CSU's California Environmental Quality Act (CEQA) certification actions for Environmental Impact Reports (EIR) and related documentation. The report identifies the compliance actions that have been acted upon by the board for the period from July 2012 through June 2013, consistent with its responsibility as the "Lead Agency" (see below) under CEQA. The report also provides information on recent changes to CEQA administrative rules and procedures, and current court actions as well as recent CEQA reform efforts.

#### **Background**

The goal of the California Environmental Quality Act is to inform governmental decision-makers and the public about the potential significant environmental effects of proposed projects and efforts to prevent significant damage to the environment through the use of feasible alternatives or mitigation measures. Under CEQA, a "project" can be either a specific building or facility planned for construction, or it can be a programmatic action such as approval of an updated campus master plan that is prepared to guide long-range campus development. CEQA compliance is required for activities directly implemented or financed by a governmental agency as well as for private activities requiring approval from a governmental agency. Per State CEQA Guidelines, the type of CEQA action depends on the environmental impact of the project and primarily includes the following:

- Categorical Exemptions apply to classes of projects which have been determined not to have a significant effect on the environment (e.g., interior renovations).
- Negative Declarations apply to projects which will not have a significant effect on the environment.
- Mitigated Negative Declarations include projects with potentially significant effects, but revisions in the project or mitigation measures will avoid or reduce effects to a point where no significant effects would occur.

- Environmental Impact Reports are completed for projects that could result in unavoidable significant environmental impacts.
- An Addendum to an EIR may be prepared if there are minor technical changes or additions to a project which were included in a previously certified EIR. An Addendum to an EIR cannot be used if there are substantial changes in the project, substantial changes in the circumstances under which the project is being undertaken, or new information of substantial importance to the environmental analysis has become available.

### **Role of CSU**

“Lead Agency” is defined in CEQA as the public agency which has the principal responsibility for carrying out or approving a project. Therefore, the Board of Trustees of the California State University is the Lead Agency for CSU projects and typically considers the CEQA documentation at the time of a project’s schematic design approval or approval of a significant change to the campus’ long-range physical master plan. The board is responsible to ensure that draft Environmental Impact Reports and other CEQA documents are circulated for required public review. In addition, the board makes findings prior to the approval of a project along with a statement of fact supporting each finding, referred to as the Findings of Fact. The board also adopts the Mitigation Monitoring and Reporting Program which includes the measures to lessen environmental impacts and identifies the responsible party to perform the mitigation. In cases of unavoidable significant impacts, the board adopts specific Overriding Considerations that identify the factors and benefits of the project that outweigh the potential unavoidable significant impacts.

Under authority delegated to the chancellor, the assistant vice chancellor for Capital Planning, Design and Construction (CPDC) is authorized to approve minor changes to a campus master plan and to approve specified CEQA documents (i.e., Categorical Exemptions, Negative Declarations, and Mitigated Negative Declarations for certain capital projects with standard mitigation measures; e.g., utility/infrastructure projects) that are non-controversial.

### **CSU Initiatives**

The CSU has embarked on several initiatives to adopt best practice methods and better inform and guide campus staff and their consultants on the environmental review and analysis process including:

- Updated the CSU CEQA Handbook to reflect current practices and to assure consistency with recent CEQA case law. The handbook provides a hands-on guide to conducting environmental review of projects.



- Developed the CSU Transportation Impact Study Manual to guide the preparation of transportation analyses in CEQA documents.
- Developed the CSU Transportation Demand Management Manual to provide a systemwide framework for implementing sustainable transportation programs.

### **CSU Compliance Actions**

Attachment A lists CSU CEQA actions for the reporting period July 1, 2012 through June 30, 2013.

### **CEQA Judicial Action Updates**

On July 31, 2006, the California Supreme Court ruled in the *City of Marina v. CSU* case that the CSU shall negotiate with local public agencies over its fair share of the cost of the environmental impacts, including off-campus local infrastructure improvements caused by its projects. Based upon the court's ruling, the CSU:

1. Determines the basis for fair share mitigation responsibility.
2. Negotiates in good faith with local agencies.
3. Requests off-site mitigation funding from the governor and legislature.

In addition, the CSU has taken the following additional positions in defining fair share responsibility:

1. Caltrans (California Department of Transportation) is responsible for state highway mitigation improvements.
2. Public/private partners are responsible to pay full fair share mitigation costs.

Other judicial actions relate to the San Diego State University 2007 Master Plan EIR (*City of San Diego et al. v. CSU*) and the California State University, East Bay 2009 EIR (*City of Hayward v. CSU*). These cases were previously addressed in the General Counsel's report at the March 26, 2014, Board of Trustees' meeting.

THE CALIFORNIA STATE UNIVERSITY  
 CALIFORNIA ENVIRONMENTAL QUALITY ACT ANNUAL REPORT  
 July 2012 through June 2013

CAMPUS/Project	CEQA Action Prepared					
	Exempt	MIT. N.D.	N.D.	E I R	BOT Action	NOD Filed
<b>CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS</b> West Hall, EIR Addendum, Schematic Plan Approval				√	7/17/2012	
<b>CALIFORNIA STATE UNIVERSITY, EAST BAY</b> Warren Hall Replacement Building, Schematic Plan Approval		√			1/23/2013	1/24/2013
<b>CALIFORNIA STATE UNIVERSITY, FRESNO</b> Jordan Research Building, Schematic Plan Approval Faculty Office/Lab Building, Schematic Plan Approval	√	√			11/14/2012 11/14/2012	11/15/2012
<b>CALIFORNIA STATE UNIVERSITY, NORTHRIDGE</b> Matador Drive Extension and Parking Lots, Schematic Plan Approval Student Housing Phase II, EIR Addendum, Schematic Plan Approval	√			√	(1) 3/20/2013	
<b>CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA</b> Collins College Expansion, Schematic Plan Approval	√				9/18/2012	
<b>SAN FRANCISCO STATE UNIVERSITY</b> Romberg Tiburon Center (RTC) Solar Photovoltaic Project Recreation and Wellness Center, Schematic Plan Approval		√ √			(1) 3/20/2013	1/25/2013 3/21/2013
<b>SAN JOSÉ STATE UNIVERSITY</b> Student Health and Counseling Facility, Schematic Plan Approval Spartan Stadium End Zone Building, Schematic Plan Approval		√ √			11/14/2012 5/22/2013	11/15/2012 5/23/2013
<b>CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO</b> Nelson Reservoir Improvement Project Parker Barn Bridge Embankment Protection Project		√ √			(1) (1)	1/23/2013 1/30/2013
<b>CALIFORNIA STATE UNIVERSITY, SAN MARCOS</b> Student Health and Counseling Services Building, Schematic Plan Approval		√			11/14/2012	11/15/2012
<b>SONOMA STATE UNIVERSITY</b> Joan and Sanford I. Weill Commons/Mastercard Pavilion, EIR Addendum, Schematic Plan Approval				√	3/20/2013	

- (1) Delegated Administrative Approval  
 EXEMPT Categorical Exemption  
 MIT. N.D. Mitigated Negative Declaration  
 N.D. Negative Declaration  
 EIR Environmental Impact Report  
 BOT Action Meeting Date Action Taken (or Delegated Approval)  
 NOD Filed Date Notice of Determination Filed with State Clearinghouse Office of Planning and Research or Date of Notice of Exemption

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

### **Approval of Schematic Plans**

#### **Presentation By**

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

#### **Summary**

Schematic plans for the following project will be presented for approval:

#### **California State University San Marcos—Field House Expansion**

*Project Architect: Gensler Architects*

*Design Build Contractor: PCL Construction Services*

#### **Background and Scope**

California State University San Marcos wishes to proceed with the design and construction of the Field House Expansion (#24) to provide a multipurpose venue for sports and student activities and enable the campus to comply with National Collegiate Athletic Association (NCAA) Division II membership requirements. The project, located adjacent to the existing M. Gordon Clarke Field House (#23), will enhance the academic mission by providing a facility for the athletic teams to practice and compete, an on-campus venue for students to participate in recreational/intramural sports, and gym space that could also be used by the kinesiology department (as the state has not funded a physical education building for the campus).

The 26,400 gross square foot (GSF) building will serve the athletic, recreational, and academic support programs. The new facility will include a 1,400-seat gymnasium; locker rooms for men's and women's basketball; space for visiting teams and officials; and an entry lobby with a ticket and concession stand along with public restrooms and building support spaces.

The building design features a one-story structure composed of three parts: an entry lobby, a high volume gymnasium, and a locker room with related support space. The gymnasium, located in the middle of the building, will be comprised of tilt-up concrete panels and will be accented by concrete texturing. The entry lobby at the north end of the building and the locker rooms at the south end will both be comprised of a steel brace frame structure, exterior cement plaster finish and corrugated metal panel highlights. The materials and color palette will complement the

existing adjacent Clarke Field House. A courtyard will be created at the northern end of the building, providing pre-function space for the facility. The building will be designed to accommodate a future expansion of the gymnasium flexibly to hold an additional 600 seats.

This project will be designed to achieve Leadership in Energy and Environmental Design (LEED) Silver equivalency. Sustainable design features include natural ventilation and a high efficiency mechanical system, energy efficient and LED lighting, indirect natural daylighting, low-flow plumbing fixtures, a cool roof, and water efficient landscaping. The new building will connect to the campus energy management system to control building mechanical ventilation systems.

**Timing (Estimated)**

Preliminary Plans Completed	September 2014
Working Drawings Completed	April 2015
Construction Start	July 2015
Occupancy	October 2016

**Basic Statistics**

Gross Building Area (GSF)	26,426 square feet
Assignable Building Area (ASF)	23,255 square feet
Efficiency (ASF/GSF)	88 percent

**Cost Estimate – California Construction Cost Index 6077<sup>1</sup>**

Building Cost (\$304 per GSF)	\$8,026,000
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<i>Systems Breakdown</i>	(\$ per GSF)
a. Substructure (Foundation)	\$ 17.75
b. Shell (Structure and Enclosure)	\$ 77.31
c. Interiors (Partitions and Finishes)	\$ 31.75
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 96.69
e. Built-in Equipment and Furnishings	\$ 14.72
f. Demolition	\$ 0.38
g. General Conditions and Insurance	\$ 65.12

Site Development (including landscape)	<u>957,000</u>
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<sup>1</sup> The July 2013 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco and is updated monthly.

Construction Cost	\$8,983,000
Fees, Contingency, Services	<u>2,272,000</u>
Total Project Cost (\$426 per GSF)	\$11,255,000
Fixtures, Furniture & Movable Equipment	<u>145,000</u>
Grand Total	<u>\$11,400,000</u>

### **Cost Comparison**

This project's building cost of \$304 per GSF is lower than the CSU Cost Guide for activity/recreation facilities of \$408 per GSF and is also lower than the \$403 per GSF for the CSU Northridge Student Recreation Center, approved in September 2008 and the \$432 per GSF for the CSU East Bay Recreation Wellness Center, approved in November 2008, both adjusted to CCCI 6077. The lower cost is primarily due to the one-story configuration along with fewer program requirements; this project does not include the programmatic elements such as multiple activity courts, climbing wall, or indoor running track.

### **Funding Data**

The project will be financed through the CSU Systemwide Revenue Bond Program and from student union program reserves (\$5,500,000). Student union program fee revenue will repay the bond financing.

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

An Initial Study/Mitigated Negative Declaration was prepared to analyze the potential significant environmental effects of the proposed project in accordance with the requirements of CEQA and State CEQA Guidelines. The Final Mitigated Negative Declaration is presented to the Board of Trustees for review and certification as part of this agenda item. The public review period began on January 22, 2014, and closed on February 20, 2014. Written comment letters were received at the close of the public review period and responses were prepared as part of the Mitigated Negative Declaration.

Comment letters were received relating to a concern about the project's potential impact upon Native American cultural resources. The Mitigated Negative Declaration indicates that a Cultural Resource Study was previously prepared for the campus which determined that there are no known undisturbed archaeological or historic sites. In fact, no artifacts were discovered during development of the existing M. Gordon Clarke Field House. In addition, the chance of discovery

of artifacts is not anticipated because the site is comprised of fill material (imported dirt carefully evaluated to serve as a strong base for a building). However, in the unlikely event that historical or unique archaeological resources are discovered during construction, in accordance with Section 15064.5(f) of the CEQA Guidelines, it is campus procedure to have the find immediately evaluated by a qualified archaeologist. If the findings are determined to be an historic or unique archaeological resource, the budgeted contingency will be used to implement appropriate mitigation measures.

Comments were also received from the City of San Marcos relating to stormwater management and public services. The letter from the city indicated that the project should be subject to the city's Standard Urban Stormwater Mitigation Plan (SUSMP). However, the campus is required to comply with the State Water Resources Control Board Municipal Separate Storm Sewer Systems (MS4) permit requirements rather than with the city SUSMP. The campus will incorporate elements of the countywide model SUSMP into its permit to control stormwater flows in a manner consistent with standards of development in the region and thus address water quality protection for future campus development projects. In terms of public services, the City of San Marcos commented that the project will have a cumulative impact upon fire protection services and thus mitigation by the campus is necessary. However, the project is an extension of an existing facility on a developed campus and does not expand the existing fire service area.

A response to comments relating to the above topics and other detailed comments is provided in the Final Mitigated Negative Declaration. There were no significant environmental impacts identified as a result of the comment letters. The Final Mitigated Negative Declaration documents are available online at: <http://www.csusm.edu/pdc/>.

### **Recommendation**

The following resolution is presented for approval:

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

1. The Final Initial Study/Mitigated Negative Declaration has been prepared to address any potential significant environmental impacts, mitigation measures, comments and responses to comments associated with approval of the California State University San Marcos Field House Expansion, and all discretionary actions related thereto, as identified in the Final Initial Study/Mitigated Negative Declaration.
2. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.

3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091 of the State CEQA Guidelines which require that the Board of Trustees make findings prior to the approval of a project that the mitigated project as approved will not have a significant impact on the environment, that the project will be constructed with the recommended mitigation measures as identified in the mitigation monitoring program, and that the project will benefit the California State University. The Board of Trustees makes such findings with regard to this project.
4. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
5. The schematic plans for the California State University San Marcos Field House Expansion, are approved at a project cost of \$11,400,000 at CCCI 6077.

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

### **Approval of the Campus Master Plan Revision and Schematic Plans for the Recreation Wellness Center for San Francisco State University**

#### **Presentation by**

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

#### **Summary**

The California State University Board of Trustees requires that every campus has a long range physical master plan, showing existing and anticipated facilities necessary to accommodate a specified academic year full-time equivalent student enrollment. Each master plan reflects the ultimate physical requirements of academic program and auxiliary activities on the campus. By board policy, significant changes to the master plan and approval of a project's schematic design require board approval, while authority for minor master plan revisions or schematic designs for projects that are not architecturally significant, utilitarian in nature, or a cost of \$3,000,000 (or less) are delegated to the chancellor (or his designee).

This agenda item requests the following actions by the Board of Trustees with regard to San Francisco State University:

- Approve the proposed campus master plan revision dated May 2014
- Approve schematic plans for the Recreation Wellness Center

Attachment "A" is the proposed campus master plan. Attachment "B" is the existing campus master plan approved by the board in November 2007.

#### **Master Plan Revision**

#### **Background**

The Board of Trustees last approved the campus master plan in November 2007 and certified the accompanying Final Environmental Impact Report, which is further discussed in the California Environmental Quality Act section of this item. In 2007, the campus sited the Recreation Wellness Center on the northern edge of campus on Winston Drive. This proposed master plan revision relocates the Recreation Wellness Center to the southwest corner of the campus and as a result, relocates six other facilities.



## **Proposed Revisions**

The proposed changes to the campus master plan locates the Recreation Wellness Center to Lot 41 at the intersection of Font and Lake Merced Boulevards and moves the softball field from its formerly proposed site on Winston Drive back to Lot 41, where it is located currently.

The proposed site better fulfills the campus master plan vision to locate the Recreation Wellness Center as a prominent gateway building for the campus. Moreover, it brings this new center of student activity closer to freshman student housing and the softball field to create a nexus of recreational and athletic facilities at the southern edge of campus.

The proposed changes also include locating the Creative Arts Replacement Building, originally sited on Lot 41, to two sites closer to the academic core. The Creative Arts Replacement Building is planned as four separate projects: Broadcast and Electronic Communication Arts (BECA); Music and Dance; Theatre Arts; and an 800-seat auditorium. The proposed sites for the creative arts replacement building projects create a contiguous academic zone, reinforcing the master plan concept of a compact, walkable academic core with recreational use at the campus perimeter.

Proposed master plan changes noted on Attachment A include:

- Hexagon 1: Instructional Support Building (#98)
- Hexagon 2: Theatre Arts Replacement Building (#110)
- Hexagon 3: Auditorium (#109)
- Hexagon 4: Recreation Wellness Center (#69)
- Hexagon 5: Softball Field (#70)
- Hexagon 6: Music and Dance Replacement Building (#107)
- Hexagon 7: Creative Arts Replacement Building/BECA (#108)

## **Recreation Wellness Center Schematic Design**

*Project Architect: WRNS Studio*

*CM at Risk Contractor: C.W. Driver*

## **Background and Scope**

The board previously approved schematic designs in March 2013, but the design has changed to reflect the new master plan site. The Recreation Wellness Center (#69) is now proposed to be located on 6.5 acres of Lot 41, adjacent to the existing softball field (#70). An existing parking garage (#72), which serves the housing units on the southern portion of the site, and an accessory building (#71), which is currently vacant, will be demolished as part of this project's scope.

The two-story 118,670 gross square foot (GSF) facility includes a two-court gymnasium, one multi-activity court, a climbing wall, racquetball courts, multi-purpose rooms, weight and fitness space, an elevated jogging track, a natatorium with a recreation pool, lap pool and spa, and related support space. The project also includes a new outdoor recreation field.

Organized dynamically around a central interior space and entry plaza, the main building elements extend toward the heart of campus and toward the larger community, serving as a western beacon and gateway to the campus. The exterior cladding consists of glazed window wall systems and glass fiber reinforced concrete (GFRC) panels that rise from a building base of ground-face concrete masonry units. The primary structural system consists of steel framing with concrete decks.

Sustainability features in the design are extensive. They include the reduction of the existing storm water flow rate by 25 percent, a goal of zero net water use for landscape, high-reflectivity “white” roof, high-performance glazing, Forest Stewardship Council (FSC) certified wood products, low-emitting materials, displacement ventilation to maximize cooling without air conditioning, co-generation for heating hot water, demand-based control ventilation, low-flow plumbing fixtures, building and site plumbing for recycled water use, occupancy sensors and dimming daylighting controls, and LED underwater lighting for the pools. This project will be designed to achieve Leadership in Energy and Environmental Design (LEED) Gold certification.

As noted above, an existing 42-space parking garage serving the Vidal Drive residents (faculty/staff housing) will be demolished as part of this project, and a surface lot with 16 spaces will be constructed in its place. Additionally, eight on-street parking spaces would be removed to accommodate new driveway and service access at the Recreation Wellness Center site for an overall net decrease of 34 parking spaces. A parking study was conducted in 2012, and it was determined that the campus has sufficient parking supply to serve the campus. The area is served by public transit, and 47 bicycle racks will be provided on-site to support alternative transportation.

**Timing (Estimated)**

Preliminary Plans Completed	September 2014
Working Drawings Completed	May 2015
Construction Start	September 2015
Occupancy	January 2018

**Basic Statistics**

Gross Building Area (GSF)	118,670 square feet
Assignable Building Area (ASF)	87,199 square feet
Efficiency (ASF/GSF)	73 percent

**Cost Estimate – California Construction Cost Index (CCCI) 6077<sup>1</sup>**

Building Cost (\$447 per GSF)	\$53,031,000
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<i>Systems Breakdown</i>	(\$ per GSF)
a. Substructure (Foundation)	\$ 35.36
b. Shell (Structure and Enclosure)	\$ 125.91
c. Interiors (Partitions and Finishes)	\$ 67.84
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 118.24
e. Built-in Equipment and Furnishings	\$ 12.81
f. Special Construction	\$ 47.41
g. General Conditions and Insurance	\$ 39.30

Site Development	<u>8,404,000</u>
Construction Cost	\$ 61,435,000
Fees, Contingency, Services	<u>22,052,000</u>
Total Project cost (\$704 per GSF)	\$ 83,487,000
Fixtures, Furniture & Movable Equipment	<u>3,000,000</u>
Grand Total	<u>\$86,487,000</u>

**Cost Comparison**

This project's building cost of \$447 per GSF is higher than the CSU Cost Guide for activity/recreation facilities of \$414 per GSF, the \$403 per GSF for the CSU Northridge Student Recreation Center, approved in September 2008 and the \$423 per GSF for the CSU East Bay Recreation Wellness Center, approved in November in 2008, all adjusted to CCCI 6077. This building's higher cost is primarily due to the indoor swimming pools.

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<sup>1</sup> The July 2013 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco and is updated monthly.

## **Funding Data**

This project will be financed through the CSU Systemwide Revenue Bond Program and student union program reserves of \$29.4 million. The bond financing will be repaid from student body center fee revenue, which the university has been collecting since fall 2010.

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

The San Francisco State University Campus Master Plan Program Environmental Impact Report was certified by the Board of Trustees in November 2007 which provided a broad yet comprehensive evaluation of potential impacts of the Campus Master Plan. The EIR concluded that the Master Plan would result in significant and unavoidable impacts relating to historic resources, traffic and noise. In accordance with CEQA and State CEQA Guidelines, a subsequent Initial Study/Mitigated Negative Declaration was prepared to analyze the environmental effects of the proposed Campus Master Plan revision and all discretionary actions associated with the subsequent San Francisco State University Recreation Wellness Center project.

As indicated in the Initial Study/Mitigated Negative Declaration, while the proposed project could have significant effects, there will not be significant effects above and beyond those previously identified and analyzed in the Final Program EIR. The Findings of Fact and associated Statement of Overriding Considerations previously adopted by the Board of Trustees, as part of the certification of the Campus Master Plan EIR in November 2007, account for impacts as provided in Section 15091(a)(3) of State CEQA Guidelines, and thus no additional environmental evaluation is required. The Initial Study/Mitigated Negative Declaration adds project-specific mitigation measures to those provided in the Campus Master Plan EIR. The Campus Master Plan EIR is available at <http://www.sfsu.edu/~build/design/RWC.html>.

The Final Mitigated Negative Declaration is presented to the Board of Trustees for review and adoption as part of this agenda item. The public review period began on January 31, 2014 and closed on March 2, 2014. No comments were received. The final documents are available online: [http://www.sfsu.edu/~build/design/FINAL\\_IS\\_MND.pdf](http://www.sfsu.edu/~build/design/FINAL_IS_MND.pdf).

## **Recommendation**

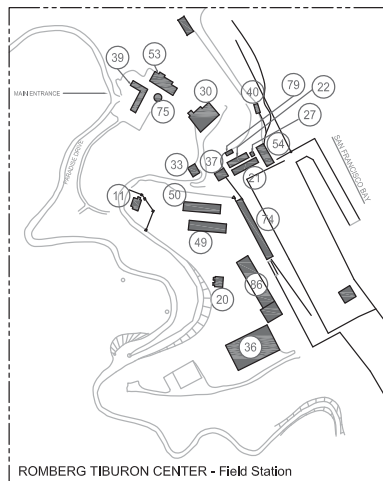
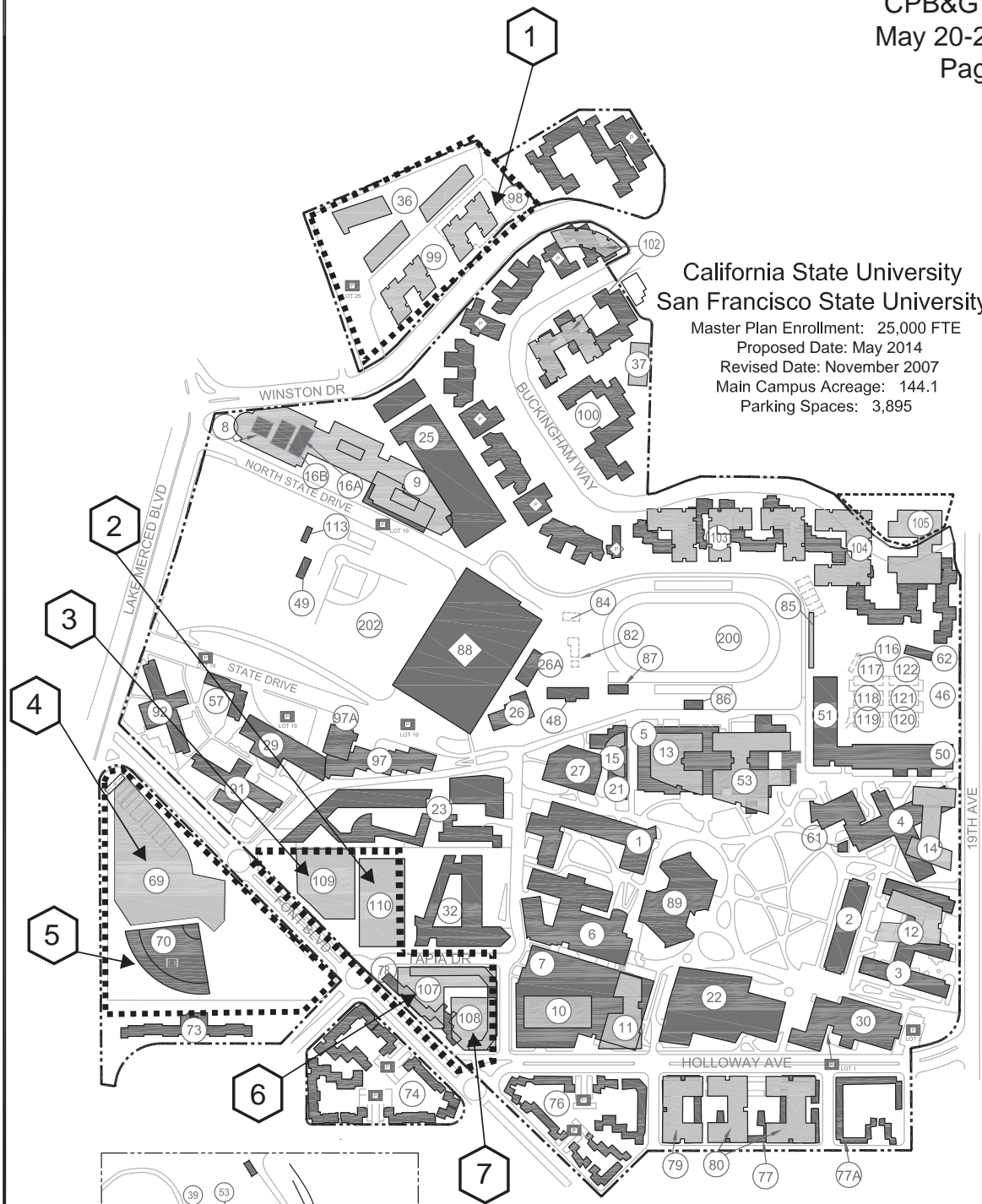
The following resolution is presented for approval:

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

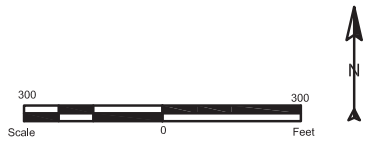
1. The Final Initial Study/Mitigated Negative Declaration has been prepared to address any potential significant environmental impacts, mitigation measures and comments associated with approval of the San Francisco State University, Recreation Wellness Center project, and all discretionary actions related thereto, as identified in the Final Initial Study/Mitigated Negative Declaration.
2. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091(a) (3) of the State CEQA Guidelines which finds that there will not be a significant effect above and beyond that previously identified and analyzed in the Program EIR, that the Findings of Fact and associated Statement of Overriding Considerations previously adopted by the Board of Trustees as part of the certification of the Campus Master Plan EIR in November 2007 account for the impact related to the Recreation Wellness Center project, that the project will be constructed with the recommended mitigation measures as identified in the included in the Initial Study/Negative Declaration mitigation monitoring program, and that the project will benefit the California State University. The Board of Trustees makes such findings with regard to this project.
4. The San Francisco State University Campus Master Plan Revision dated May 2014 is approved.
5. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
6. The schematic plans for the San Francisco State University, Recreation Wellness Center are approved at a project cost of \$86,487,000 at CCCI 6077.

California State University  
 San Francisco State University

Master Plan Enrollment: 25,000 FTE  
 Proposed Date: May 2014  
 Revised Date: November 2007  
 Main Campus Acreage: 144.1  
 Parking Spaces: 3,895



Building	Campus Boundary	Parking
Existing	Existing	Existing Lot
Future	Future	Future Lot
Temporary		Existing Structure
Existing Not In Use		Future Structure



**San Francisco State University**

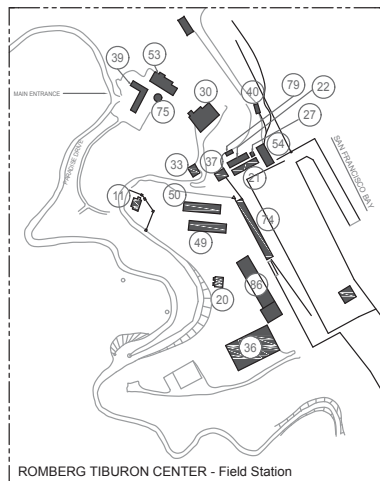
**Proposed Master Plan  
 Master Plan Enrollment: 25,000 FTE**

1. Burk Hall	74. University Park South	<b>Romberg Tiburon Center – Field Station</b>
2. Business Building	76. University Park South	
3. HSS Building	77. University Park South	
4. Science Building	77A. University Park South	
5. Gymnasium	78. University Park South	
6. Fine Arts Building	79. <i>University Park South (Housing)</i>	
7. Creative Arts Building	80. <i>University Park South (Housing)</i>	
8. Children’s Campus	82. Warehouse #1	
9. <i>Gymnasium</i>	84. Warehouse #3	
10. <i>BSS Classroom Replacement Building</i>	85. <i>Pedestrian Bridge</i>	
11. <i>HHS Classroom Replacement Building</i>	86. Press Box	
12. <i>Business Building</i>	87. Stadium Restroom Building	
13. <i>Ethnic Studies and Psychology Replacement Building</i>	88. Parking Structure	
14. <i>Academic Building</i>	89. Cesar Chavez Student Center	
15. <i>Academic Building/University Club</i>	91. Mary Ward Hall	
16. Temporary Library Building (Buildings 16a-16b)	92. Mary Park Hall	
21. Ethnic Studies and Psychology Building	97. The Towers at Centennial Square	
22. J. Paul Leonard Library	97A. The Towers at Centennial Square	
23. The Village at Centennial Square (Buildings 23a-23d)	98. <i>Instructional Support Building</i>	
25. Corporation Yard	99. <i>University Park North (Housing)</i>	
26. Central Plant	100. University Park North	
26A. Waste Management	102. <i>University Park North (Housing)</i>	
27. Student Health Center	103. <i>University Park North (Housing)</i>	
29. Residence Dining Center	104. <i>University Park North (Housing)</i>	
30. Administration Building	105. <i>University Conference Center</i>	
32. Humanities Building	107. <i>Creative Arts Replacement Building/School of Music and Dance</i>	
36. <i>Facilities Building and Corporation Yard</i>	108. <i>Creative Arts Replacement Building/BECA</i>	
37. <i>Satellite Power Plant</i>	109. <i>Creative Arts Replacement Building/Auditorium</i>	
46. Florence Hale Stephenson Field	110. <i>Creative Arts Replacement Building/Theatre Arts</i>	
48. Field House No. 1	113. Restrooms	
49. Field House No. 2	116. Modular Building K	
50. Hensill Hall	117. Modular Building N	
51. Thornton Hall	118. Modular Building O	
53. <i>Science Replacement Building</i>	119. Modular Building P	
57. Children’s Center	120. Modular Building Q	
61. Greenhouse	121. Modular Building R	
62. Greenhouse No. 2	122. Modular Building S	
69. <i>Recreation Wellness Center</i>	200. Cox Stadium	
70. Softball Field	202. Maloney Field	
73. University Park South		

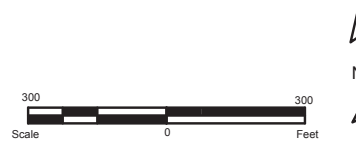
LEGEND:  
 Existing Facility / Proposed Facility  
 NOTE: Existing building numbers correspond with building numbers in the Space and Facilities Data Base (SFDB)

California State University  
 San Francisco State University

Master Plan Enrollment: 25,000 FTE  
 Approval Date: September 1964  
 Revised Date: November 2007  
 Main Campus Acreage: 144.1  
 Parking Spaces: 3,895



Building		Campus Boundary		Parking	
	Existing		Existing		Existing Lot
	Future		Future		Future Lot
	Temporary				Existing Structure
	Existing Not In Use				Future Structure





**San Francisco State University**

**Master Plan Enrollment: 25,000 FTE**

Master Plan approved by the Board of Trustees: September 1964

Master Plan Revision approved by the Board of Trustees: June 1965, January 1966, September 1970, February 1971, November 1978, January 1981, March 1982, May 1985, July 1987, March 1988, March 1999, November 2004, January 2005, May 2006, March 2007, November 2007

1. Burk Hall	74. University Park South	27. Arc Welding
2. Business Building	75. <i>Mashouf Performing Arts Center</i>	30. Administration
3. HSS Building	76. University Park South	33. Rockfish
4. Science Building	77. University Park South	36. Tiburon Building 36
5. Gymnasium	77A. University Park South	37. Dispensary
6. Fine Arts Building	78. University Park South	39. Tiburon Building 39
7. Creative Arts Building	79. <i>University Park South (Housing)</i>	40. Storage Shed
8. Children's Campus	80. <i>University Park South (Housing)</i>	49. Tiburon Building 49
9. <i>Gymnasium</i>	82. Warehouse #1	50. Tiburon Building 50
10. <i>BSS Classroom Replacement Building</i>	84. Warehouse #3	53. Tiburon Building 53
11. <i>HHS Classroom Replacement Building</i>	85. <i>Pedestrian Bridge</i>	54. Physiology
12. <i>Business Building</i>	86. Press Box	74. Storage Shed
13. <i>Ethnic Studies and Psychology Replacement Building</i>	87. Stadium Restroom Building	75. Water Tower
14. <i>Academic Building</i>	88. Parking Structure	79. Utility
15. <i>Academic Building/University Club</i>	89. Cesar Chavez Student Center	86. Warehouse
16. Temporary Annex Building (Buildings 16a-16b)	91. Mary Ward Hall	LEGEND: Existing Facility / <i>Proposed Facility</i>
21. Ethnic Studies and Psychology Building	92. Mary Park Hall	NOTE: Existing building numbers correspond with building numbers in the Space and Facilities Data Base (SFDB)
22. J. Paul Leonard Library	94. <i>Clinical Sciences Building</i>	
23. The Village at Centennial Square (Buildings 23a-23d)	95. Temporary Recreation Field	
25. Corporation Yard	97. The Towers at Centennial Square	
26. Central Plant	97A. The Towers at Centennial Square	
26A. Waste Management	98. <i>Recreation Wellness Center</i>	
27. Student Health Center	99. <i>University Park North (Housing)</i>	
29. Residence Dining Center	100. University Park North	
30. Administration Building	102. <i>University Park North (Housing)</i>	
32. Humanities Building	103. <i>University Park North (Housing)</i>	
36. <i>Facilities Building and Corporation Yard</i>	104. <i>University Park North (Housing)</i>	
37. <i>Satellite Power Plant</i>	105. <i>University Conference Center</i>	
46. Florence Hale Stephenson Field	113. Restrooms	
48. Field House No. 1	116. Modular Building K	
49. Field House No. 2	117. Modular Building N	
50. Hensill Hall	118. Modular Building O	
51. Thornton Hall	119. Modular Building P	
53. <i>Science Replacement Building</i>	120. Modular Building Q	
57. Children's Center	121. Modular Building R	
61. Greenhouse No. 1	122. Modular Building S	
62. Greenhouse No. 2	200. Cox Stadium	
70. Softball Field	202. Maloney Field	
71. Accessory Building	<b>Romberg Tiburon Center – Field Station</b>	
72. Parking Garage	11. Residence	
73. University Park South	20. Tiburon Building 20	
	21. Marine Support	
	22. Blacksmith Shop	

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

**Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Approval of Schematic Plans for Plaza Linda Verde for San Diego State University**

**Presentation By**

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

**Summary**

The California State University Board of Trustees approved the 2013-2014 non-state funded capital outlay program at its September 2012 meeting. However, as non-state funded projects can require a fairly long lead time to secure approval of viable financing plans, it is not always possible to complete the necessary requirements to include them in the annual five-year capital improvement program. This item allows the board to consider the scope and budget of projects not previously identified in the non-state funded capital outlay program and requests approval to amend the 2013-2014 non-state capital outlay program and approval of schematic plans for the San Diego State University, Plaza Linda Verde project.

**Amend the 2013-2014 Non-state Funded Capital Outlay Program**

San Diego State University wishes to amend the 2013-2014 non-state capital outlay program to include \$142.7 million for the design and construction of Plaza Linda Verde, a new mixed-use facility that will house 659 beds of student housing, 35,000 gross square feet (GSF) of retail space, and a 392-car parking structure. The project will be located at the southern border of the campus along the west side of College Avenue between Hardy Avenue and Montezuma Road in an area that is currently occupied by temporary trailers and vacated apartments. This new student housing project will increase the total student bed capacity to 3,782 beds including the Zura Hall Student Housing Renovation project, also in the design phase.

**Plaza Linda Verde Schematic Design**

*Architect: MVEI/SGPA*

*Design Build Contractor: Sundt Construction*

## **Background and Scope**

The project will consist of two steel frame six-story freshman residence hall buildings (#183, 184) above a concrete podium level of retail space facing College Avenue and an adjacent seven-level parking structure (#181) that will serve retail customers and campus visitors with short-term, metered parking. In addition to student housing, the residence halls will accommodate residence advisors (34), a hall director and staff (11) as well as accommodations for visiting faculty (6). Student study, meeting and social spaces are also included. The desired tenant mix for the retail space includes a market, and full-service and casual dining establishments with outdoor seating.

The residence hall buildings will have a cement plaster exterior finish with accent features such as balconies and awnings. The parking garage will be a separate seven-story concrete structure designed to minimize the view of the parked vehicles and compliment the adjacent housing complex. The garage will also house the equipment to provide heating and cooling to serve the Plaza Linda Verde facilities.

Site improvements will include a three-acre campus green on the vacant parcel between Hardy Avenue and the San Diego State University transit station to the north, a pedestrian oriented streetscape along College Avenue to the east, and an enhanced alley west of the residence halls that will provide service access and pedestrian passage directly to the campus.

Sustainable measures include the pedestrian oriented design which features a walking pathway to the campus, green space and markets, and immediate adjacency to a major bus and trolley transit center. Sustainable building features will include water saving fixtures, high efficiency windows, rooftop garden terraces, ventilation equipment that optimizes energy performance, and metering that allows for energy use reduction competition between the buildings. The project is being designed to achieve Leadership in Energy and Environmental Design (LEED) Silver certification.

## **Timing (Estimated)**

Preliminary Plans Completed	July 2014
Working Drawings Completed	September 2014
Construction Start	October 2014
Occupancy	August 2016

## **Basic Statistics**

Gross Housing Building Area (GSF)	221,848 square feet
Assignable Building Area (ASF)	194,117 square feet

Efficiency (ASF/GSF)	88 percent
Bed Spaces	659 spaces
Gross Retail Building Area (GSF)	35,421 square feet
Assignable Building Area (ASF)	33,958 square feet
Efficiency (ASF/GSF)	96 percent
Gross Parking Building Area (GSF)	143,693 square feet
Assignable Building Area (ASF)	129,543 square feet
Efficiency (ASF/GSF)	90 percent
Parking Spaces (all short-term metered)	392 spaces

**Cost Estimate – California Construction Cost Index (CCCI) 6077<sup>1</sup>**

Housing Building Cost (\$353 per GSF)	\$78,332,000
<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 5.37
b. Shell (Structure and Enclosure)	\$ 83.81
c. Interiors (Partitions and Finishes)	\$ 91.55
d. Services (HVAC, Plumbing, Electrical, Fire)	\$110.22
e. Built-in Equipment and Furnishings	\$ 9.18
f. General Requirements	\$ 18.83
g. General Conditions and Insurance	\$ 34.13
Parking Building Cost (\$98 per GSF)	14,080,000
<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
Substructure (Foundation)	\$ 2.67
a. Shell (Structure and Enclosure)	\$41.49
b. Interiors (Partitions and Finishes)	\$15.28
c. Services (HVAC, Plumbing, Electrical, Fire)	\$10.77
d. Built-in Equipment and Services	\$ 4.59
e. General Requirements	\$14.61
f. General Conditions and Insurance	\$ 8.58
Retail Building Cost (\$259 per GSF)	9,177,000
Site Development (includes landscaping and demolition)	<u>9,362,000</u>
Construction Cost	\$110,951,000

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<sup>1</sup> The July 2013 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

Fees, Contingency, Services	<u>29,249,000</u>
Total Project Cost (\$350 per GSF)	\$140,200,000
Fixtures, Furniture & Moveable Equipment	<u>2,500,000</u>
Grand Total	<u>\$142,700,000</u>

### **Cost Comparison**

#### *Housing Component*

This project's building cost of \$334 per GSF is greater than the \$298 per GSF for the Cal Poly San Luis Obispo Student Housing North, approved in September 2003 but less than the \$370 per GSF for the CSU Fullerton Student Housing, Phases 3 & 4, approved in September 2008, both adjusted to CCCCI 6077.

One cost factor is the structural design that uses a steel frame structure for the six floors of student housing built on top of a concrete podium. The ground floor retail space will be under the concrete podium. Steel is preferred in this construction due to superior strength, uniformity and ease of construction.

The complexity of the program requirements is another contributing factor to the higher cost. This project includes roof terraces for outdoor activity space, along with higher costs for seminar rooms, resource centers, and other community spaces occupying most of the first residential level. Superior mechanical systems also add to the cost, including a four-pipe HVAC system and each dual occupancy room having its own bathroom. Additionally, the facility includes apartments for faculty in residence.

#### *Parking Component*

The project's parking component will have a building cost of \$29,153 per space, greater than the \$19,700 per space for the CSU Chico Parking Structure 2, approved in May 2011, and the \$17,927 per space for the CSU San Marcos Parking Structure 1, approved in July 2008, both adjusted to CCCCI 6077. This project's parking structure is smaller than a typical university student parking structure such as the CSU San Marcos facility which holds 1,615 spaces. The Plaza Linda Verde garage is designed to serve only the short-term parking demand for the retail customers and campus visitors, and has been sized accordingly with the resultant higher cost per space.

The high cost is also due in part to unique design elements such as the high floor to ceiling space on the first level, which can accommodate future infill to house additional retail shops if demand warrants. The limited area for the building footprint also constrains the number of spaces per floor, resulting in a seven-story structure with higher than average costs for structure, stairs, and elevators, and exterior cladding as compared to typical campus structures, such as the four-level structure at CSU Chico.

### **Funding Data**

The project will be financed with a mix of CSU Systemwide Revenue Bonds and program reserves: \$110 million in tax exempt financing for the student housing component with a \$2 million housing reserve contribution; \$10 million in taxable bonds for retail space to be paid from retail rental revenues, managed by an approved campus auxiliary organization, Aztec Shops; and \$16.6 million split 35 percent non-taxable and 65 percent taxable bonds for the parking component with a parking reserve contribution of \$4 million. The housing facilities will be managed by the campus housing program and the parking structure will be managed by the campus parking services program. The respective programs will pay for the future debt service related to the issuance of bonds. The split financing for the parking component is to build in future flexibility to enable the first floor to be used for retail space if deemed financially feasible.

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

The Final Environmental Impact Report (Final EIR) for the San Diego State University, Plaza Linda Verde project was certified by the Board of Trustees in May 2011 pursuant to the California Environmental Quality Act. The EIR concluded that the Master Plan would result in significant and unavoidable impacts relating to transportation and circulation. The Findings of Fact and associated Statement of Overriding Considerations were previously adopted by the Board of Trustees. There were no legal challenges to the board's approval of the May 2011 master plan and certification of the Final EIR.

The university completed an Addendum to the Final EIR in March 2014 for the San Diego State University, Plaza Linda Verde project. These revisions primarily include: 1) an increase from five stories to six stories of student housing accommodations for two of the six student housing buildings previously approved, and 2) an increase from four above-ground stories (with a subterranean story) consisting of 342 parking spaces to seven above-ground stories of parking facilities for 50 additional spaces.

The Addendum to the Final EIR identified minor changes and determined that implementation of this project would not result in any new or substantially more severe impacts as outlined in Section 15164(a) of the CEQA Guidelines. The project is consistent with required mitigation

measures as previously certified. The Addendum to the Final EIR is available at: [http://newscenter.sdsu.edu/plazalindaverde/images/2014-3-25\\_addendum\\_final.pdf](http://newscenter.sdsu.edu/plazalindaverde/images/2014-3-25_addendum_final.pdf).

## **Recommendations**

The following resolution is presented for approval:

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

1. The Final Environmental Impact Report (Final EIR) for the San Diego State University, Plaza Linda Verde project included a project level analysis that addressed the potential significant environmental impacts, mitigation measures, comments and responses to comments associated with approval of the Plaza Linda Verde project, and all discretionary actions related thereto. The Board of Trustees certified the Final EIR as adequate under CEQA and the project was approved in May 2011.
2. Subsequent to project approval, San Diego State University has made certain limited revisions to the design of the approved project. An Addendum to the previously certified Final EIR has been prepared that has determined these revisions would not involve new significant environmental effects or a substantial increase in the severity of significant effects previously identified in the Final EIR. The Board of Trustees has considered the Final EIR and the Addendum to the Final EIR concurrent with its consideration of the proposed schematic design plans.
3. The 2013-2014 non-state funded capital outlay program is amended to include \$142,700,000 for preliminary plans, working drawings, construction, and equipment for the San Diego State University, Plaza Linda Verde project.
4. The chancellor is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.
5. The schematic plans for the San Diego State University, Plaza Linda Verde are approved at a project cost of \$142,700,000 at CCCCI 6077.

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

### **Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Schematic Plans for Campus Village 2 for San José State University**

#### **Presentation by**

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

#### **Summary**

This item requests approval to amend the 2013-2014 non-state capital outlay program that was approved by the Board of Trustees at the September 2012 board meeting, and approval of schematic plans for the San José State University, Campus Village, Phase 2 project.

#### **Amend the 2013-2014 Non-state Funded Capital Outlay Program**

San José State University wishes to amend the 2013-2014 non-state capital outlay program to include \$126.1 million for the design and construction of Campus Village, Phase 2 (#156), a 10-story 850-bed student housing facility on an infill site located in the southeast corner of the main campus, adjacent to the existing Campus Village Complex (#151-153). The project is designed to accommodate freshmen students and resident advisors. The building (192,895 gross square feet (GSF)) will house a multi-purpose room, recreation room, housing office suite, lounges and study rooms.

#### **Campus Village, Phase 2 Schematic Design**

*Architect: Solomon Cordwell Buenz*  
*Design Build Contractor: Sundt Construction, Inc.*

#### **Background and Scope**

Studies have demonstrated that on-campus residential living plays a significant role in promoting student engagement and improving academic success and student retention. The university currently has a total of 3,623 beds for student housing in seven buildings on campus. Two of the existing three-story red brick residence halls, Hoover Hall (#87) and Royce Hall (#88), constructed in 1960, provide 200 beds each. Both facilities are functionally outdated and will be demolished as part of the campus development resulting in a net increase of 450 beds. The existing university parking will be used by the proposed building's residents.



The residential units will be organized in L-shaped wings of 25 double-occupancy bedrooms, with two wings per floor. Each wing houses shared bathrooms, study rooms and resident lounges. Laundry facilities will be provided on each floor. Residential units occupy eight and a half floors of the facility. The project will also accommodate 17 resident advisor suites and four apartments for the resident directors. Administrative offices and residential common spaces including public restrooms, a multi-purpose room, and support facilities will also be incorporated. Courtyards on both the east and west sides of the building will create open space for social interaction.

The proposed exterior design, height, and massing will complement the existing Campus Village, Phase 1 student housing and other surrounding buildings. The exterior finish material will be glass fiber reinforced concrete (GFRC) with brick façade at pedestrian levels. The commons study and lounge rooms on each floor will have glass curtain walls and will be placed at the building corners for maximum daylight and exterior views. The project proposes a concrete structural system to minimize the floor-to-floor height which helps lower the overall building height. The project includes a partial basement to house building support space and a service tunnel.

The project will achieve Leadership in Energy and Environmental Design (LEED) Silver equivalency with the inclusion of design elements such as low-flow plumbing fixtures, low-emissivity (low-e) glazing, maximized daylighting in corridors and common areas, and dual plumbed pipes for future conversion to recycled water for non-potable use.

**Timing (estimated)**

Preliminary Plans Completed	June 2014
Working Drawings Completed	July 2014
Construction Start	June 2014
Occupancy	July 2016

**Basic Statistics**

Gross Building Area (GSF)	192,895 square feet
Assignable Building Area (ASF)	126,601 square feet
Efficiency (ASF/GSF)	66 percent
Bed spaces	850 beds

**Cost Estimate – California Construction Cost Index (CCCI) 6077<sup>1</sup>**

Building Cost (\$452 per GSF) \$87,135,000

<i>Systems Breakdown</i>	(\$ per GSF)
a. Substructure (Foundation)	\$ 44.50
b. Shell (Structure and Enclosure)	\$119.24
c. Interiors (Partitions and Finishes)	\$ 80.16
d. Services (HVAC, Plumbing, Electrical, Fire)	\$118.98
e. Built-in Equipment and Furnishings	\$ 6.87
f. General Requirements	\$ 15.81
g. General Conditions and Insurance	\$ 53.04

Site Development (including landscape and site utilities) 6,200,000

Construction Cost \$93,335,000

Fees, Contingency, Services 29,267,000

Total Project Cost (\$636 per GSF) \$122,602,000

Fixtures, Furniture & Moveable Equipment 3,584,000

Grand Total \$126,186,000

**Cost Comparison**

This project's building cost of \$452 per GSF is greater than the \$298 per GSF for the Cal Poly San Luis Obispo Student Housing North, approved in September 2003 and the \$370 per GSF for the CSU Fullerton Student Housing, Phases 3 & 4, approved in September 2008, both adjusted to CCCI 6077.

The higher building cost is primarily in the substructure and shell of the building. This is due to the inclusion of a basement and below-grade service tunnel; the building code requirement to apply a higher seismic importance factor (increases the foundation and structural design); and the use of a brick façade in certain areas to maintain the campus' architectural vocabulary.

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<sup>1</sup> The July 2013 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco and is updated monthly.

## **Funding Data**

The project will be financed through the CSU Systemwide Revenue Bond Program and from housing program reserves (\$6,186,000). Housing revenue will repay the bond financing.

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

An Initial Study/Mitigated Negative Declaration was prepared to analyze the potential significant environmental effects of the proposed project in accordance with the requirements of CEQA and State CEQA Guidelines. The Final Mitigated Negative Declaration was approved under delegated authority to the chancellor. The Final Mitigated Negative Declaration analyzed the relocation of an existing housing site on the master plan to another location within close proximity to the original site. The project is consistent with the Final Negative Mitigated Declaration and no new environmental analysis is required because the effects of the project were fully analyzed in the Final Negative Mitigated Declaration. The public review period began on December 6, 2014, and closed on January 6, 2014. No written comment letters were received at the close of the public review period. The Final Mitigated Negative Declaration is available at <http://www.sjsu.edu/fdo/ceqa>.

## **Recommendation**

The following resolution is presented for approval:

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

1. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to the California Environmental Quality Act and State CEQA Guidelines.
2. The San José State University Campus Village, Phase 2 project is consistent with the Final Negative Mitigated Declaration prepared and that the effects of the project were fully analyzed in the Final Negative Mitigated Declaration.
3. The 2013-2014 non-state funded capital outlay program is amended to include \$126,186,000 for preliminary plans, working drawings, construction, and equipment for the San José State University, Campus Village, Phase 2 project.
4. The schematic plans for the San José State University, Campus Village, Phase 2, are approved at a project cost of \$126,186,000 at CCCI 6077.

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

**Certify the Final Environmental Impact Report, Approve the 2014 Master Plan Revision and the Amendment of the 2013-2014 Non-State Capital Outlay Program for Student Housing South for California Polytechnic State University, San Luis Obispo**

**Presentation By**

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

**Summary**

The Board of Trustees of the California State University requires that every campus have a long range physical master plan. The board serves as the Lead Agency as defined in the California Environmental Quality Act (CEQA) and as such approves significant changes to the master plan and ensures compliance with the California Environmental Quality Act by taking action to certify required CEQA compliance actions. The board also approves campus State and Non-state capital projects that are consistent with approved master plans.

This item requests the following actions be taken by the Board of Trustees for California Polytechnic State University, San Luis Obispo Student Housing South project:

- Certify the project-level Final Environmental Impact Report (FEIR);
- Approve the proposed campus master plan revision dated May 2014;
- Authorize that a request for fair share off-site mitigation costs in the total amount of approximately \$534,000 be made to the governor and legislature, consistent with CSU's *City of Marina* obligations; and
- Approve an amendment to the 2013-2014 non-state capital outlay program.

Attachment "A" is the proposed campus master plan map and legend that identifies the proposed revision. Attachment "B" is the existing campus master plan map and legend approved by the Board of Trustees in March 2001. The proposed master plan revision relocates and reduces the number of campus locations for future student housing to meet programmatic requirements for freshman housing and reduce the cost of construction. The proposed master plan revision includes sufficient detail on the specifics (for example building square footage, massing) of the Student Housing South project to be considered a "project level" analysis.

The Student Housing South Project is proposed to provide 1,475 beds in seven three- to five-story residence halls totaling approximately 525,000 gross square feet (GSF). The project includes a 300- to 500-space parking structure (#131) configured to be a maximum of four stories, with one to two stories below grade, and incorporating complementary functions such as student gathering spaces, and housing and residential life staff offices.

The Board of Trustees must certify that the FEIR is adequate and complete under the California Environmental Quality Act (CEQA) in order to approve the campus master plan revision. The FEIR, with the Findings of Fact and Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program are available for review by the board and the public at [http://afd.calpoly.edu/facilities/facp\\_index.asp](http://afd.calpoly.edu/facilities/facp_index.asp). The FEIR concluded that the project would result in significant and unavoidable impacts on aesthetics, air quality, and traffic and circulation. All other impacts can be mitigated to a less than significant level with the adoption and the implementation of the mitigation measures identified in the FEIR.

California Polytechnic State University, San Luis Obispo has met with the City of San Luis Obispo in an effort to reach agreement regarding off-site impacts and related mitigation as a result of the proposed master plan revision. The interactions included six face-to-face meetings beginning in late January 2014 with the latest meeting on April 30, 2014; the city and the university have not reached a consensus regarding appropriate off-site mitigation for the project. While agreement was not reached, the campus is seeking trustee approval to request \$534,000 in capital funding from the governor and legislature for off-site mitigation measures. As detailed below, this amount is what the university has determined to be its fair share for the cost of identified off-site mitigation.

### **Potentially Contested Issues**

Pursuant to the trustees' request that potential contested issues be noted early in the agenda item, the following is provided:

1. Aesthetics: The City of San Luis Obispo and members of the adjacent Alta Vista and Monterey Heights neighborhoods expressed concerns regarding the impacts of the proposed project on scenic views.

CSU Response: Cal Poly has provided mitigation measures including reducing the height of one building from four stories to three stories and providing increased landscape screening to address the significant and unavoidable impacts, but these will not reduce the impact to less than significant. In order to mitigate the impacts of the project to a less than significant level, the scope of the project would need to be reduced to such a degree that it would not meet the project objectives.

2. Traffic and Circulation: Four intersections currently do not operate an acceptable level of service as indicated in the Draft EIR technical analysis (Appendix F). The analysis in the EIR determined that the project will not result in exceeding the threshold for a significant impact under the *CSU Transportation Impact Study Manual* guidelines (e.g., exacerbating intersection operations by adding trips and seconds of delay) under existing conditions; and only one intersection would do so under cumulative conditions (where all campus and city projects are considered). However, the campus decided to take a more conservative approach in this instance by using City of San Luis Obispo and Caltrans thresholds to evaluate the EIR for potential impacts upon traffic. City of San Luis Obispo and Caltrans thresholds for identifying significant impacts indicate that the addition of even one trip to an intersection that currently operates at an unacceptable level of service would be a significant unavoidable impact. Based upon these thresholds, the Draft EIR technical analysis determined that the project would have a significant impact on four intersections under existing conditions and five intersections under the cumulative conditions.

CSU Response: To address impacted intersections identified in the EIR, the campus' fair share costs to improve intersections attributable to Student Housing South have been calculated to be approximately \$534,000.

3. Traffic and Circulation: The City of San Luis Obispo and members of the adjacent Alta Vista and Monte Vista neighborhoods have expressed concerns regarding the lack of inclusion of the Grand Avenue corridor in the traffic section of the Draft EIR.

CSU Response: The campus has completed the modeling required on these areas and determined that the project generated trips would *reduce* traffic in the Grand Avenue corridor. The Traffic Impact Analysis (Appendix F, page 4 of the EIR completed by Fehr and Peers) for the Student Housing South project states the following: "The intersections of Grand Avenue/Slack Street, Grand Avenue/Loomis Street-US 101 Southbound on ramp and Grand Avenue/Abbott Street-US 101 Northbound off-ramp were *not* included in this study as the project generated trips assigned through these intersections would be *negative* (italics added)."

4. Public Services: The City of San Luis Obispo expressed concerns about the impacts of the Student Housing South project on the Police and Fire Departments. Specifically, the city has conveyed that the project will increase demands on Fire Station Number 2. With respect to this issue, the EIR analysis concluded that there were no significant environmental impacts that warrant off-site improvements.

CSU Response: As identified in the EIR analysis, consistent with CEQA guidelines, the city's desire for additional staffing and facilities related to implementation of the proposed project do

not constitute a significant impact under the CEQA guidelines, and therefore do not require fair share mitigation by the university.

5. Enrollment Growth: The city and members of the adjacent Alta Vista and Monterey Heights neighborhoods have expressed concern over recent statements that the university might grow by 4,000 to 5,000 students.

CSU Response: The proposed project that is the subject of this FEIR is not a growth project. The enrollment numbers suggested by President Armstrong in a convocation speech were intended to begin the discussion of growth at Cal Poly in the future and were not intended to be absolute numbers. The campus is currently operating under the 2001 Master Plan that set the academic year full-time equivalent student (FTE) enrollment ceiling at 17,500 FTE<sup>1</sup>. In order for Cal Poly to grow significantly beyond the 2001 Master Plan, the campus would need to revise the Master Plan, analyze the potential environmental impacts of the proposed growth, and secure approval by the board of trustees.

6. Noise: The City of San Luis Obispo and members of the adjacent Alta Vista and Monterey Heights neighborhoods have expressed concerns regarding the potential for noise impacts from the project. The city and residents feel that the addition of 1,475 beds in the vicinity of a single-family neighborhood will have negative social effects.

CSU Response: The Draft EIR points out existing housing regulations as found in the University Housing Resident Handbook item 19.b state, "The right to quiet supersedes the right to make noise." The campus police act in response to noise events. The Draft EIR has proposed a mitigation measure that restricts amplified outdoor events in areas south of the Great Lawn after 10:00 p.m. to help ensure consistency with the City of San Luis Obispo Noise Ordinance. It is Cal Poly's position that the university has more control regarding behavior issues of on-campus residents than those students who choose to live off-campus. Notwithstanding this, and though not required to do so, the university has proposed the mitigation measure regarding amplified events.

## **Master Plan Revision**

The 2001 Master Plan approved by the board included four proposed sites for student housing with a total planned capacity of 1,380 beds, consisting of Student Housing 4 (building #174 on the map), Student Housing 5 (#175), Student Housing 6 (#176), and Student Housing 7 (#177). The proposed campus master plan revision will combine and relocate the four planned student housing facilities to the existing Parking Lots G-1 and R-2, located at the corner of Slack Street

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<sup>1</sup> Campus master plan ceilings are based on academic year full-time equivalent student (FTE) enrollment excluding students enrolled in such classes as offsite teacher education and nursing, and on-line instruction.

and Grand Avenue in the southeast portion of the campus. The project will be situated on a 12.1-acre site and will displace 1,200 parking spaces.

The relocation allows for the campus to pursue a larger development and achieve economies of scale to reduce project design and construction costs. Student Housing South (#172) will provide approximately 1,475 beds in seven residence halls (three- to five-stories) totaling approximately 525,000 gross square feet (GSF). The residential design is based on grouping 50 students to one resident advisor and will include two- and four-person dormitory-style rooms with shared bathrooms and common living rooms.

A new parking structure (#131) will be situated on the northern end of the site with primary access off Grand Avenue via the existing access road to Parking Lot G-1. The parking structure (approximately 366 spaces) is proposed to be a maximum of four stories, with one to two stories below grade, and surrounded by a visitor's center, café, student gathering spaces, housing and residential life staff offices, and a community mail room.

The residential structures will be oriented internally to the site and around a central green space with an integrated bio-swale to capture storm water. Primary building ingress and egress points are likewise oriented north toward the campus or internal to the site.

The project is being pursued with the following objectives:

- Progress towards the goal of housing 100 percent of the freshman class on campus.
- Address ongoing excess demand for on-campus housing.
- Co-locate freshman housing in a location with easy access to campus amenities such as dining and the recreation center.
- Reallocate beds currently occupied by freshmen in complexes designed for upperclassmen.
- Reduce the use of triple-bed configurations in existing standard double units.
- Continue to utilize campus lands for the "highest and best use," including reallocation of excess parking areas for instructional or residential uses within the developed campus instructional core.
- Continue to reduce environmental impacts associated with commuting students, including traffic and related air quality impacts.
- Continue to enrich and develop the residential community on campus.

The proposed revision is shown on Attachment A:



*Hexagon 1:* Student Housing South (#172)  
*Hexagon 2:* Parking Structure 2 (#131)

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

To determine the environmental topics to be addressed in the EIR, the university prepared and circulated a Notice of Preparation and Initial Study (NOP/IS) on September 26, 2013 to interested public agencies, organizations, community groups, and individuals in order to receive input on the project. The university also held a public scoping meeting on October 8, 2013 to obtain public input on both the project and the scope and content of the EIR. Interested parties attended the public information meetings.

Based on the NOP/IS scoping process, the EIR addressed the following potentially significant resource areas:

- Aesthetic Resources
- Air Quality/Greenhouse Gases
- Geology and Soils
- Noise
- Public Services and Recreation
- Traffic and Circulation
- Utilities

In addition, the EIR includes a section titled “Issue Areas with Less than Significant Impacts” which evaluates the impacts to the following resource areas:

- Agricultural and Forestry Resources
- Biological Resources (nesting birds)
- Cultural Resources
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Mineral Resources

The EIR is a “project EIR” under State CEQA Guidelines and therefore considers the specific design features and physical attributes (siting, massing, bed and parking capacity, etc.) of the proposed project in analyzing environmental impacts.

The Draft EIR was originally made available to the public for review and comment for a 45-day period, from November 25, 2013, to January 9, 2014. The review and comment period was then extended to conclude on January 24, 2014. Two public forums were held during this time period on November 6, 2013 and December 2, 2013. During the public comment period, new information became available which necessitated recirculation of portions of the 2013 Draft EIR.

The Recirculated Draft EIR addressed two additional alternatives identified by the university, which had been considered as part of the ongoing evaluation of the proposed project. Cal Poly also prepared additional visual simulations for the project and provided new information regarding the university's water supply volumes which warranted revision of the water supply analysis. Therefore, the EIR was recirculated with substantive revisions to the Aesthetics, Utilities, and Alternatives Analysis sections of the previous Draft EIR. Other more minor alterations were made in the remaining sections and these minor changes are underlined throughout the recirculated draft. The Recirculated Draft EIR was circulated for a 45-day public review period from February 14, 2014 to March 31, 2014.

After application of feasible mitigation measures pointed out in the EIR, the campus has identified the following as unavoidable significant impacts:

Aesthetic Resources (AES)

*AES Impact 1* – The heights and locations of the proposed housing structures would block existing quality views of Bishop Peak, Cerro San Luis, and the Santa Lucia foothills as seen from the southern and middle portions of Grand Avenue adjacent to the project, and from viewpoints on Slack Street fronting the project and east of Grand Avenue, resulting in a direct long-term impact to the scenic vista. Trees and other landscaping placed in and around the proposed plaza area and surface parking lot at the northern end of the site have the potential to block existing quality views of Bishop Peak and Cerro San Luis as seen from portions of Grand Avenue and other public viewing locations, resulting in a direct long-term, significant impact to the scenic vista.

*AES Impact 2* – The project would potentially conflict with the visual character of the surrounding area. Inappropriate or insufficient planting along the southern and western perimeters of the project could cause an increased visibility of the structures as seen from Slack Street and neighborhoods to the south, resulting in a direct long-term significant impact to the visual character of the site and surroundings.

*Cumulative Impacts* – The project would appear consistent with the development patterns on campus, and would not be an unexpected visual feature. However, as seen from public

viewpoints and neighborhoods immediately adjacent to it, the project would appear out-of-scale and would reduce views to identified scenic resources. Although the project is technically considered as in-fill, the interface between the large buildings along the perimeter would not have a harmonious visual transition to the surrounding community, and cumulative impacts would be significant.

Even with feasible mitigation measures to prepare a comprehensive Landscape Plan to use trees planted from a minimum 48-inch box size; plant trees and shrubs along the southern and western perimeters to provide screening of at least 80 percent of the project at maturity from certain public viewpoints on Slack Street; use of hardscape, fencing and other features to reduce the impression of a continuous building surface; and limit the height of Building 4 to three stories along Slack Street, the impact to aesthetics will remain significant.

#### Air Quality and Greenhouse Gas Emissions (AQ)

*AQ Impact 1* – The project will exceed daily and quarterly construction emission thresholds for reactive organic gases (ROG) and oxides of nitrogen (NOx) resulting in a significant impact.

*AQ Impact 2* – The project will exceed daily operational emission thresholds for ROG and NOx resulting in a significant impact.

*Cumulative Impacts* – The cumulative study area for air quality impacts is the South Central Coast Air Basin (SCCAB). The project would contribute criteria pollutants during project construction and long-term operational use, including ozone precursors and particulate matter. No major projects are proposed in the immediate vicinity; however large potential development projects are currently under review by the County of San Luis Obispo, and cities within the county. These projects may be under construction simultaneously with the project and in the long term, would be generating air emissions due to use of construction equipment, increased traffic trips and energy use. Because there are no feasible mitigation measures that would reduce all identified air quality to less than significant, the air quality impacts would remain significant and unavoidable with mitigation.

Greenhouse gas (GHG) impacts contribute cumulatively with those produced worldwide to affect climate change. However, the project will not exceed the San Luis Obispo Air Pollution Control District per service population threshold. GHG-related impacts would be less than significant.

#### Traffic and Circulation (TC)

*TC Impact 1* – The project would result in a loss of campus parking and the redistribution of trips to alternative parking lots in the project area, which would add trips to streets and intersections in the project vicinity. The additional trips could exceed acceptable operational standards at intersections in the project vicinity, resulting in a potentially significant environmental impact.

*TC Impact 2* – The project will have significant impacts when considered along with cumulative development.

As stated above, the CSU has negotiated in good faith with the City of San Luis Obispo regarding its fair-share of the costs to construct improvements in the city's jurisdiction related to this project. While agreement with the city was not reached, the campus is seeking trustee approval to request a total of \$534,000 in capital funding from the governor and legislature for the identified off-site mitigation measures below. Payment is contingent upon (a) the state Legislature appropriating the funds for said improvements as requested by the CSU in the state budget process; and (b) the city allocating its share of the mitigation improvement costs and ensuring said amount is available for expenditure, thereby triggering the CSU's fair share contribution payment. The improvements which have been identified by the city and included as mitigation measures in the EIR are as follows:

- Foothill Boulevard and Santa Rosa Street: The existing conditions are already at a Level of Service D and will be at Level of Service F under cumulative conditions (due to planned city and other projects). Therefore, due to cumulative conditions and the addition of the project, the intersection needs widening as identified in the City of San Luis Obispo's State Route 1 Major Investment Study. The university estimates its fair share for the improvements of this intersection to be \$342,166 based on the project contributing a 1.9 percent increase to the number of existing intersection trips.
- California Boulevard & Taft Street: The existing conditions are already at a Level of Service F and will be at Level of Service F under cumulative conditions. Therefore, due to cumulative traffic and the addition of the project, the intersection needs signalization or a roundabout control upgrade. The university estimates its fair share for the improvements of this intersection to be \$97,547 based on a 2.6 percent net trip increase in existing conditions.
- US Highway 101 & California Boulevard: The existing conditions are already at a Level of Service F and will be at Level of Service F under cumulative conditions. Therefore, due to the project traffic, the intersection needs modification to provide a painted median and two-way left turn lane to accommodate a two-stage left turn, while due to cumulative traffic the intersection needs improved signalization, or roundabout control upgrade. The University estimates its fair share for the

improvements of this intersection to be \$93,795 based on a 2.5 percent net trip increase to existing conditions.

In addition, the EIR indicated that the project will have a significant impact on the following intersections:

- Walnut Street and Santa Rosa Street. The existing conditions are already at a Level of Service E in the a.m. peak and Level of Service D in the p.m. peak. The university estimates its fair share of the responsibility for improvements of this intersection, if any, to be 2.4 percent based on the net trips added to existing conditions. Physical improvement plans for this intersection have not been identified to the university at this time.
- Highland Drive and Santa Rosa Street. The university estimates its fair share of the responsibility for improvements of this intersection, if any, to be 2.3 percent using the existing plus project condition. Physical improvement plans for this intersection have not been identified to the university at this time.

The net trips added by the project to the above five intersections range from -5 (meaning trips were reduced) during the morning peak period and up to 79 trips added at intersections during the afternoon peak period.

As to those improvements identified above that are located within the jurisdiction of Caltrans, CSU will support Caltrans in its efforts to obtain the appropriate funding through the state budget process, and will look to the City of San Luis Obispo to join in that support.

If all of the improvements identified in the mitigation measures were constructed, the project's impacts would be reduced to less than significant since overall system performance would improve to acceptable levels. However, because the legislature may not provide funding in the amount requested or because funding may be delayed, or because even if the requested funding is appropriated, the city and/or Caltrans may not obtain the remaining funds necessary to implement the improvements, the above mitigation cannot be relied upon to reduce impact findings to a less than significant level.

Likewise, there are limits on the feasibility of Transportation Demand Management (TDM) as mitigation for the effects of this project. These include the following: (1) funding cannot be guaranteed, most TDM programs on campus are grant-funded, (2) the effectiveness of TDM as it relates to the particular impacts of this project cannot be quantified and (3) participation and funding of TDM cannot be guaranteed long-term, and are not sufficient to reduce the impact severity to a less than significant level. Therefore, there are no feasible mitigation measures that will reduce the identified significant impacts to a level below significant and these impacts are

considered significant and unavoidable even after implementation of all feasible transportation/circulation mitigation measures.

## **Project Alternatives**

The campus conducted an exhaustive analysis of a range of possible project alternatives – nine in total. In accordance with the CEQA Guidelines, the FEIR evaluated these project alternatives in order to identify ways to mitigate or avoid the significant environmental effects of the proposed master plan revision. These projects and their impacts are described in detail in the FEIR section 5. The following is a summary of each of the alternatives studied.

### *No Project Alternative*

Under this alternative, none of the components of the proposed project would be included. The site would remain a surface parking lot, and the residential community would not be built. This alternative does not meet any of the basic objectives of the project, and is inconsistent with the 2001 Master Plan and is therefore infeasible. The Master Plan identified the need for substantive additional housing on campus to meet existing and projected demand; failure to develop additional housing would negate many of the principles stated in the Master Plan.

This alternative would reduce or eliminate most of the adverse impacts associated with the project as identified throughout this EIR. However, the “No Project Alternative” would also eliminate benefits of the project, including reduced traffic associated with housing additional students on campus and closure of the surface parking lots (G-1 and R-2).

### *No Project – Pursue Existing Master Plan Locations*

This alternative would consist of development of the Residential Communities Element as adopted in the 2001 Master Plan, as well as at least one parking structure. This alternative would not meet many of the project objectives due to site limitations. The development of the four sites independently would render the project economically infeasible and would fail to achieve the programmatic goals of the project to co-locate freshmen.

### *Location Alternative – H-12 and H-16 Parking Lots*

This alternative would consist of relocation of the proposed development to the current site of the H-12 and H-16 parking lots, north of Highland Drive and Brizzolara Creek. The existing surface parking lots in this location would be removed, and 1,475 beds, a dining facility, and a 300- to 500-space parking structure would be constructed. These parking lots were designated for parking in the 2001 Master Plan. This alternative would not meet all of the project’s objectives. It is considered infeasible in that it would:

- Require the development of dining and additional activity/gathering space, exceeding the available budget and increasing impacts related to construction.

- Require taller buildings—the program requirements and the addition of a dining facility within a site area of 8.7 acres would most likely require some if not all of the buildings be increased to six stories. Costs to construct six stories are exponentially higher due to code requirements.
- Not achieve objectives of the Housing Program to expand and co-locate the freshman housing program.
- Require the replacement of the bridge at Via Carta.
- Require the conversion of prime agricultural land.
- Increase the project budget by approximately \$25 million with the addition of a project-specific dining hall, and costs related to code requirements and bridge replacement.

*Location Alternative – Via Carta*

This alternative would result in the development of student housing within an area currently used for pasture between the H-16 parking lot and Village Drive east of Via Carta. Development of the site would include relocation of the Agriculture Arena programmed in the Master Plan, and relocation of horticulture and crops science facilities and existing barns. Development of this alternative would also require the development of dining facilities in addition to the replacement of the bridge at Via Carta. This alternative would meet most of the project objectives, except for utilization of land for “highest and best use.” This alternative would require relocation of agricultural facilities, and preempt use of the site for agricultural instruction. This alternative does not involve reallocation of underutilized parking facilities. The above requirements to develop this site render this alternative economically infeasible.

*Location Alternative – R-1 Parking Lot*

This alternative was considered during site selection but rejected due to constraints associated with economic feasibility, particularly related to heights of buildings. In order to achieve bed count objectives, building heights would exceed seven or eight stories, significantly increasing costs of construction. This alternative is a slight variation on the existing Student Housing 5 site identified in the Master Plan, and shifts the footprint of development to the R-1 parking lot, west of Klamath Road, which would be removed. It is assumed that parking demand would be accommodated in the existing infrastructure, including the Poly Canyon Village parking garages and the Grand Avenue lot. This alternative would achieve many of the project objectives but is economically infeasible.

*Site Layout Alternative – Slack Street Parking Structure*

Members of the public suggested analysis of an alternative which would locate the parking structure at the southern end of the site, nearest Slack Street. The intent would be to provide a buffer between the neighborhoods and the student residences. This alternative would alter the proposed site plan to locate the parking structure at Slack Street and shift residential buildings to

the north. This alternative would meet the stated objectives of the project. Implementation of this alternative, however, would not reduce any of the potentially significant impacts identified in the EIR and thus this alternative is not environmental superior to the proposed project.

*Reduced Project Alternative – Bed Count*

The principal significant and unavoidable impacts of the project identified in the EIR consist of aesthetics (view blockage), traffic (off-campus intersection impacts from redistributed trips), and operational air quality. Typically, the severity of traffic and air quality impacts would be reduced by reducing the size of the project. However, a reduced project, in this case, results in several indirect effects; for example, the (Fehr and Peers 2013) Traffic Impact Analysis states that reduced trip generation associated with a lower number of beds would be more than offset by a lower student commute trip reduction (i.e., commute trips would increase as a result of the reduced number of students living on campus). A reduced size Parking Structure potentially would result in decreased air quality impacts associated with ROG and NOx, but also would increase redistributed vehicle trips potentially resulting in increased traffic impacts. This alternative would provide opportunities to reduce the scale of the project near the neighborhoods to the south. However, this alternative would not meet the purpose and objectives of the project related to bed count or financial viability and therefore, is infeasible.

*Reduced Project Alternative – No Parking Garage*

The San Luis Obispo Council of Governments (SLOCOG) suggested pursuing a project with no parking garage, in part to further reduce reliance on vehicles and improve use of alternative transportation. This alternative would remove the parking garage currently sited in the northwestern portion of the project location. This alternative assumes relocation of residential structures to more northern portions of the site or reduced scale of residential structures. This alternative would not meet the objectives of the project due to the lower bed count resulting from the reduction of scale of residential structures. This alternative is infeasible because of the many concurrent events on campus that require parking in the general proximity.

*Reduced Scale Alternative*

In order to completely alleviate project aesthetic impacts related to view obstruction, the scale of the project would generally need to be reduced to one to three stories throughout much of the site. This would significantly reduce potential bed count, particularly if the parking garage is retained. This significant reduction is inconsistent with the stated purpose of the project, which is to provide approximately 1,475 beds in on-campus housing. This alternative would likewise not meet many of the project objectives due to reduced bed count, including reducing triple-bed configurations in existing housing, and reallocating beds currently occupied by freshmen in upperclassmen housing and therefore is infeasible.



None of the alternatives studied would fully meet the goals and objectives of the proposed master plan revision.

### **Amend the 2013-2014 Non-state Capital Outlay Program**

California Polytechnic State University, San Luis Obispo wishes to amend the 2013-2014 non-state funded capital outlay program to include \$198.8 million for the design and construction of Student Housing South. The project will be financed from CSU Systemwide Revenue Bond program less a \$10 million contribution from housing reserves.

### **Recommendation**

The following resolution is presented for approval:

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

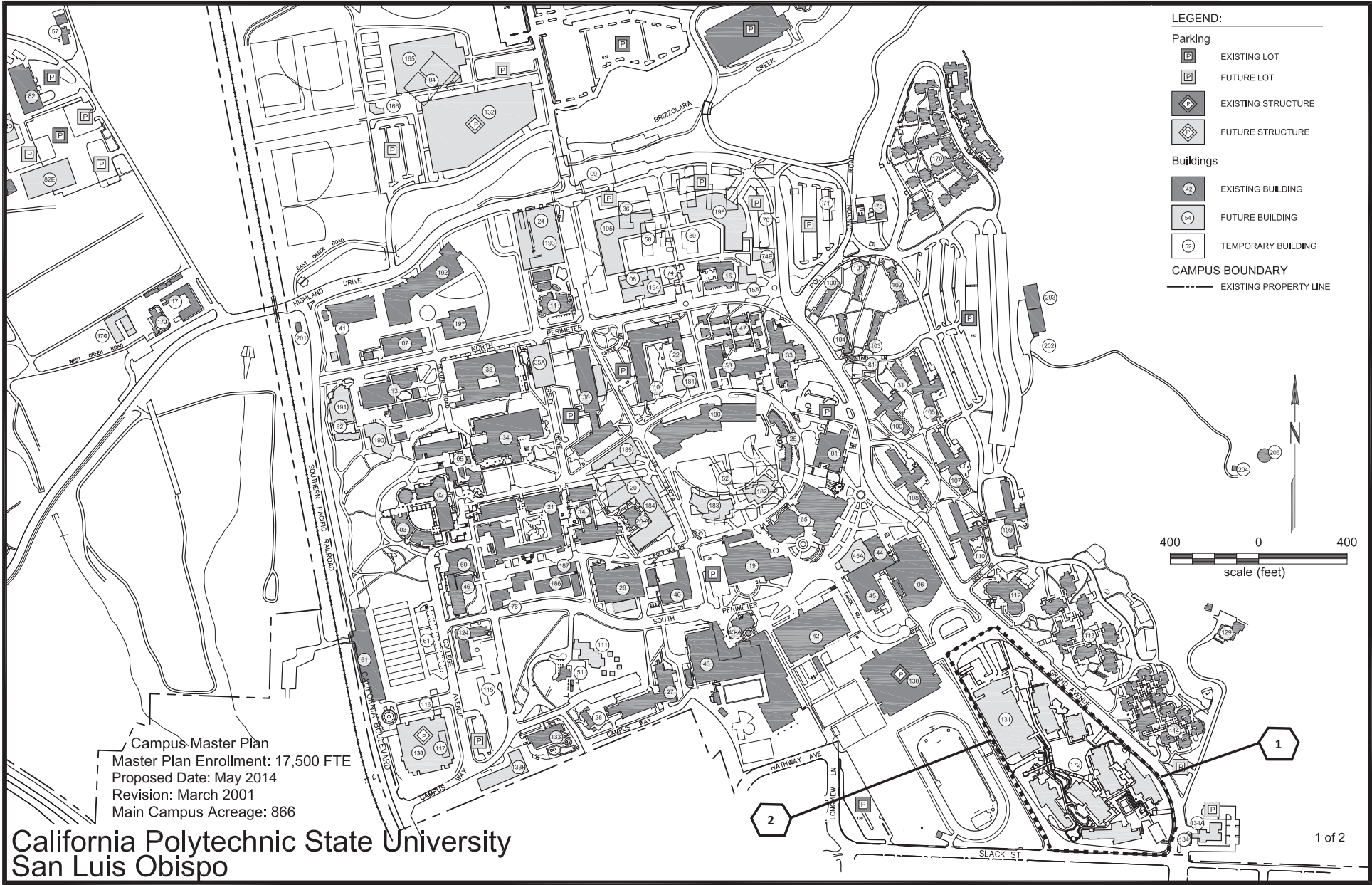
1. The Final EIR for the Student Housing South Project including the Master Plan revision dated May 2014, has been prepared to address the potential significant environmental impacts, mitigation measures, project alternatives, comments, and responses to comments associated with the proposed project and related master plan revision, pursuant to the requirements of the California Environmental Quality Act, the CEQA Guidelines, and CSU CEQA procedures.
2. The Final EIR addresses the proposed project and all discretionary actions relating to the project as identified in the project description of the Final EIR.
3. This resolution is adopted pursuant to the requirements of Section 21081 of Public Resources Code and Section 15091 of the state CEQA Guidelines, which require that the Board of Trustees make findings prior to the approval of a project along with a statement of fact supporting each finding.
4. The board hereby adopts the Findings of Fact and the Mitigation Monitoring and Reporting Program, including all mitigation measures identified therein, for Agenda Item 8 of the May 20-21, 2014, meeting of the Board of Trustees' Committee on Campus Planning, Buildings and Grounds, which identifies the specific impacts of the proposed project and related mitigation measures, which are hereby incorporated by reference.

5. The board has adopted the Findings of Fact and Statement of Overriding Considerations that outweigh certain remaining unavoidable significant impacts to aesthetics resources, air quality, traffic and circulation.
6. The Final EIR has identified potentially significant impacts that may result from project implementation. However, the Board of Trustees, by adopting the Findings of Fact, finds that the inclusion of certain mitigation measures as part of the project approval will reduce most, but not all, of those effects to less than significant levels. Those impacts that are not reduced to less than significant levels are identified as significant and unavoidable as there are no additional feasible mitigation measures or alternatives that would reduce the identified impacts to a less significance, and therefore these significant and unavoidable impacts are overridden due to specific project benefits identified in the Statement of Overriding Considerations.
7. A portion of the mitigation measures necessary to reduce traffic impacts to less than significant levels is the responsibility of and under the authority of the City of San Luis Obispo and other responsible transportation agencies. The city and campus are not in agreement. The board therefore cannot guarantee that certain mitigation measures that are the sole responsibility of the city will be timely implemented. The board therefore finds that certain impacts upon traffic may remain significant and unavoidable if mitigation measures are not implemented and adopts Findings of Fact that include specific Overriding Considerations that outweigh the remaining, potential, unavoidable significant impacts with respect to traffic that are not under the authority and responsibility of the board.
8. Prior to the certification of the Final EIR, the Board of Trustees reviewed and considered the above-mentioned Final EIR, and finds that the Final EIR reflects the independent judgment of the Board of Trustees. The board hereby certifies the Final EIR for the project as complete and adequate in that the Final EIR addresses all potentially significant environmental impacts of the proposed project and fully complies with the requirements of CEQA and the CEQA Guidelines. For the purpose of CEQA and the CEQA Guidelines, the administrative record of proceedings for the project includes the following:
  - a. The 2013 Draft EIR and 2014 Recirculated Draft EIR for the California Polytechnic State University, Student Housing South project, including Campus Master Plan;

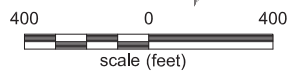
- b. The Final EIR, including comments received on the Draft and Recirculated EIRs, and responses to comments;
  - c. The proceedings before the Board of Trustees relating to the subject project and master plan revision, including testimony and documentary evidence introduced at such proceedings; and
  - d. All attachments, documents incorporated, and references made in the documents as specified in items (a) through (c) above.
9. It is necessary, consistent with the California Supreme Court decision in *City of Marina* to pursue mitigation funding from the legislature to meet its CEQA fair-share mitigation obligations. The chancellor is therefore directed to request from the governor and the legislature, through the annual state budget process, the future funds (approximately \$534,000) necessary to support costs as determined by the trustees necessary to fulfill the mitigation requirements of CEQA.
10. In the event the request for mitigation funds is approved in full, the chancellor is directed to proceed with implementation of the 2014 Campus Master Plan Revision for California Polytechnic State University, San Luis Obispo. Should the request for funds only be partially approved, the chancellor is directed to proceed with implementation of the project, funding identified mitigation measures to the extent of the available funds. In the event the request for funds is not approved, the chancellor is directed to proceed with implementation of the project consistent with resolve number 11 below.
11. Because this board cannot guarantee that the request to the legislature for the necessary mitigation funding will be approved, or that the city or other responsible transportation agencies will fund the measures that are their responsibility, this board finds that the impacts whose funding is uncertain remain significant and unavoidable, and that they are necessarily outweighed by the Statement of Overriding Considerations adopted by this board.
12. The board hereby certifies the Final EIR for the California Polytechnic State University, San Luis Obispo Campus Master Plan revision dated May 2014 as complete and in compliance with CEQA.
13. The mitigation measures identified in the Mitigation Monitoring and Reporting Program are hereby adopted and shall be monitored and reported in accordance with the Mitigation Monitoring and Reporting Program for the Agenda Item 8 of the May 20-21, 2014 meeting of the Board of Trustees'

Committee on Campus Planning Buildings and Grounds, which meets the requirements of CEQA (Public Resources Code, Section 21081.6).

14. The project will benefit the California State University.
  
15. The above information is on file with The California State University, Office of the Chancellor, Capital Planning, Design and Construction, 401 Golden Shore, Long Beach, California 90802-4210, and at California Polytechnic State University, Facilities Planning and Capital Projects, Building 70, San Luis Obispo, California 93407-0690.
  
16. The California Polytechnic State University, San Luis Obispo Campus Master Plan Revision dated May 2014 is approved.
  
17. The chancellor or his designee is requested under the Delegation of Authority by the Board of Trustees to file the Notice of Determination for the Project.
  
18. The 2013-2014 non-state funded capital outlay program is amended to include \$198,863,000 for preliminary plans, working drawings, construction, and equipment for the California Polytechnic State University, San Luis Obispo Student Housing South project.

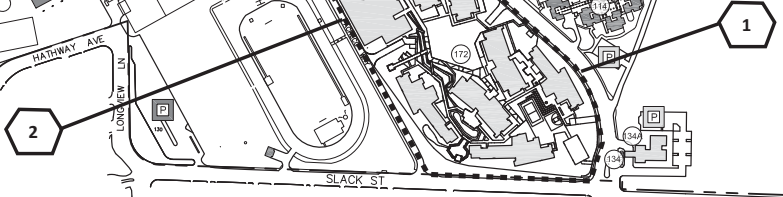


- LEGEND:**
- Parking**
    - EXISTING LOT
    - FUTURE LOT
    - EXISTING STRUCTURE
    - FUTURE STRUCTURE
  - Buildings**
    - EXISTING BUILDING
    - FUTURE BUILDING
    - TEMPORARY BUILDING
  - CAMPUS BOUNDARY**
    - EXISTING PROPERTY LINE



Campus Master Plan  
 Master Plan Enrollment: 17,500 FTE  
 Proposed Date: May 2014  
 Revision: March 2001  
 Main Campus Acreage: 866

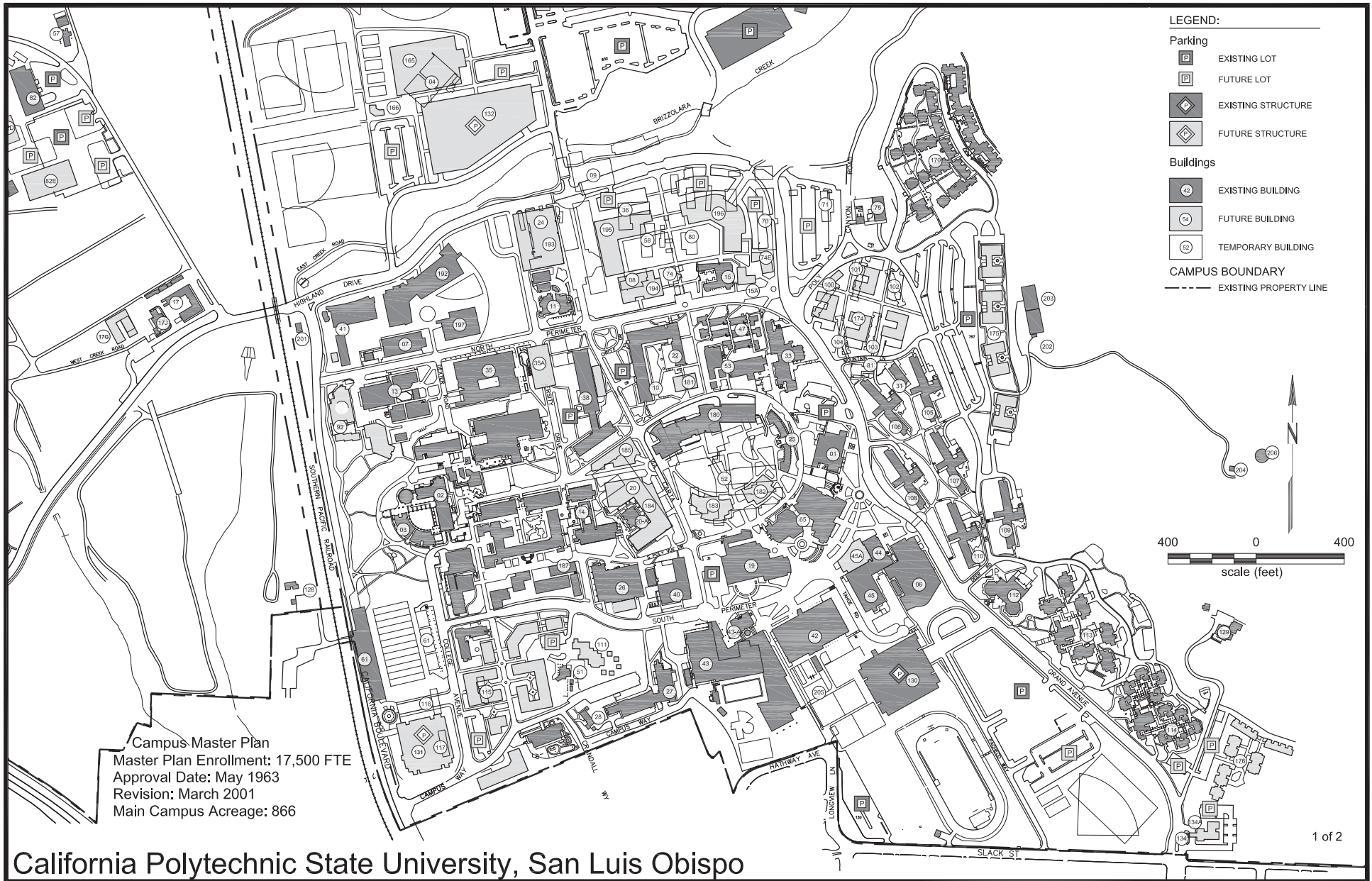
**California Polytechnic State University  
 San Luis Obispo**



## California Polytechnic State University, San Luis Obispo

**Proposed Master Plan**  
**Master Plan Enrollment: 17,500 FTE**

1. Administration	50L. Rose Float Lab	132. <i>Parking Structure 3</i>
2. Cotchett Education Building	51. University House	133. Orfaea Family and ASI Children's Center
3. Business	52. Science	
4. Research Development Center	53. Science North	133F. <i>Children's Center Addition</i>
5. Architecture and Environmental Design	55. Beef Cattle Evaluation Center	134. Visitor Information
6. Christopher Cohan Center	56. Swine Unit	134A. <i>Visitor Center</i>
7. Advanced Technology Laboratories	57. Veterinary Hospital	138. <i>Parking Structure 4</i>
8. Bioresource and Agricultural Engineering	58. Welding	150. Poultry Science Instructional Center
8A. Bioresource and Agricultural Engineering Shop	60. Crandall Gymnasium	151. <i>New Corporation Yard</i>
9. Farm Shop	61. Alex G. Spanos Stadium	152. <i>Faculty/Staff Housing North</i>
10. Alan A. Erhart Agriculture	65. Julian A. McPhee University Union	153. Bella Montana
11. Agricultural Sciences	70. Facility Services/Receiving Warehouse	154. Animal Nutrition Center
13. Engineering	71. Transportation Services	155. J & G Lau Family Meat Processing Center
14. Frank E. Pilling Building	74. Building 74	160. Baggett Stadium
15. Cal Poly Corporation Administration	74E. <i>University Police</i>	161. Bob Janssen Field
15A. <i>Cal Poly Corporation Administration Addition</i>	75. Mustang Substation	164. <i>Agriculture Pavilion</i>
16. Beef Unit	76. Old Power House	165. <i>Athletic Field House</i>
17. Crops Science	77. <i>Rodeo Arena</i>	166. <i>Athletic Field Facility</i>
17G. <i>Crops Unit West Greenhouse</i>	80. Housing Warehouse/Environmental Health and Safety	170. Cerro Vista Apartments
17J. Crops Science Lab	81. Hillcrest	171. Poly Canyon Village
18. Leprino Foods Innovation Institute	82. Corporation Warehouse	172. <i>Student Housing South</i>
18A. Dairy Products Technology Center	82D. <i>Corporation Warehouse Expansion</i>	180. Warren J. Baker Center for Science and Mathematics
19. Dining Complex	82E. <i>New Farm Shop/Transportation Services</i>	181. <i>Centennial Building 1</i>
20. Engineering East	83. Technology Park	182. <i>Centennial Building 2</i>
20A. Bert and Candace Forbes Center for Engineering Excellence	92. Poly Grove Rest Room	183. <i>Centennial Building 3</i>
21. Engineering West	100. Shasta Hall	184. <i>Engineering East Replacement Building</i>
22. English	101. Diablo Hall	185. <i>Centennial Building 5</i>
24. Food Processing	102. Palomar Hall	186. Construction Innovation Center
25. Faculty Offices East	103. Whitney Hall	187. Simpson Strong-Tie
26. Graphic Arts	104. Lassen Hall	190. <i>Architecture 3</i>
27. Health Center	105. Trinity Hall	191. <i>Northwest Polytechnic Center</i>
28. Albert B. Smith Alumni and Conference Center	106. Santa Lucia Hall	192. Engineering IV
30. Horseshoeing Unit	107. Muir Hall	193. <i>Center for Technology/Enhanced Learning</i>
31. Housing Administration Building	108. Sequoia Hall	194. <i>Agriculture Learning Center</i>
32. Cal Poly Equine Center	109. Fremont Hall	195. <i>Northeast Polytechnic Center 1</i>
33. Clyde P. Fisher Science Hall	110. Tenaya Hall	196. <i>Northeast Polytechnic Center 2</i>
34. Walter F. Dexter Building	111. <i>Alumni Center/Professional Development Conference Center</i>	197. Bonderson Engineering Project Center
35. Robert E. Kennedy Library	112. Vista Grande	201. Pumphouse 1
35A. <i>Academic Center and Library</i>	113. Sierra Madre Hall	202. Pumphouse 2
36. University Police	114. Yosemite Hall	203. Water Reservoir 1
38. Mathematics and Science	115. Chase Hall	204. Water Reservoir 2
40. Engineering South	116. Jespersen Hall	205. Pumphouse 3
41. Engineering III	117. Heron Hall	206. Water Reservoir 3
42. Robert E. Mott Physical Education	117T. CAD Research Center	
43. Recreation Center	121. Cheda Ranch	LEGEND:
43A. Kinesiology	122. Parker Ranch	Existing Facility / Proposed Facility
44. Alex and Faye Spanos Theater	123. Peterson Ranch	
45. H. P. Davidson Music Center	124. Student Services	NOTE: Existing building numbers correspond with building numbers in the Space and Facilities Data Base (SFDB)
45A. <i>Davidson Music Center Addition</i>	125. Serrano Ranch	
46. Natatorium Faculty Offices	126. Chorro Creek Ranch	
47. Faculty Offices North	127. Escuela Ranch	
48. Environmental Horticultural Science	127D. Beef Center	
50J. Mt. Bishop Warehouse	128. Parson's Residence	
50K. Communications Services Storage	129. Avila Ranch	
	130. Grand Avenue Parking Structure	
	131. <i>Parking Structure 2</i>	



California Polytechnic State University, San Luis Obispo

## California Polytechnic State University, San Luis Obispo

### Master Plan Enrollment: 17,500 FTE

Master Plan approved by the Board of Trustees: May 1963

Master Plan Revision approved by the Board of Trustees: June 1965, June 1966, June 1968, November 1970, February 1975, September 1981, March 1983, July 1984, September 1985, November 1986, March 1987, June 1989, March 1997, February 1998, March 2001

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50K. Communications Services Storage	129. Avila Ranch	
	130. Grand Avenue Parking Structure	
	131. <i>Parking Structure 2</i>	

LEGEND:  
 Existing Facility / Proposed Facility

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



## AGENDA

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

**Meeting:** 3:05 p.m., Tuesday, May 20, 2014  
Glenn S. Dumke Auditorium

**Committee on Finance**

Roberta Achtenberg, Chair

Adam Day

Rebecca D. Eisen

Douglas Faigin

Margaret Fortune

Steven M. Glazer

Lou Monville

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

Rebecca D. Eisen, Chair

J. Lawrence Norton, Vice Chair

Adam Day

Douglas Faigin

Margaret Fortune

Lillian Kimbell

Lou Monville

Cipriano Vargas

**Consent Items**

Approval of Minutes of Meeting of March 25, 2014

**Discussion**

1. Capital Financing and the 2014-2015 Governor's Budget Proposal , *Information*

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

**Capital Financing and the 2014-2015 Governor's Budget Proposal**

**Presentation By**

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

Ryan Storm  
Interim Assistant Vice Chancellor  
Budget

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

**Summary**

This item responds to the California State University Board of Trustees' request at its March 2014 meeting to follow up with additional information and provide an assessment of risk on the capital financing changes proposed for the CSU in the 2014-2015 Governor's Budget (the "Proposal"). This item builds upon previous presentations to the board and provides: additional analysis on the initial funding level of the Proposal (i.e. the level of the permanent increase to the CSU general fund base); a summary of key debt policy considerations to implement the Proposal and the impacts of debt policy decisions; potential impacts that the Proposal may have on the CSU credit ratings and cost of capital; and a summary of possible State Public Works Board refinancing opportunities.

Staff will also provide appropriate updates regarding the Proposal stemming from the Governor's May Revise to the 2014-2015 Budget.

**Summary of the Proposal**

Under the Proposal, the budget burden for debt service (principal and interest) on State General Obligation (GO) bonds and State Public Works Board (SPWB) bonds that have been issued on behalf of the CSU will be shifted from the State to the CSU on a permanent basis. The Proposal also provides the CSU with new authorities to help the CSU address future capital financing needs. Key components of the Proposal include:

- Permanently increase the CSU general fund base budget by approximately \$297 million to accommodate the debt service shift (\$198 million for GO bond debt payments and \$99 million for SPWB bond debt payments).

In order to accommodate recent projects that have been approved by the legislature and have been funded with SPWB bonds, but which are not yet reflected in the debt service schedules for SPWB bonds, the Department of Finance (DOF) has agreed to a series of increases to the CSU general fund base budget in the near future. This would result in an \$18 million increase to the CSU base budget by 2017-2018, or an increase in the debt service shift from \$297 million to \$315 million. However, this potential increase would not be in statute and would be subject to approval by the legislature in future budgets.

No other adjustments would be made to the CSU general fund base budget in the future to accommodate changes in GO/SPWB debt service.

- Authorize the CSU to pledge, in addition to any of its other revenues the CSU may choose to pledge, its annual general fund support appropriation, less the amount of that appropriation required to meet GO and SPWB debt service, to secure CSU debt issued pursuant to the State University Revenue Bond Act of 1947<sup>1</sup> ('47 Bond Act). The Proposal also provides that the State will not restrict or impair the CSU's ability to pledge its annual general fund support appropriation, as long as any debt supported by the pledge remains outstanding.

Under this provision, no more than 12 percent of the annual general fund support appropriation may be used to: (a) fund academic buildings and infrastructure projects; and (b) refund, restructure, or retire SPWB bond debt.

- Fund projects on a pay-as-you-go basis within the same 12 percent annual general fund support appropriation limit.
- Streamline the project submittal process to the DOF and the legislature.
- Add flexibility under the '47 Bond Act to allow the CSU to utilize the new authorities through its existing Systemwide Revenue Bond (SRB) program.

## **KEY FINANCIAL CONSIDERATIONS**

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<sup>1</sup> The State University Revenue Bond Act of 1947 (Education Code Sections 90010-90082) is the authority under which the CSU's Systemwide Revenue Bond program has been created.

### **Initial Funding Level of the Proposal and the Ability to Address Future Capital Needs**

At the March 2014 board meeting, staff presented analyses on the ability of the CSU to address future capital needs—in particular, to address the growing \$1.8 billion backlog in deferred maintenance—under the Proposal’s funding level of \$297 million, as well as two higher initial funding level scenarios: (a) \$337 million, or \$40 million higher than the Proposal; and (b) \$397 million, or \$100 million higher than the Proposal. Under the \$297 million and \$337 million initial funding scenarios, the Proposal would not provide the CSU with sufficient ability to adequately address its deferred maintenance backlog. In both cases, while opportunities to issue debt and meet some deferred maintenance needs arise at different points in the future, the backlog continues to grow into the indefinite future. However, under the \$397 million initial funding scenario, the CSU could make progress in addressing its deferred maintenance backlog. While the backlog would not be eliminated, the additional revenues support enough additional debt issuance to fund approximately \$1.6 billion of deferred maintenance need over the next twelve years, and in 2023, the backlog would be about \$1.3 billion less than under the Proposal’s \$297 million initial funding level.

Since the March 2014 board meeting, the CSU has worked with its financial advisor, KNN Public Finance, and investment banking teams at Barclays Capital and Bank of America Merrill Lynch, who have independently confirmed these conclusions under a number of interest rate, debt structuring, and debt policy assumptions.

### **Debt Program Structure and Debt Policy Considerations**

Under the Proposal, the CSU could utilize its new authorities to structure a new capital financing program through the existing SRB program or create a new, stand-alone debt program. In working through the existing SRB program, legal documentation, the costs of developing the new program, including credit rating discussions, and program administration would be less compared to the creation of a new, stand-alone program. However, in working through the SRB program, state general fund appropriation risk would be directly introduced into the SRB program, as well the potential risk of debt service coverage dilution, which could impact credit ratings over time and increase the cost of capital. These two risks are manageable (e.g. through CSU debt policy) and overall, at this point, working through the existing SRB program would be recommended.

In terms of debt policy, there are a couple of key policy decisions that would need to be considered regarding the utilization of the new authorities and the development of a new capital financing program under the Proposal.

- **Allocation Methodologies**—The allocation of revenues and the resulting capital funding resource, as well as pay-as-you-go funds, available under the Proposal will need to be determined. Generally, this will be a choice between managing the resources centrally or allocating them down to individual campuses. This decision will have potential impacts

on a number of areas, including how efficiently the resources are utilized, how projects will be evaluated and presented to the board for financing approval, and how project expenses will be funded and incorporated into financing analysis.

- **Debt Service Coverage Ratios**—The choice of minimum debt service coverage ratios for projects financed under the Proposal’s new authorities will have a significant impact on the level of capital funding that will be available from a particular level of revenues, and will also have a potential impact on credit ratings. For example, under current market interest rates, debt service coverage ratios of 1.10, 1.25, or 1.50 would reduce the level of capital funding available from a particular level of revenues by nine percent, twenty percent, or one-third compared to the level of capital funding available at a 1.00 debt service coverage ratio (i.e. the revenues are leveraged to their maximum). Lower debt service coverage ratios make better use of the available revenues, but also introduce greater risk into the debt portfolio, with potential impact on the CSU’s ratings and cost of capital. In determining appropriate debt service coverage ratios, an additional consideration will be whether or not to include the revenues and GO/SPWB debt service that will come over to the CSU as part of the Proposal.

### **Potential Impacts on the CSU Credit Ratings and Cost of Capital**

The potential impacts of the Proposal on the CSU’s credit ratings can be broken into two parts. First are the near term impacts resulting from the shifting of the GO and SPWB debt service. Because of the \$297 million permanent increase to the CSU general fund base budget to accommodate the debt service shift, the new authority to pledge annual general fund support appropriation, and the fact that both Moody’s Investors Service and Standard & Poor’s Ratings Services, the firms that presently rate CSU’s SRB program, already incorporate SPWB debt and/or CSU financial operating data into their rating analyses, no adverse impact on the CSU credit ratings would be expected in the near term. In fact, the ability to refinance SPWB debt for savings, along with the fact that the GO and SPWB debt service reduces over time, thereby freeing up cash flow in the future, could be seen as credit positives for the CSU, although likely not enough to result in an improvement in ratings.

Longer term, the potential impacts on the CSU’s credit ratings are primarily a function of how much, and how fast, debt might be issued by the CSU under the Proposal. Continued prudent management of debt, which has been the case throughout the history of the SRB program, will mitigate adverse impacts on ratings over the longer term and help preserve the CSU’s cost of capital. If the CSU were to be downgraded one level by each rating agency, the impact on the CSU’s cost of capital under today’s market conditions would be about 0.20% or twenty basis points.

### **Refinancing of SPWB Bonds**

Under current market conditions, a small number of SPWB bonds that have been issued on behalf of the CSU could be refinanced by the CSU through its existing SRB program for net present value savings of about \$23 million, or 10.5%. This would result in annual cash flow savings of about \$1.5 million per annum that could generate about \$25 million in debt financing for capital needs.

Refinancing all SPWB bonds that have been issued on behalf of the CSU through the CSU's existing SRB program would result in significant net present value losses (ranging from \$91 million to \$135 million depending upon certain structuring assumptions). In adopting a structure similar to one utilized by the University of California in the fall of 2013, when it refinanced all of its SPWB bonds into its own debt program, the CSU could generate cash flow savings in the first ten years of an average of about \$38 million per annum and lower the net present value loss to about \$8 million, however, this would require the use of more sophisticated, and potentially riskier, financial products such as variable rate debt, swaps, shorter maturity put bonds, and taxable bonds.

### **Key Implications of the Proposal for the CSU**

Under the Proposal, the CSU would be faced with notable challenges. The adequacy of the \$297 million funding level to meet new capital needs would be the primary challenge. Also, the \$297 million budget increase would not be sufficient to cover the GO/SPWB debt service in five of the seven years through 2020-2021, with the highest shortfall being \$40 million in 2016-2017. In such cases, the CSU would need to make use of its own resources to cover the deficit. In addition, there would be the ongoing risk that the GO/SPWB debt service would continue to be the responsibility of the CSU even in the face of future budget cuts due to economic downturns, thereby putting greater pressure on funds available to meet operating needs.

However, the Proposal also provides the CSU with new capital financing authorities, providing the CSU with a significantly improved ability to maintain and renovate its facilities. These authorities will last well into the future. Furthermore over time, the GO/SPWB debt payments decline, thereby freeing up cash flow for new capital purposes, including debt issuance, or other purposes.

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

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

**March 25, 2014**

**Members Present**

**Finance Committee**

Roberta Achtenberg, Vice Chair  
Rebecca Eisen  
Douglas Faigin  
Margaret Fortune  
Steven M. Glazer  
Bob Linscheid, Chair of the Board  
Lou Monville  
Timothy P. White, Chancellor

**Campus Planning, Buildings and Grounds Committee**

Rebecca D. Eisen, Chair  
J. Lawrence Norton, Vice Chair  
Douglas Faigin  
Margaret Fortune  
Bob Linscheid, Chair of the Board  
Lou Monville  
Timothy P. White, Chancellor  
Cipriano Vargas

Trustee Achtenberg called the meeting to order.

**Capital Financing and the 2014-2015 Governor's Budget Proposal, *Information***

Ms. Elvyra San Juan, Assistant Vice Chancellor for Campus Planning, Design and Construction, stated that the use of long term bond financing is the primary method to fund both state and non-state funded capital outlay. The CSU has historically relied upon the state to fund academic buildings, science buildings, and instructional support buildings like libraries, and faculty offices. Typically the state funding has been from voter approved general obligation bond funds, with the legislature able to approve the use of State Public Works Board (PWB) bond funds. These are the two primary sources for state capital outlay, as there is very limited authority for

the CSU to use the operating budget for improvements. State capital outlay has historically been heavily reliant on voter approved general obligation bond funds. The last GO bond was approved in 2006 and the CSU received \$690 million to fund two years of its capital program.

The legislature approved use of PWB bonds in 2002 to help stimulate the economy, and did so again in 2008 as job stimulus funding. There has been occasional use of interest earnings or energy efficiency financing for capital projects.

Since 2007-2008 the amount of funding for capital outlay has significantly declined and changed to being heavily reliant upon PWB bonds. Due to the PWB bond financing structure, this has negatively impacted the CSU's ability to address deferred maintenance as such funds cannot be used for utility infrastructure projects, or partial building renovations. The decline in capital outlay funds and the decline in support budget funding for facility maintenance has put the CSU in crisis mode, as buildings continue to age with no ability or funding to remedy the growing problem.

There is significant pent up demand for capital improvements that represent a mix of renovations to existing buildings, replacement of existing buildings and new construction to address program academic growth. The total five-year plan exceeds \$7 billion and would be well served by annual funding levels of \$400 to \$500 million in capital expenditures per year to not just address replacement of electrical, ventilation and plumbing systems but address seismic and code deficiencies, and provide quality learning spaces. The board annually approves categories and criteria for priority setting of the capital outlay program that includes setting limitations on the number of projects that campuses can request. That is one reason the 2014-2015 request is less than \$500 million.

Interim Assistant Vice Chancellor Ryan Storm noted that, under the state budget capital funding proposal, the CSU would be statutorily equipped to self-determine the repair, renovation, and construction of any facility on its campuses. The Chancellor's Office team worked very closely with the Department of Finance to ensure the *statutory flexibilities and tools* needed by the CSU were included in the latest proposal. However, *not all funding concerns* have been resolved.

The proposal would require the CSU to use its operating budget for all infrastructure needs. This is a very big change from how the arrangement has worked historically. In the past, the state used cash or bonds to build or renovate our campus' academic facilities with CSU responsible for maintaining those assets. This proposal would end that partnership and would require the CSU to use its operating budget to maintain, renovate, and build academic facilities. The proposal provides for the use of up to 12 percent of the state appropriation for this purpose.

Next, the proposal would shift funding that is dedicated to paying off old bonds from other parts of the state budget into the CSU operating budget. That shift would be \$297 million to increase the CSU operating budget. The CSU would make payments on the bonds and bear the burden when bond costs exceed \$297 million in the near future and, conversely, the CSU will realize



savings when bond costs dip below \$297 million in the more distant future. The proposal would also allow the CSU to refund or restructure Public Works Board debt and would streamline the capital project approval process, which will take less time and fewer administrative approvals in Sacramento.

The proposal would fold in \$297 million in 2014-2015 and leave that money with the CSU indefinitely to pay for existing debt and any new debt the CSU may issue to meet its self-determined capital needs. There is a verbal commitment by the Department of Finance to increase CSU's funding over the next 3 years by \$18 million. The rationale for this is to honor commitments made by the state to fund yet-to-be-completed facilities.

The principal concern with this proposal as it now stands is a lack of sufficient resources to fund the CSU's capital program. Without the proper level of funding to meet deferred maintenance and other capital needs—let alone existing bond payments—this proposal will be very fiscally challenging.

Finally, and most importantly, the proposal leaves little to no resources to begin to address a backlog of \$1.8 billion of deferred maintenance and it certainly does not provide the fiscal resources to renovate existing facilities or plan for new ones. The CSU would have to spend several years managing these cash flow peaks and valleys to pay the existing debt and it would *not be until approximately 2022-2023 that the CSU could begin to make any significant investment in any of our capital needs*. If this proposal were to hold, the CSU will have gone from the end of 2008-2009 through 2022-2023 without a significant investment in critical infrastructure needs, a span of fourteen years.

Ms. San Juan demonstrated what impact an increase in proposed funding by \$40 million and \$100 million would have on the CSU's backlog of deferred maintenance. Mr. Storm stated that the CSU greatly values the statutory flexibilities and tools contained in the proposal. These are crucial to allowing us to operate our capital program in its entirety. Yet, the proposal does not include the resources necessary to address critical infrastructure deficiencies.

In an attempt to improve the proposal, the Chancellor met with the Governor's senior staff to discuss the proposal's deficiencies and to discuss ways to help bridge this significant funding gap. For the same reasons, Chancellor's Office staff also met with the Department of Finance to discuss the matter. Staff will return in May to provide an update on the proposal.

Trustee Achtenberg asked if the CSU were to receive \$100 million above the governor's proposal, if that would be enough to meet our capital needs going forward. Ms. Roush stated that it would provide the CSU with an adequate base, but the CSU would want to be cautious. In a future recession the capital debt must be paid and cannot be reduced. Trustee Monville suggested negotiating a maintenance of effort provision in the proposal language to protect against downside risk.

Trustee Day asked if an increase in the base includes covering deferred maintenance needs and what an investment could leverage. Ms. Roush stated that over time the CSU could leverage some savings but that would not occur until 2023, meaning that the CSU wouldn't be able to address the deferred maintenance backlog in a meaningful way until that point. Chancellor White stated that there is risk in this proposal and called on Acting Deputy Assistant Vice Chancellor Robert Eaton to discuss what \$1 million in debt service could leverage. Mr. Eaton stated that, conservatively, \$1 million in debt service could leverage \$10 million in capital project funding.

Trustee Faigin questioned the \$1.8 billion in deferred maintenance and if it was broken down by urgency. Ms. San Juan stated the CSU is currently looking at priorities across the system in order to look at a ranked order. The study will be done in a few months and this information will be shared with the board.

Trustee Achtenberg asked if we were in a rising interest rate environment and were this proposal to pass, would it affect our rating. Mr. Eaton stated that the general view is that rates will eventually increase. The impact on CSU's rating would depend on the flexibility and authorities the CSU receives.

Trustee Day questioned how the CSU would guarantee the state will continue to provide the CSU with the funds to cover the debt. Mr. Eaton stated there is no guarantee.

Governor Brown asked about the upside of this proposal. Mr. Eaton stated the authorities and flexibility gives the CSU greater tools to manage in the future. The upside is the broader authority to finance debt, however there are no near term benefits due to the insufficient resourcing to pay known debt service increases. Under the current proposal the CSU starts out well below its needs. Governor Brown stated he didn't fully understand the proposal and there probably needs to be more discussion to find the right starting point.

Chancellor White mentioned that the Governor in January had mentioned looking at the proposal and making sure it is right. Trustee Achtenberg inquired as to the correct starting point; something staff should bring back to the board. Chancellor White stated that staff will continue to analyze this proposal and bring back to the trustees a risk profile.

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

## AGENDA

### COMMITTEE ON FINANCE

**Meeting:** 3:25 p.m., Tuesday, May 20, 2014  
Glenn S. Dumke Auditorium

Roberta Achtenberg, Chair  
Adam Day  
Rebecca D. Eisen  
Douglas Faigin  
Margaret Fortune  
Steven M. Glazer  
Lou Monville

#### **Consent Items**

Approval of Minutes of Meeting of March 25, 2014

#### **Discussion Items**

1. Report on the 2014-2015 Support Budget, *Information*
2. California State University Annual Debt Report, *Information*
3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects, *Action*

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

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

**March 25, 2014**

**Members Present**

Roberta Achtenberg, Vice Chair  
Rebecca Eisen  
Douglas Faigin  
Margaret Fortune  
Steven M. Glazer  
Bob Linscheid, Chair of the Board  
Lou Monville  
Timothy P. White, Chancellor

Trustee Achtenberg called the meeting to order.

**Approval of Minutes**

The minutes of January 29, 2014 were approved by consent as submitted.

**Public Speakers**

Trustee Achtenberg introduced several public speakers. Most spoke in support of the voluntary statewide student involvement fee.

**Policy on Voluntary Statewide Student Involvement and Representation Fee (SIRF),  
*Information***

Interim Vice Chancellor Sally Roush introduced the information item with a brief review of the California State University Student Fee Policy. The Board adopted a strategic framework for student fees and educational costs in March 1993. This framework was founded on the principle that the State would provide funding for basic access to the university, and that revenue from a thoughtful program of fee revenue would fund improvements directly benefitting students. Such revenue is intended to enhance the academic program, increase the availability of courses and facilitate student progress to degree.

In May 2010, the Board adopted the “CSU Fee Policy” which incorporated the earlier policy and established categories of fees and specified which entity has authority over each category. Pursuant to this policy, the Board of Trustees retains unto itself the authority to establish fees charged at the same rate to every enrolled student at each university throughout the system. As such, these fees are commonly referred to as “system-wide fees,” or in the language of the fee policy, “Category I fees.”

California Education Code section 89300 authorizes the establishment of a student body organization “for the purpose of providing essential activities closely related to, but not normally included as part of, the regular instructional program at the university.” The statute also provides that the Trustees “may fix fees for voluntary membership in the organization established at a state university.”

This agenda item proposes a new voluntary Category I system-wide fee, to provide a generally stable and predictable annual source of revenue for the California State Student Association (CSSA), the Trustee-approved official representative organization of the 446,000 students in the CSU system. This item and the deliberations and communications that will occur between now and the May board meeting, ensure that the notice and administrative requirements of both CSU policy and Education Code section 89300 will be met by the time the Board is presented with an action item in May.

There is a unique aspect to this proposal. It has risen from the students at one of our universities, California State University, Long Beach, through the governance process of CSSA itself. It comes before the Board at the request of the statewide student organization. The proposal has two other important distinguishing features; first that the fee will be voluntary by providing students the choice not to pay the fee; and second that the revenue will go directly to the student organization for leadership and growth opportunities.

The details of this proposal will be presented by Sarah Couch, California State Student Association President and John Haberstroh, Associated Students President at CSU Long Beach, where this proposal had its beginnings.

Ms. Couch began with a brief background on the California State Student Association, stating it was established in 1958 by CSU student body presidents, to provide students a formal means to inform and influence system, state and national policies that affect them. The CSSA Board of Directors is composed of the elected student leaders from the 23 CSU campuses and serves as the official student voice for the California State University. The board meets regularly to take up issues critical to students and participates in university decision-making. The CSSA provides students with leadership and professional development opportunities and represents, advocates, and serves CSU students.

Progress has been incremental. In the 1960s a student body president from San Jose State by the name of Bill Hauck achieved the seemingly small victory of becoming a recognized participant

at CSU Trustee meetings, as it was noted that students indeed have a legitimate interest in trustee business. In the 1970s CSSA sponsored successful legislation to place a student on the CSU Board of Trustees and gained the authority to conduct the search and nomination process.

While CSSA accomplishments are many, its needs are significant. Of utmost importance is the need to stabilize, anticipate funding levels, to become more independent, and to strengthen the organization to a level adequate for an association representing 446,000 CSU students.

Mr. Haberstroh proceeded to explain that this information item proposes the implementation of a \$4 per year fee to fund all operations and activities of the California State Student Association. The fee is modest for students who benefit from CSSA's programs and services, yet the combined revenue will enable CSSA to meaningfully represent the large CSU student body. It was discussed by the duly-elected student representatives from all 23 campuses.

The collection of this fee will create additional independence for the student voice and broaden student participation in the CSU system. It will ensure that students are engaged in the decision making process that affects their education. CSSA is positioned to positively impact the future of CSU students, as its voice enhances institutional effectiveness and responsiveness to student needs. In order to ensure the broadest possible participation of students, CSSA should have revenue that supports the long-term financial stability of the organization. Under our current funding model, CSSA relies on voluntary membership dues from the 23 local student associations, and an annual allocation from the Chancellor's Office.

In 2000, CSSA signed a memorandum of understanding with the Office of the Chancellor. This was proposed by CSSA's student leadership in order to provide an opportunity for every campus to actively play a leadership role in the association, regardless of the fiscal strength of any particular Associated Students organization, and to ensure stronger internal management. The MOU stated, "The long term objective of CSSA is to develop financial support of the organization independent of the Chancellor's Office." The MOU was refined and subsequently resigned by Chancellor White and CSSA leadership in 2013.

The \$4 will generate the level of revenue needed to carry out CSSA's mission and purpose on behalf of 446,000 students. The proposal is approximately proportional to the current spending by category for CSSA and is consistent with supporting the breadth of activities envisioned by CSSA's Board of Directors. The primary goal is to strengthen our programs in order to broaden currently limited student involvement within our organizational framework. Students have identified the need for more opportunities within university affairs, leadership development, and government relations. The student board of directors will continue to serve as the stewards of CSSA funds and will be accountable to their constituents by ensuring that resources benefit the diverse needs of our student body.

Diane Guerin, Academic Senate Chair stated that the senate is in support of this fee. Trustee Vargas also showed support for the fee stating that he considered this a high impact practice as a

result of the high impact practices it provides to students and believes this fee would increase offerings available to students.

Trustee Monville, Chair Linscheid, and Trustee Glazer commended the students on their commitment to this effort. This is something that has been discussed for many years. Trustee Glazer questioned what president this may set, the limits on use of the funds, and if these funds would be audited.

Ms. Couch stated that CSSA does conduct a yearly audit and the proposal requires the CSSA to conform to GAAP principals. She added that the MOU with the CSU would be updated and address issues to ensure student organizations are comfortable with the changes.

Trustee Stepanek requested a report in May on the implementation costs and how these costs will be covered.

### **Report on the 2014-2015 Support Budget, *Information Item***

Interim Assistant Vice Chancellor Ryan Storm stated the purpose of this item is to provide an update on the 2014-15 operating budget. At future meetings, more granular detail of the total CSU budget as well as sub-components such as research, philanthropy, and auxiliary organizations will be discussed.

The largest revenue sources for the CSU are the state appropriations and student tuition and fees. These two sources are fungible, meaning, if the state appropriations can be used to pay for something, so too can student tuition and fees—and vice versa. On the other hand, federal financial aid and self-supported fund are restricted. These fund sources are not fungible—they cannot be used to cover student tuition and fee and/or state appropriation-related expenses. Both state and federal law governs the limited uses of these funds.

It should be noted that there are State University Grant (SUG) tuition and fees that are never collected, but waived for socio-economically disadvantaged students and other unique student populations. Board policy and state law prescribe how these discounts and waivers are administered.

Because the CSU is principally a people enterprise—tens of thousands of faculty and staff educating and supporting hundreds of thousands of students—the preponderance of expenses are committed to salaries and benefits. Regarding the capital budget, non-state systemwide revenue bonds are approved by, and are an obligation of, this Board. Typically, these bonds purchase new non-academic facilities for the CSU such as parking, student housing, student unions, and other self-support infrastructure. These capital budget dollars may not be expended on operating expenses and, conversely, operating revenues may not be expended on capital (with some limited exceptions). Bond dollars for one type of bond cannot be used to support another type of bond. They are restricted by state and federal laws and bond covenants.

The written agenda item includes a summary of the main provisions of the CSU operating budget approved by the Trustees in November as well as the main provisions of the Governor's Budget from January. In a typical year, there is little state-level budget action that occurs between the January and March Trustees meetings. This year is one of those typical years. In February, both houses received a critique of the Governor's January budget proposal last month from the Legislative Analyst's Office. The Legislative Analyst offers fiscal and policy advice to the state Legislature. Recommendations should be viewed as items that will be discussed by the Legislature but should not be viewed as items that will be adopted by the Legislature.

The Legislative Analyst made the following significant recommendations regarding CSU for the 2014-15 fiscal year: grow full-time equivalent students by 7,000, a tuition increase of 5 percent, and an unallocated increase of \$53 million to cover inflationary cost increases. The Legislative Analyst is silent on compensation, near and long term infrastructure needs, and the student success and completion goals contained in the Trustees budget.

In total, the Legislative Analyst recommends that the state provide \$125 million of state funding to the CSU. This recommendation is less than the Governor's proposal of \$142 million. And it is less than the \$237 million plan adopted by the Trustees and the level of resources the Trustees deemed both reasonable and necessary to meet California's workforce and educational needs.

Switching to the Assembly and Senate activities, each house has held one budget hearing. These hearings have been very high level discussions with no budgetary actions taken. On the Assembly side, the Chancellor presented challenges and made the case for more state investment in people, structures, and technology to enable us to properly meet the State's workforce needs. The takeaway from this Assembly overview hearing is that there was quite a bit of focus and interest in increasing enrollments at CSU. The takeaway from the Senate hearing is that there is a strong interest to monitor CSU performance to inform budget decisions and to strategically invest state resources in areas that align with statewide goals.

Due to the year-round nature of managing student enrollments, the Chancellor's Office has made a timely commitment to grow systemwide enrollment by 8,339 full-time equivalent students for Fall 2014. The campus presidents have been notified of their specific enrollment targets.

The Chancellor's Office regularly has discussions about how best to prioritize resources among all of our pressing needs. In addition, the Chancellor, the Business and Finance staff, the Advocacy and State Relations staff, and many other CSU stakeholder groups are actively pursuing additional funding from the state.

Trustee Perez questioned how the CSU would prioritize funding considering it is not likely the full \$237 million request will be funded by the state. Chancellor White stated that the CSU has committed to redouble its efforts to provide students with a timely high quality degree at a moderate cost which will require an investment in many areas, such as an investment in tenure



track faculty. An investment in technology to create more access is also critical as is an investment in predictive analytics to help students identify what courses to take and help campuses plan course sections.

Chancellor White also stated that investing in student success at CSU will help the state reach its need for an additional million degrees by 2025 as well as improve time to degree. The CSU isn't asking for more money, the CSU is willing to serve California's future but there is a cost to do this. The CSU has a frayed capital, technology and human resources infrastructure and those areas will not be systematically addressed unless steps are taken in these areas.

Trustee Achtenberg referenced the CSU impact report that demonstrated that every dollar invested in CSU is returned five-fold. Governor Brown noted that there are many needs and only a certain amount of money. The Legislature and Governor's staff has to look at the entire picture. It is challenging to grasp what is important versus what can be done another way. There is a gap and there will always be a gap. He believes savings will eventually show up as technology and specific platforms improve.

Trustee Achtenberg stressed that the CSU is requesting additional investment not additional need.

**Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for One Project, *Action***

Assistant Vice Chancellor George Ashkar stated this item requests the Board to authorize the issuance of Systemwide Revenue Bonds (SRB) and the issuance of Bond Anticipation Notes (BANs) to support interim financing under the Commercial Paper program of the California State University in an aggregate amount not-to-exceed \$57,570,000 to provide financing for a campus student housing renovation project, the Zura Hall Renovation at San Diego State. This project was approved as a non-state capital project at the January Board of Trustees meeting.

The project is scheduled to start construction in June 2014 with completion in May 2015. The campus financial plan projects a housing program net revenue debt service coverage of 2.19 in the first full year of operations in 2016-2017, which exceeds the CSU benchmark of 1.10. The campus' overall net revenue debt service coverage for the first full year of operations is projected to be 2.10, which exceeds the CSU benchmark of 1.35. Exceeding the benchmark is desirable.

The SRB program has been a valuable tool for campuses to rely on for needed facilities that are ineligible for any kind of state funded support. The program is well managed at both the system and campus level and remains strong. Staff recommends approval of the project.

Upon motion duly made and seconded, the committee approved the Issuance of Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for One Project.

**Conceptual Approval of a Public/Private Partnership Mixed-Use Development Project at San Francisco State University, *Action***

Interim Vice Chancellor Sally Roush stated that, in May of 2000, the Board of Trustees adopted a revised policy governing the development of public/private partnerships. The policy applies to projects that involve long-term contractual relationships that use or develop campus real property to further the educational mission of the campus through the acquisition of physical assets, income, and/or educationally related opportunities for students and faculty.

Campus presidents are responsible for the planning and execution of all matters related to real property development on their respective campuses. The executive vice chancellor and chief financial officer is responsible for assisting campuses in planning such projects and for staff review and analysis prior to action by the Board of Trustees.

The policy requires that, early in the process, the campus present a conceptual plan to the Board of Trustees for their approval. The presentation is for the purpose of describing campus aspirations for and context of the proposed project. The initial approval enables the campus to go forward with further planning, analysis, due diligence and issuance of an RFP. The policy also requires that before execution of any commitments for the use of the property, the campus will seek final approval of the project from the Trustees.

San Francisco State University President Les Wong stated that the campus, in partnership with the University Corporation, San Francisco State (“UCorp”), aims to create a mixed-use development on campus land in order to meet the need for additional student housing. It will also create retail space and transform the surrounding area as envisioned in the campus’ 2007 physical master plan. The project site was included in the 2007 physical master plan. A key outcome of the 2007 physical master plan effort was an agreement with the City and County of San Francisco to address traffic effects resulting from the plan and to provide for continued cooperation in the future.

This project aims to take an underutilized block of university-owned land just across Holloway Avenue from the main campus and through a public/private partnership, transform it into an attractive public entrance to the campus that will serve as a vibrant node of public activity, as well as a convenient location student housing. As the campus continues to serve a growing student population from out of the region, the demand for on-campus housing and retail offerings has far exceeded supply. The campus commissioned a market study to ascertain demand for additional housing and retail; the study confirmed that significant demand exists.

Through a public-private partnership, the site will be upgraded into a mixed-use development comprised of approximately 90-units (approximately 225 beds) of modern, student-friendly housing above the ground floor and 40,000 square feet of ground level retail space for food and

beverage, entertainment, and recreational uses. The project also aims to improve the streetscape on and around Holloway Avenue, especially by making it more pedestrian- and bicycle-friendly with a strong focus on accessibility and increased connectivity to the rest of campus.

The development of the project site will help support the academic mission of the campus. It will provide greater access to much-needed student-friendly housing for many who otherwise would not be able to live on or near campus, since the current on-campus housing facilities are at capacity. A vibrant, revitalized space will enable the campus to increase student participation in campus-related activities and enhance retention and graduation rates, while at the same time creating a focal point for the campus and the surrounding neighborhood. The public-private nature of the project will allow the campus to benefit from the expertise of others in mixed-use projects such as these while also generating revenue to support the university.

Trustee Norton questions if the actions of municipal transit authority are contingent on this project. The campus noted that the projects are running concurrent but independently.

Trustee Day requested information on the terms of the agreement. Governor Brown inquired as to the expected income and whether that would primarily come from the units or the retail. Trustee Perez also inquired about the potential return on investment. President Wong stated that these additional details will be brought back to the board.

Upon motion duly made and seconded, the committee approved the public/private partnership mixed-use development project concept at San Francisco State University.

There being no further questions, Trustee Achtenberg adjourned the Committee on Finance.

## **COMMITTEE ON FINANCE**

### **Report on the 2014-2015 Support Budget**

#### **Presentation By**

Ryan Storm  
Interim Assistant Vice Chancellor  
Budget

#### **Background**

The California State University Board of Trustees approved the 2014-2015 Support Budget request at its November 2013 meeting. That budget request called for an increase of \$334.3 million, including \$237.6 million from state funds and \$96.7 million of net student fee revenues tied to enrollment growth. The approved uses of the increase are as follows.

- \$13.7 million for mandatory cost increases (health benefits and new space)
- \$50.0 million for Student Success and Completion
- \$91.6 million for a three percent compensation increase pool
- \$163.8 million for five percent enrollment growth
- \$15.0 million for financing maintenance and infrastructure needs
- \$0.2 million for Center for California Studies

Governor Brown issued his 2014-2015 Budget Proposal in January 2014. The most significant components of this proposal are: (1) an increase of \$142.2 million that could be used for operating and capital needs of the CSU and (2) a new capital budget proposal that would shift debt service and future capital funding responsibilities from the state to the university. The former component is consistent with the governor's multi-year plan to increase funding for higher education (now in its second of four years) and the latter component is the third attempt to gain approval from the legislature.

The discussions on the governor's proposal during the January 2014 and March 2014 CSU Board of Trustees meetings provided the Chancellor's Office important feedback that has helped frame additional budget discussions with the Department of Finance (DOF) and the legislature. As a result, the Chancellor's Office has implemented an active strategy to obtain \$95.4 million more from the state than proposed by the governor's budget proposal. That amount of funding will bridge the gap between the trustees' request (\$237.6 million) and the governor's January proposal (\$142.2 million). Additionally, the Chancellor's Office requested additional funding from the DOF for the capital budget proposal. An appropriate level of funding provided at the

May Revision could complement the statutory flexibilities and tools envisioned under the proposal.

The development of the 2014-2015 state budget began in summer of 2013 and the state is less than two months away from completing its 2014-2015 state budget. Below is what remains:

1. The DOF will release its May Revision on May 14, 2014, which will provide updated revenue estimates for the upcoming fiscal year and will propose how to spend those revenues.
2. The Assembly and Senate will independently hold their post-May Revision budget hearings and will make final decisions on the governor's and their own budget proposals.
3. The houses will hold budget hearings to reconcile differences between their budget plans in order to create a single budget plan.
4. The legislature will vote on a final state budget in the middle of June.
5. The governor may veto portions of the budget and approve the remainder by June 30.

### **Legislative Hearings**

The budget subcommittees for education finance in the Assembly and the Senate have held several hearings this spring on the governor's higher education budget proposals as well as issues of particular interest to them. So far, they have focused more on policy changes contained in proposed budget bill or budget trailer bill language than on the proposed appropriation amounts. They have given particular attention to academic sustainability plans that would build upon performance metrics established in law last year, the \$50 million one-time innovation grants for higher education proposal, the capital budget proposal for CSU, and the need for new student access and improved access and completion for current students at the universities.

The Senate has approved the equipment phases for three continuing campus construction projects and has not made final decisions on any other policy or budget proposals.

The Assembly has not made final decisions on any policy or budget proposals.

### **May Revision**

To date, the budget subcommittees have refrained from taking action on appropriation amounts for the CSU and the other higher education segments based on an expectation that the May Revision will identify a substantially altered state revenue picture for the 2014-2015 fiscal year. Based on personal income tax collections during the month of April 2014, the state may end the

2013-2014 fiscal year with revenue above the January budget forecast. At the time this agenda item was prepared, however, major uncertainties still existed, including:

- Forecast economic growth and estimated revenues for the 2014-2015 fiscal year.
- The extent to which the state's constitutional spending guarantee for K-12 schools and community colleges (Proposition 98) would claim additional state revenues.
- The extent to which state populations and caseloads change in the corrections and rehabilitation, health, and social service program areas.

### **Final CSU Budget Decisions are Dependent on Final State Decisions**

In the past, the CSU has made final budgetary decisions at the May Board of Trustees meetings because it was generally known how the state would fund the CSU at that time. In good economic times, a funding agreement or compact with the then governor would be assumed and ultimately funded. In more challenging economic times, the trustees anticipated in the March and May meetings the need to align the trustees' budget with amounts indicated in the governor's January budget proposal or his May Revision.

This year is different. The governor's funding plan is significantly less than the trustees' budget request. The state's coffers may have positive revenues and there has been significant interest by the legislature to reinvest in the CSU after many years of significant funding reductions. The legislature may augment the CSU budget. With final state budget decisions still to be determined, there will not be enough information to determine a final budget for the CSU at the May 2014 meeting. Instead, the Chancellor's Office will await final state decisions, likely to occur by June 30, 2014, before finalizing the CSU budget pursuant to resolution RFIN 11-13-07 passed in November 2013 that authorizes the chancellor to adjust and amend the support budget to reflect changes in the assumptions upon which the budget is based.

### **Summary**

At the May 20-21, 2014 meeting, the board will receive a full update on the May Revision and any changes affecting the CSU budget.

## **COMMITTEE ON FINANCE**

### **California State University Annual Debt Report**

#### **Presentation By**

George V. Ashkar  
Assistant Vice Chancellor/Controller  
Financial Services

#### **Summary**

This item reports on the debt of the California State University Systemwide Revenue Bond (SRB) program, issued in accordance with the CSU Policy on Financing Activities.

#### **Background**

The Systemwide Revenue Bond (SRB) program, under the provisions and authorities of The State University Revenue Bond Act of 1947 (Education Code Sections 90010-90082), was established by the CSU Board of Trustees at its March 2002 meeting. At the same meeting, the Board also amended the CSU Policy on Financing Activities (RFIN 03-02-02) to recognize the principles that established the basis for the SRB program, established aspects of how auxiliary organization financings would occur in the future as part of the program, and provided the chancellor with additional authority to establish management procedures to administer the program to ensure that the objectives of the SRB program would be met. In July 2003, following extensive consultation with campus presidents and chief financial officers, the chancellor issued Executive Order 876 to establish more detailed management procedures to campuses. In October 2006, the chancellor issued Executive Order 994, which refined and superseded Executive Order 876. Executive Order 994, which incorporates the CSU Policy on Financing Activities RFIN 03-02-02, is included herein as Attachment A.

The SRB program provides capital financing for revenue-generating projects of the CSU—including student housing, parking facilities, student union facilities, health center facilities, continuing education facilities, and certain auxiliary projects. Revenues from these projects are used to meet operational requirements for the projects and are used to pay debt service on the bonds issued to finance the projects. The strength of the SRB program is its consolidated pledge of gross revenues to the bondholders, which has improved credit ratings and reduced the CSU's cost of capital.

### SRB Portfolio Profile

As of June 30, 2013 and March 31, 2014, the outstanding SRB debt of the CSU was approximately \$3,605,000,000 and approximately \$3,507,000,000, respectively.

Other Key Characteristics of the SRB Portfolio are as follows:

Debt Ratings: Aa2 (Moody's)  
AA- (Standard & Poor's)

Weighted Average Cost of Capital: 4.50%

Weighted Average Maturity: 14.3 Years

Interest Rate Mix: 100% Fixed Rate

### SRB Operating Performance and Debt Service Coverage Ratios

For the fiscal years ended June 30, 2011, June 30, 2012, and June 30, 2013, operating performance and debt service coverage ratios for the SRB program were as follows (amounts in millions):

	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Operating Revenues	\$1,313	\$1,375	\$1,475
Operating Expenses	<u>918</u>	<u>999</u>	<u>1,078</u>
Net Revenues	395	376	397
Annual Debt Service	205	226	243
Debt Service Coverage <sup>1</sup>	<b>1.93</b>	<b>1.66</b>	<b>1.63</b>

(1) The minimum benchmark for the system, as established by Executive Order 994, is 1.45. Exceeding the benchmark provides a favorable impact to the CSU's credit ratings.

### Debt Rating Upgrade

On June 28, 2013, Standard & Poor's Ratings Services upgraded the debt rating on the SRB program from A+ to AA- with a stable outlook.

### 2013 SRB Issuance

In July 2013, the CSU issued Series 2013A bonds for \$308,855,000 to refund existing SRB and auxiliary debt, producing net present value savings of \$19.8 million, or 6.17% of the refunded bonds. The refunding of debt will benefit sixteen campuses and will save SRB programs across the system approximately \$1.5 million in combined cash flow per year.



THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR



BAKERSFIELD

CHANNEL ISLANDS

October 23, 2006

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

EAST BAY

**TO:** CSU Presidents

FRESNO

**FROM:** Charles B. Reed  
Chancellor

FULLERTON

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

HUMBOLDT

LONG BEACH

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

LOS ANGELES

MARITIME ACADEMY

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

MONTEREY BAY

NORTHRIDGE

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

POMONA

SACRAMENTO

CBR/tr

SAN BERNARDINO

Attachment

SAN DIEGO

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

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS

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

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

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

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

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

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

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

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

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

**Section 2: Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Section 5: Debt Capacity**

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

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

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

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

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

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

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

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

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

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

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

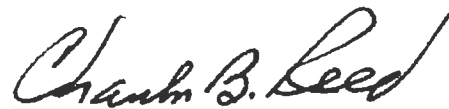
**6.5 Consistency of Computations:** Upon request the Chancellor's Office will provide the debt service information to be used in all financial plans relating to debt issuance in order to ensure that information regarding the debt is consistently prepared.

**Section 7: Reserves**

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

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

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

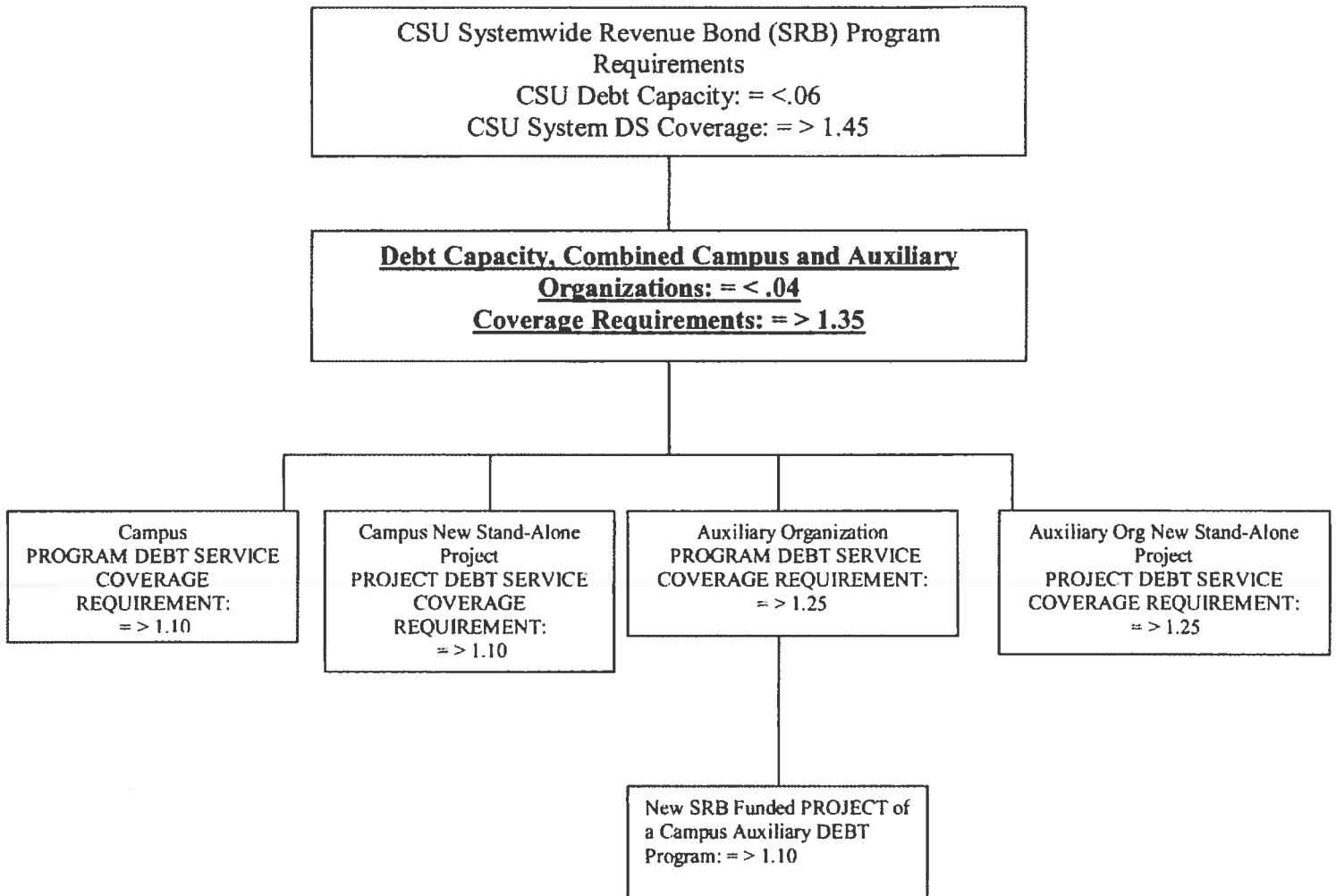


Charles B. Reed, Chancellor

Date: October 23, 2006

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**Attachment A**





**Attachment B**

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

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

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

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

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

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

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

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

**Section 1. General Financing Policies**

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

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

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

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

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

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

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

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

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

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

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

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

**Section 3. Other Financing Programs**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Section 7. Effective Date and Implementation**

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

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

## COMMITTEE ON FINANCE

### **Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects**

#### **Presentation By**

George V. Ashkar  
Assistant Vice Chancellor/Controller  
Financial Services

#### **Background**

The Systemwide Revenue Bond (SRB) program provides capital financing for revenue-generating projects of the CSU – student housing, parking student union, health center, continuing education facilities, and certain auxiliary projects. Revenues from these projects are used to meet operational requirements for the projects and are used to pay debt service on the bonds issued to finance the projects. The strength of the SRB program is its consolidated pledge of gross revenues to the bondholders, which has improved credit ratings and reduced the CSU's cost of capital. Prior to issuance of bonds, projects are funded through bond anticipation notes (BANs) issued by the CSU to the CSU Institute, a recognized systemwide auxiliary organization, who in turn provides short-term borrowing proceeds from its issuance of commercial paper (CP) notes to fund CSU-approved capital outlay projects during the construction phase. CP notes provide financing flexibility and lower short-term borrowing costs and are secured by BANs. Permanent bonds are issued with proceeds used to retire CP outstanding.

#### **Summary**

This item requests the California State University Board of Trustees to authorize the issuance of long term SRB financing and the issuance of BANs to support interim financing under the CP program in an aggregate amount not-to-exceed \$150,700,000 to provide financing for two campus projects and to refund an outstanding issue of auxiliary organization bonds. The board is being asked to approve resolutions related to this financing and the refunding. Long-term bonds will be part of a future Systemwide Revenue Bond sale and are expected to bear the same ratings from Moody's Investors Service and Standard & Poor's as the existing Systemwide Revenue Bonds.

The financing projects are as follows:

**1. San Jose State University Campus Village Housing 2**

The San Jose State University Campus Village Housing 2 project is being presented for approval to the board for the amendment of the Non-state Capital Outlay program and schematics during the May 2014 Committee on Campus Planning, Building and Grounds meeting. The project consists of a ten story, 850-bed facility to be occupied by first-time freshmen as part of the on-campus freshmen housing requirement. A portion of the project will replace existing, older housing inventory that will be demolished, providing a net increase of approximately 450 beds. It will include a multi-purpose room, a recreation room, an office suite, lounges, and study rooms. The approximately 192,895 gross square foot facility will be located next to the existing Campus Village Complex housing facility in the southeast area of the campus. The campus received a positive recommendation for the project from the Housing Proposal Review Committee in March 2014.

The not-to-exceed par value of the proposed bonds is \$140,860,000 and is based on a total project budget of \$126,186,000 with a housing program reserve contribution of \$6,186,000. Additional net financing costs, such as capitalized interest and cost of issuance (estimated at \$20,860,000) are to be funded from bond proceeds. This design-build project is scheduled to start construction in June 2014 with completion in July 2016.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$140,860,000
Amortization	Approximately level over 30 years
Projected maximum annual debt service	\$9,782,000
Projected debt service coverage including the new project: Net revenue – San Jose pledged revenue programs: <sup>1</sup> Net revenue – Projected for the campus housing program:	1.62 (Benchmark is 1.35) 1.25 (Benchmark is 1.10)

1. Based on campus projections of 2017-18 operations of the project with expected full debt service.

The not-to-exceed amount for the project, the maximum annual debt service, and the ratios above are based on an all-in interest cost of 5.78 percent, reflective of adjusted market conditions plus 100 basis points as a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan includes level amortization of debt service, which is the CSU program standard. The campus financial plan projects a housing program net revenue debt service coverage of 1.25 in 2017-2018, the first full year of operations, which exceeds the CSU benchmark of 1.10 for the program. When combining the project with information for all campus pledged revenue programs, the campus' overall net revenue debt

service coverage for the first full year of operations is projected to be 1.62, which exceeds the CSU benchmark of 1.35 for the campus. Exceeding the benchmark is desirable.

**2. California State University San Marcos Field House Expansion**

The California State University San Marcos Field House Expansion project was approved by the board as an amendment to the Non-state Capital Outlay program in March 2014 and will be presented to the board for schematic approval during the May 2014 Committee on Campus Planning, Building and Grounds meeting. The project will be a multipurpose venue for sports, enabling the campus to achieve National Collegiate Athletic Association Division II membership standards. The project is located adjacent to the existing M. Gordon Clark Field House and will enhance the academic mission by providing: a) a facility within which the athletic teams will be able to practice and compete; b) an on-campus venue for students to attend games; c) a facility for students to participate in recreational/intramural sports; and d) possible academic space for the kinesiology department. The 26,500 gross square foot facility will include a 1,400-seat gymnasium, locker rooms, an entry lobby with ticket and concession stands, restrooms, and building support spaces. In June 2013, a \$25 per term increase in the student body center fee was approved to support the project financing.

The not-to-exceed par value of the proposed bonds is \$6,925,000 and is based on a total project budget of \$11,400,000 with a student union program reserve contribution of \$5,500,000. Additional net financing costs, such as capitalized interest and cost of issuance (estimated at \$1,025,000) are to be funded from bond proceeds. This design-build project is scheduled to start construction in July 2015 with completion in October 2016.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$6,925,000
Amortization	Approximately level over 30 years
Projected maximum annual debt service	\$483,022
Projected debt service coverage including the new project: Net revenue – San Marcos pledged revenue programs: <sup>1</sup> Net revenue – Projected for the campus student union program:	1.80 (Benchmark is 1.35) 1.71 (Benchmark is 1.10)

2. Combines 2012-2013 information for all campus' pledged revenue programs and projected 2017-2018 operations of the project with expected full debt service.

The not-to-exceed amount for the project, the maximum annual debt service, and the ratios above are based on an all-in interest cost of 5.82 percent, reflective of adjusted market conditions plus 100 basis points as a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan includes level amortization of debt service, which is the CSU program standard. The campus financial plan projects a student union program net revenue debt service coverage of 1.71 in 2017-2018, the first full year of operations, which exceeds the CSU benchmark of 1.10 for the program. When combining the project with 2012-2013 information for all campus pledged revenue programs, the campus' overall net revenue debt service coverage for the first full year of operations is projected to be 1.80, which exceeds the CSU benchmark of 1.35 for the campus. Exceeding the benchmark is desirable.

### **3. The CSU, Chico Research Foundation – Office Building Refunding**

The CSU, Chico Research Foundation (the “Foundation”), a recognized auxiliary organization in good standing at California State University, Chico, seeks board approval for the refunding of an existing stand-alone auxiliary organization bond issue. On April 15, 2014, the Chico Research Foundation’s Board of Directors adopted a resolution authorizing the refunding of the auxiliary bonds through the SRB program and execution of related documents, including a master loan agreement between the board of trustees and the Foundation.

The project will consist of retiring all of the Foundation’s auxiliary organization bonds, Series 2003 (“2003 Bonds”) currently outstanding in the amount of \$3,815,000. Of that amount, \$2,915,000 will be refunded with SRB proceeds, approximately \$662,000 will be retired with proceeds contributed by the campus, and the balance will be retired using funds currently on deposit in the reserve fund associated with the 2003 Bonds.

The 2003 Bonds were issued to fund costs associated with the acquisition and improvement of a 19,000-square foot office building (commonly known as “25 Main”), and refinance certain prior bonds, originally issued in July 2000 to fund costs associated with the acquisition and improvement of an office building (commonly known as “35 Main”) and a soccer stadium.

The size of the proposed refunding is at a not-to-exceed par amount of \$2,915,000, and is estimated to generate a net present value savings of approximately \$237,193.13, or 6.22 percent of the refunded bonds. The not-to-exceed amount and the net present value savings are based on a current all-in true interest cost of 4.01 percent, which is reflective of favorably adjusted market conditions and a modest cushion for changing financial market conditions that could occur before the refinancing bonds are sold, and an average remaining bond maturity of slightly over 10 years.



The loan agreement for the refunding of the stand-alone auxiliary organization bonds will be secured by a general obligation pledge of the Foundation's unrestricted revenues. This refunding will have a minimal impact on systemwide debt capacity, as this auxiliary debt is already included in overall CSU debt capacity calculations.

### **Trustee Resolutions and Recommended Action**

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 item. The proposed resolutions will be distributed at the meeting and will achieve the following:

1. Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes and/or the related or stand-alone sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds in an aggregate amount not-to-exceed \$150,700,000 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 acting deputy assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the bond anticipation notes and the revenue bonds.

Approval of the financing resolutions for the project as described in this Agenda Item 3 of the Committee on Finance at the May 20-21, 2014, meeting of the CSU Board of Trustees is recommended for:

**San Jose State University Campus Village Housing 2**

**California State University San Marcos Field House Expansion**

**The CSU, Chico Research Foundation – Office Building Refunding**

AGENDA

COMMITTEE ON EDUCATIONAL POLICY

**Meeting: 4:00 p.m., Tuesday, May 20, 2014**  
**Glenn S. Dumke Auditorium**

Roberta Achtenberg, Chair  
Debra S. Farar, Vice Chair  
Rebecca D. Eisen  
Douglas Faigin  
Margaret Fortune  
Lupe C. Garcia  
Steven M. Glazer  
Lillian Kimbell  
Lou Monville  
J. Lawrence Norton  
Steven G. Stepanek  
Cipriano Vargas

**Consent Items**

Approval of Minutes of Meeting of March 25, 2014

**Discussion**

- ~~1. The State of Higher Education in California: Opportunities for Policy and Institutional Change from the Campaign for College Opportunity, *Information*~~
2. *Access to Excellence: Progress Report 2011-2013, Information*
3. Update on Reducing Bottlenecks: Improving Student Success, *Information*
4. California State University Doctor of Nursing Practice Programs, *Information*
5. The California State University Pre-Doctoral Program, *Information*
6. The California State University Graduation Initiative, *Information*

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

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

**March 25, 2014**

**Members Present**

Roberta Achtenberg, Chair  
Debra S. Farar, Vice Chair  
Rebecca D. Eisen  
Douglas Faigin  
Margaret Fortune  
Lupe C. Garcia  
Steven M. Glazer  
Bob Linscheid, Chair of the Board  
Lou Monville  
J. Lawrence Norton  
Steven G. Stepanek  
Cipriano Vargas  
Timothy P. White, Chancellor

Chair Roberta Achtenberg called the meeting to order.

**Approval of Minutes**

The minutes of January 29, 2014, were approved as submitted.

Speaker Steve Teixeira from the Academic Professionals of California asked the board to include Unit 4 professionals when implementing eAdvising regarding retention and remediation.

**Overview and Progress on the Early Start Program**

Trustee Achtenberg said the program is a trustee initiative approved in 2009 to begin in summer 2012 to get first-time freshmen to begin their remedial work the summer before their fall term. Dr. Ephraim P. Smith, executive vice chancellor and chief academic officer, said Early Start is a key component of the system's Graduation and Student Success Initiatives. He described and spoke about the PowerPoint graphic depicting different Academic Affairs initiatives: Associate Degree for Transfer (SB 1440); Early Assessment Program (EAP); and Early Start. Assistant Vice Chancellor Marsha Hirano-Nakanishi reported that in the 1990s, fewer than a third of CSU entering freshmen were ready for college work in both English and math. In 1994, trustees set a goal of having 90 percent of incoming freshmen ready for college-level courses by 2007. In 2000, trustees recognized the goal would not be met and subsequently implemented the Early

Assessment Program in 2004 so students could better use their high school senior year. By March 2007, the CSU-K-12 partnership was working, but not well enough. In 2009 trustees directed the chancellor to study existing CSU summer programs to provide the neediest students with opportunities to begin college as ready as possible. Trustees implemented the Early Start Program in 2012. By fall 2013, 57 percent of eligible freshmen were English and math proficient at entry, almost double the late 1990s benchmark. Nearly 35,000 students completed their Early Start courses in 2012 and 2013. Those able to take developmental mathematics and English courses were likely to progress to proficiency more rapidly. By the end of their first year, more than 80 percent of Early Start completers, compared with 70 percent of their counterparts, completed their first year of college in good standing and without any indication of academic difficulty. Dr. Hirano-Nakanishi highlighted the fact that Early Start is a value-added tool to help students.

By the next reporting cycle in March 2015, trustees will have more detailed information about Early Start participants who benefit from the programs, including online and face-to-face courses. How students proceed during their first year is absolutely critical, so the CSU will move beyond Early Start and calculate systemwide and campus benchmarks on two important indicators: completing 24 baccalaureate credit units the first year and completing General Education (GE) written communication and quantitative reasoning within the first two years. Students who meet these benchmarks graduate at much higher rates than students who do not. Summarizing, she said preparing an educated citizenry in California begins at home, in K-12 and in college. In addition to the partnerships with K-12, the CSU Early Start Program adds one last pre-collegiate chance for eligible students to hit the ground as proficient freshmen. Early Start has been successful, she said, introducing a video featuring the program at CSU campuses in Fullerton, Northridge and San José with students, faculty, staff and institutional researchers. Former Trustee Herb Carter, who championed the Early Start Program, made the opening and closing remarks on the video.

Cal State Bakersfield President Horace Mitchell reported that the campus has had an Early Start program for five years with funding from a Chancellor's Office grant to do a pilot study. At the beginning, the campus offered a completely online course and the outcomes were not as good as expected so they moved to a face-to-face course with computer-assisted instruction. Students attended for two weeks with 32 hours of instruction. Between 50-60 percent of CSUB students come in needing remediation in math and/or English. For the summer of 2013, 70 percent of those students made important progress, with about 44 percent moving up one level in math; therefore needing less remediation once they enrolled. Twenty-five percent completed remediation entirely. For English, 48 percent of the students made progress in terms of either completing remediation or advancing one level. Thirty-one percent of those students moved up one level and 17 percent completed remediation. President Mitchell said they expect to see similar or better outcomes with the next group.

Trustee Rebecca Eisen asked at what point students are advised they need Early Start, and whether they can take the classes at their home campus or a different campus. Assistant Vice

Chancellor for Student Academic Support Eric Forbes said students are advised about remediation during the last days of the admission cycle, after they file their intent-to-register at a particular campus. Students have the option to take at the home campus or any CSU campus that meets their needs. If at a campus other than the home campus, faculty send needed information and the grade to the home campus to determine if the student has improved, remained the same or needs to continue with remediation. Trustee Bob Linscheid thanked Academic Affairs for having former Trustee Carter in the video, and thanked Dr. Hirano-Nakanishi for providing voluminous information on how important and valuable Early Start is to the CSU. He also asked that trustees and others not use the term “remedial” and instead use pre-college or collegiate so as not to sound like a rejection. Trustee Steve Glazer agreed that the program is important and asked about the root causes of CSU students needing remediation since they are in the top third of their high schools. He expressed concern that students are passing English and math though still not able to do college-ready work. He asked what else could be done to help the K-12 side to ensure that they understand CSU requirements.

Dr. Hirano-Nakanishi said the good news is that California has adopted the Common Core curriculum and its extremely rigorous standards. It is part of the Smarter Balanced system that is being field-tested this term. There will be extensive testing in the early elementary grades, plus a comprehensive test in the 8th grade. Outreach will be focused on middle school grades. Smarter Balanced is a series of tests that are performance- and achievement-related. In addition, the CSU will work on partnerships with K-12 on existing teacher professional development with the changes in curriculum and ways of teaching. Trustee Achtenberg mentioned the impact of CSU’s program to train 25,000 high school teachers who teach the 12<sup>th</sup> grade to undertake a more rigorous curriculum so they can assist students who are not college-ready at the end of the 11<sup>th</sup> grade. Executive Vice Chancellor Smith said the proportion of students needing remediation has decreased because of EAP. Students know they can become proficient in the 12<sup>th</sup> grade in math or English if they are not proficient in the 11<sup>th</sup> grade. He cited CSU’s Expository Reading and Written Communication (ERWC) course for 12<sup>th</sup>-graders needing English assistance. High school teachers have been trained to teach the course, which is showing good results in moving students forward.

Trustee Margaret Fortune asked about the impact of Early Start on low-income students and students of color. Dr. Hirano-Nakanishi said the data shows that the real beneficiaries of Early Start are students who have been historically underrepresented and underserved before coming to the CSU. They are largely African-American and Hispanic students and they have been demanding increasingly to take the 3-unit course (not the 1-unit course) and hit the ground running. Trustee Adam Day asked about the numbers of students prepared and not prepared since there were different numbers in the text and PowerPoint. Dr. Hirano-Nakanishi said 57 percent of the students are prepared in both math and English. If math and English are separated, there are two different results, because some students need remediation in both and others only need in one subject. Trustee Achtenberg said the report on this and related issues are ones that the board will be receiving throughout the year. It is one of the most important pieces of academic work that the trustees are intimately involved in and appropriately so, she said. If the

purpose is centered on the students and to deliver degree-holding graduates into leadership positions in the community and in the workforce, then addressing these issues is absolutely the singularly most important way that the board assists the staff and chancellor in making possible.

Chancellor White said an issue the board and staff should think about is formally engaging the K-12 leadership and the community colleges to discuss this issue because there needs to be a coherent set of expectations for each segment to do its part to facilitate California's future. Trustee Lupe Garcia asked about a pilot summer course in which students successfully satisfy remedial work and also satisfy a GE requirement. Dr. Smith said that is referred to as a "stretch" English course, of which is offered at Cal State Fullerton. There are other examples the CSU is working on with remediation for freshman math and statistics, specifically a Statway program with the Carnegie Foundation, he added. Trustee Garcia also asked if students can accomplish both goals, is there a financial savings. Dr. Smith said those students would save at least three units, adding that those students in the Statway program could save up to six units. She asked to hear more about the programs at a later date and encouraged campuses to participate in that dialogue. Trustee Fortune supported the chancellor's comments as to engaging K-12 and the community colleges and asked to be a part of that engagement, and suggested that the charter school community also be involved.

### **Update on Reducing Bottlenecks: Student Survey Results** **Update on Reducing Bottlenecks: Improving Student Success**

Associate Vice Chancellor Ron Vogel reminded trustees of results from the survey of department chairs in presented to the board in September 2013. That survey showed 1,294 bottleneck courses impacting thousands of students. For the student survey, he said a proportional random sample of 387 students identified as having attempted to enroll in those identified bottleneck courses was completed this past February. Survey questions included if and how the bottleneck course impacted them, did they speak to an adviser and were they willing to take an online class. He also collected demographic information. The study found that 222 students (57 percent) were not impacted by the bottleneck courses. There were 165 students who were negatively impacted. Some paid more money to take courses during the summer to stay on pace to graduate; some took unneeded classes to maintain financial aid eligibility; some made adjustments that interfered with their work, family and transportation; others increased unit loads; some decided to change majors; and some had their degree progress delayed. Thirty-seven percent of the bottlenecks were in the liberal arts; 35 percent in STEM; 15 percent in health and human services; 11 percent in business and 2 percent in the arts. Included in the key findings were that (1) juniors and seniors were disproportionately impacted: almost 69 percent were upper-classmen, compared to freshmen and sophomores; (2) bottlenecks were more concentrated in major courses, 75 percent, compared to 25 percent in general education; (3) bottlenecks increased time-to-degree: 3.9 percent of the students were delayed by one or two quarters, 76 percent were delayed by one or two semesters, and 19.4 percent were delayed one year or longer; (4) 46 percent of the students took classes they didn't need just to maintain financial aid eligibility; and (5) 35.9 percent of the students never sought help from an adviser.

Some of the recommendations include focusing resources on the core problems identified in both surveys; focusing new initiatives and funding on STEM, liberal arts and health and human services; focusing new initiatives on bottleneck courses embedded in the majors; incentivizing faculty to develop online programs in those departments; and forging policy recommendations in concert with academic leadership and the statewide academic senate. Based on the sample, Dr. Vogel estimated that 19,000 students faced bottleneck courses in fall 2012. While a large number, which equates to only 5 percent of the total fall 2012 CSU undergraduate student population.

Turning to the second item on bottlenecks, Dr. Smith said Academic Affairs is working on several innovative ways the system and campuses can reduce bottlenecks. Gerry Hanley, assistant vice chancellor for academic technology services, provided an overview of the four-year plan for implementing the programs. The strategies would combine to eliminate significant enrollment bottlenecks by fall 2017. The underlying principle is that innovation requires redesigning educational services, not rebuilding what used to be done. The CSU is redesigning student academic advising, and the projected adoption of these technologies will support every student finding and choosing the right courses from the day they are admitted to the day they graduate. The CSU already has hired about 1,000 faculty in 2013-2014, which will help reduce the number of upper-division and lower-division bottlenecks. In 2014-2015, there are about 700 recruitments for tenure-track positions. The systemwide course redesign strategy will, over four years, produce greater student academic success and more timely progress toward graduation.

Providing a large number of fully online courses to all CSU students through CourseMatch also will enable students to successfully complete their high-quality degree in a timely manner. By fall 2017, all campuses will provide advanced degree audit tools, so that students reliably know their progress towards their degree. By 2017, all campuses will provide academic program planning tools so students can optimally select courses that meet their graduation needs. All campuses will provide course-scheduling tools so students can easily schedule classes that fit their lives. When it comes to policy and priorities, by fall 2017, the hiring, especially of tenure-track positions will provide the expertise to teach upper-division major courses that are currently graduation bottlenecks. Early Start will enable many more students to start their freshman year college-ready and reduce time to degree. SB 1440, the Associate Degree for Transfer program, will enable many more transfer students to complete their degrees. The system will need to coordinate comprehensive policies for reducing super seniors and increasing student unit load to enable more students to reduce time-to-degree. All students, whether incoming freshmen or transfers, will be better prepared and have more upper-division courses available for graduation.

When it comes to the course redesign strategy, by fall 2017 an estimated 200,000 students will be learning with a combination of technology and pedagogy that will significantly improve their learning outcomes, reduce re-taking courses and reduce time-to-degree. All students will have access to more than 3,000 fully online courses through CourseMatch. The redesign of the high-enrollment/low-success courses will result in more students learning skills and knowledge more

successfully and more efficiently, enabling the CSU to be more successful in delivering high-quality education to California. It will take until 2017 to implement all these strategies because of purchasing eAdvising technology; putting innovations into practice; redesigning the way that advisers, faculty and counselors provide advice to students; student services have to be integrated with these new tools; and there needs to be an effective, secure and usable integration of the eAdvising technologies with other technology platforms. In short, Dr. Hanley said, there is a significant change management process that needs to be implemented working collaboratively with counselors and staff. Looking at the goals set for all these programs, it is assumed that the CSU will have the financial and human resources required. The target is 2017 but the CSU will refine goals as the changes in California and nation emerge.

Trustee Doug Faigin thanked Dr. Vogel for the surveys for their usefulness and demonstrating what is occurring with bottlenecks. When graduation delays occur, there are potential students who cannot get into a CSU. That is the real effect: 25,000 students are kept out because the campuses do not have room, he said. He questioned Dr. Hanley on the timeline, wanting to know by what dates will the number of bottlenecks be reduced from 1,300 to 900 to 500 to 300. Dr. Hanley said there are 22 high-enrollment, low-success classes with 30 percent of the students having to retake those courses. Those 22 courses have been identified and the CSU is working on solving those bottlenecks by 2017. The upper-division courses identified in the survey are going to be resolved on a campus-by-campus basis because they are campus academic programs. Trustee Faigin asked about specific bottleneck courses and when they would be eliminated. Dr. Vogel said the specific course data would need to be reviewed and reported at the campus level. He said it would take going back into the data and pulling them out since they collapsed the courses into disciplines. Trustee Faigin said he would like a specific timeline. Dr. Hanley said by 2017, nearly 90 percent of the bottlenecks would be eliminated through eAdvising tools, hiring more faculty and redesigning the courses.

Chancellor White said the CSU is clearly on track to reduce bottlenecks, but cautioned it is important to understand that the bottlenecks came about for different reasons. There are potential solutions, from advising to course size. It is important to reduce bottlenecks according to the 2017 timeline. At the end of the day the CSU wants to invest in those that work and reduce those that do not show any progress. The goal is to find solutions and make sure they are as cost effective as possible.

CSU Monterey Bay President Eduardo Ochoa, following up on the chancellor's point that bottlenecks are due to multiple reasons, characterized two types: those that occur when students cannot find a course and end up taking other courses to maintain financial aid eligibility, and the second is a high-volume course with a low-pass rate and students often take it again. The survey suggests that the majority of the bottleneck situations would lean toward the type that involves not being able to find the course and enroll in it. It could be a structural problem, where there are too many options or too small an enrollment major where a course is not offered every term, maybe once a year, or because of not having staff or faculty resources to offer it more frequently. Another way to investigate is to concentrate on the upper-division bottlenecks that are different



from the high-volume, low-pass rate variety. He suggested that the system and campuses look at and address each situation with a different strategy.

Trustee Day was concerned about the number of students who take classes to maintain financial aid eligibility and the large numbers who said they did not know advisers were available. He asked what steps at the campus-level can be taken to direct information, advice and resources to those students. Dr. Hanley said that the new eAdvising tools give students 24/7 access to their status and progress to degree. When students ask questions, they are often advised to talk to an adviser, he said. Technology is one strategy that really helps campuses connect more effectively with students. Trustee Stepanek, speaking as a faculty member, said technology is very important in assisting students, adding, however, that it is not a replacement for hiring more tenure-track faculty. Trustee Eisen asked about some students in the survey saying they experienced a bottleneck, and then on the questionnaire more than half felt no impact as a result of the bottleneck. Dr. Vogel said the chairs identified the 1,294 courses. There were 44,130 students who tried to enroll in those classes, so they drew the sample from that group. They did not know what the impact would be. Fifty-seven percent said they ran into the bottleneck, but found a way around it, usually by taking a substitute class. Trustee Eisen said half of those courses, then, were not bottlenecks per se to certain students, who she said would be a group to study because they figured out how to make the system work. Trustee Achtenberg called that an excellent point and suggested a redefinition of bottlenecks. Speaker John Pérez asked if there was a difference in outcomes from the percentage of students who said that they did not know that they could speak to an adviser and the outcomes of students who did seek an adviser, and what was the impact of the adviser. Dr. Vogel said that would require more in-depth look at the survey. The speaker asked that the information be brought back at another time.

### **Academic Planning**

Before reporting on this item, Trustee Achtenberg announced that item 5 on the Graduation Initiative is deferred until May.

Christine Mallon, assistant vice chancellor for academic programs and faculty development, said academic programs change in response to the state, employers and the field of knowledge. Attachment A presents the proposed projections for programs that could be started in the next 10 years. Twenty-four new degree program projections have been proposed, two fewer than last year. There is increased activity in STEM fields and in business and management-related degree programs. Graduate education continues expanding, with 14 projections at the graduate level and 10 at the undergraduate level. There are five program discontinuations, slowing to a third of what was seen during the budget crisis years. Discontinuations generally occur because of diminished demand for programs. Attachment B is a report on accreditation, mentioning Los Angeles, Sacramento and San Francisco.

Attachment C summarizes activities carried out in programs that went through a five-to-six year program review cycle. Attachment D lists all CSU accredited degree programs. Accreditors

require ongoing review of programs and student learning outcomes to keep programs relevant and high-quality. Since 2000 the Chancellor's Office has asked campuses to report annually on reducing degree programs to 120 units. Title 5 was amended a year ago to institute a 120-unit maximum on most bachelor degree programs and Dr. Mallon congratulated CSU faculty for achieving an overall 4 percentage point increase in all bachelor's degrees, going from 82 percent to 86 percent. The number increases to 89 percent when just the bachelor of arts and bachelor of science programs are calculated. By the end of this month, it is expected the Chancellor's Office will hear from campuses seeking exception to the 120-unit limit. The office will be consulting with the Academic Senate on criteria that can be considered during review of engineering program exception requests, and the office is working to bring reduction efforts to a successful close, which will result in savings for students, more efficient graduation pathways and increased access for new students.

Trustee Glazer asked about the fiscal impact of program changes such as adding or subtracting programs. Dr. Mallon said it is a campus decision to propose changes to the system office, and it is the campus job to justify that they have the resources to launch and sustain a new program. Campuses look at employment needs in their area and enrollment shifts when making their proposals. Trustee Glazer asked about guidance or oversight that the system provides to campuses to assist them with discontinuations. He said the board wants the campuses to make good decisions and assist them doing that. Dr. Mallon said the discontinuation policy issued a few decades ago requires all campuses to have campus-specific procedures for discontinuing programs. Those programs require consultation across the entire campus and also with the community. Campuses are not required to seek Chancellor's Office approval to discontinue a program, but they are required to notify and ensure the system office that they have had the required conversations on-campus and the policy has been followed. She gave examples of an engineering program and the master of physical therapy at CSU Long Beach. Trustee Glazer asked for a discussion about what the board can do to ensure that campuses are making those tough decisions with their limited resources. Trustee Achtenberg suggested that the issue be explored at a later date because of time constraints. Chancellor White agreed it would be a relevant discussion and said it would be important to hear from two or three campuses how they go through the process to understand what is regularly done on the campus and by the system. There could be a resulting policy adjustment. He added that the Academic Senate would be involved in the discussion. The matter will be brought back at a later meeting. **(REP 03-14-01)**

Trustee Achtenberg adjourned the Committee on Educational Policy.

## **COMMITTEE ON EDUCATIONAL POLICY**

### ***Access to Excellence: Progress Report 2011-2013***

#### **Presentation By**

Ron Vogel  
Associate Vice Chancellor  
Academic Affairs

#### **Background**

In May 2008, the Board of Trustees adopted *Access to Excellence* as the strategic plan for the California State University (CSU). A plan of action was developed and presented to the board on November 18, 2008. The board accepted the report and passed a resolution to accept the Accountability Plan (RCOW 11-08-02). Overall, the CSU committed to achieving gains on eight key commitments:

1. Reduce Existing Achievement Gaps
2. Plan for Faculty Turnover and Invest in Faculty Excellence
3. Plan for Staff and Administrative Succession and Professional Growth
4. Improve Public Accountability for Learning Results
5. Expand Student Outreach
6. Enhance Student Opportunities for "Active Learning"
7. Enhance Opportunities for Global Awareness
8. Act on the CSU's Responsibility to Meet Postbaccalaureate Needs, including those of Working Professionals

Recognizing the distinctly different characteristics of universities within the CSU, campus administrators, faculty and staff were provided flexibility in terms of identifying operational goals to support *Access to Excellence*. Over the last several years, these key commitments have remained the hallmark of CSU initiatives, which have evolved and developed over time. Indicators of success have been redefined in response to statewide budget cuts, personnel changes, competing commitments and a more focused approach to achieving the goals. Nonetheless, the eight commitments embedded in *Access to Excellence* will continue to be the cornerstone of CSU initiatives.

Biennial progress reports summarizing a comprehensive list of key initiatives and outcomes achieved from 2009 to 2011 and 2011 to 2013 are thoroughly documented and are available online at <http://www.calstate.edu/AccessstoExcellence/>. Some of the key initiatives have been modified since the 2011 report to provide better alignment with the operational goals of the

strategic plan. Below are four key initiatives that embrace student success and have required considerable focus across the CSU from 2011-2013. A complete list of key CSU initiatives is presented in the 2011-2013 progress report.

### **The Graduation Initiative**

Improving graduation rates and closing the achievement gap remains a key initiative of *Access to Excellence*. Under the direction of Executive Vice Chancellor and Chief Academic Officer Dr. Ephraim P. Smith, significant progress has been made in this area and graduation rates are expected to improve by 8 percent based on the 2009 cohort. However, closing the achievement gap remains unchanged and will require more focused attention in the coming year.

### **Early Start**

The Early Start Program was designed for CSU admitted freshmen to begin any remedial classes prior to the term for which they were admitted, usually the summer before fall enrollment. The Early Start Program was established in June 2010 under Executive Order 1048 and was not included in the original strategic plan. However, it has been integrated into *Access to Excellence* as a key component of closing the achievement gap. The evaluation of Early Start has moved forward and the results provided by the campuses show promising results.

### **SB 1440, The Associate Degree for Transfer**

*Access to Excellence* has remained flexible to incorporate creative resolutions and/or legislatively mandated initiatives that support the mission of the CSU and the goals of the strategic plan. For example, SB 1440, the Associate Degree for Transfer program was designed to provide community college students with a guaranteed pathway to the CSU without the swirl of excessive units taken in either the California Community Colleges or the CSU. This initiative has been successful and facilitates the success of the Graduation Initiative (Commitment/Goal 1) and assists the CSU in meeting the goals associated with Student Outreach (Commitment/Goal 5).

### **Voluntary System of Accountability**

The CSU has been a national leader making higher education more transparent to the public. The CSU chancellor, presidents, vice-presidents and other administrators participated in the development and piloting of the Voluntary System of Accountability (VSA) "College Portrait." In addition, the CSU has developed its own unique "Public Good" contributions page, which is a national model and provides information on total degrees awarded, the contribution of CSU students to the workforce, the number of Pell Grant recipients, average net tuition to attend a CSU, fees paid per student and average loan debt for CSU bachelor's degree recipients.

## **Conclusion**

Strategic plans are constantly evolving and should be reviewed periodically to ensure that the key initiatives are in synch with the operational goals. In the CSU, modifications have been necessary to ensure that the goals of *Access to Excellence* are achieved. For example, advances in technology provide new directions and limited resources can delay activities necessary to complete initiatives. Intervening events will always impact strategic plans and constant vigilance is required to ensure that the core mission is the center of all activities. In the CSU, *Access to Excellence* is the foundation for the future and the vehicle to ensure that our focus on excellence is maintained and our commitment to students resolute.

**COMMITTEE ON EDUCATIONAL POLICY**

**Update on Reducing Bottlenecks: Improving Student Success**

**Presentation By**

Ephraim P. Smith  
Executive Vice Chancellor  
and Chief Academic Officer

Ron Vogel  
Associate Vice Chancellor  
Academic Affairs

Gerry Hanley  
Assistant Vice Chancellor  
Academic Technology Services

**Background**

The California State University Enrollment Bottleneck Solutions Initiative is designed to accelerate student progress to degree and decrease bottlenecks that negatively impact students. The initiative has included two main components.

The first component focused on course redesign and eAdvising projects that could be immediately implemented to produce scalable and sustainable results. The CSU launched a website (<http://www.calstate.edu/courseredesign>) that provides an overview of the initiative. The four types of bottlenecks being addressed in this first phase: (1) Student Readiness and Curricular Bottlenecks, (2) Place-bound Bottlenecks, (3) Facilities Bottlenecks and (4) Advising and Scheduling Bottlenecks. We will be reporting on the progress of these projects as well as plans for future years.

The March 2014 CSU Board of Trustees report on Enrollment Bottleneck Solutions provided the four-year plan to address each of the above causes of bottlenecks and declared that all significant enrollment bottlenecks would be eliminated by fall 2017, assuming a positive economic outlook for the state and the CSU.

1. By fall 2017, all campuses are expected to provide all students eAdvising tools that easily and reliably enable students to find and choose the right courses needed to graduate in a timely manner and fit their schedules.

- By 2014-2015, all campuses will have achieved baseline services for degree audits and about half the campuses will have begun implementation of CourseScheduler.
2. By fall 2017, all campuses are expected to make significant progress in hiring new tenure-track faculty who will teach significantly more upper-division courses that are campus specific bottlenecks for completion of major requirements, though satisfying all faculty hiring needs will take longer.
    - An estimated 700 faculty positions are ready for recruitment for fall 2014.
  3. By fall 2017, AB 386 and CourseMatch will provide students easy and reliable tools to explore a catalog of more than 3,000 fully online courses across the CSU system.
    - Summer 2014 CourseMatch provides more than 300 courses and is essential for the CSU testing strategies to fulfill AB 386 requirements for fall 2015.
  4. By fall 2017, Early Start will significantly improve incoming students' college readiness in math and English, reducing the bottlenecks for freshmen on their path to graduation.
    - By fall 2014, all students not college-ready in math and English will be participating in Early Start.
  5. By fall 2017, SB1440 will significantly improve transfer students' completion of lower-division requirements at community colleges, reducing the number of lower-division units they need at the CSU and reducing bottlenecks within lower-division general education courses for native students.
  6. By fall 2017, campus priorities will have shifted to a culture that encourages students to take higher unit loads to speed time to degree. Coupled with the expanded use of eAdvising technologies to determine course demand, campuses can eliminate scheduling bottlenecks.
    - Chancellor White's 2014 memo to presidents to serve the course needs of existing students should result in increased student unit load per term.
  7. By fall 2017, the 22 systemwide high enrollment-low success courses that are offered across almost all CSU campuses will be redesigned to significantly improve student success in course completion, opening more seats to new students. With a goal of a 10 percent decrease in students' repeatable grades, an estimated 12,000 seats will be available because 12,000 students will not have to repeat the course.

- By fall 2014, we expect 16 of these 22 high enrollment-low success courses to be under redesign at more than one-third of the CSU campuses (an estimated total of 136 courses).
8. By fall 2017, the campus-specific bottleneck courses will have been redesigned by faculty on each campus to significantly improve student success in course completion, opening more seats to new students. With a goal of 10 percent decrease in students' repeatable grades, an estimated 5,400 seats will be available because 5,400 students will not have to repeat the course.
- By fall 2014, the vast majority of the 77 campus-specific projects funded in 2013-2014 will be implementing their course redesigns and will begin to reduce the campus-specific bottlenecks for their students.

The March 2014 Board of Trustees report on the student survey concerning bottlenecks provided some evidence that an estimated 5 percent of CSU students reported a "real" bottleneck enrolling in a course needed to graduate. All the above efforts will aid the estimated 5 percent of students in overcoming their enrollment bottlenecks but also will aid the 95 percent of CSU students who can accelerate progress toward their degree in a more timely and successful manner.

There are a number of metrics the CSU can use to measure success in providing students the courses and advising services they need to graduate in a timely and successful manner.

1. Average unit load per term: the higher the unit load per term (e.g. students taking more courses per term) is an indicator that more courses were available for student enrollment.
2. Average time to degree: Reduction in enrollment bottlenecks should reduce the time to degree.
3. Number of enrollments in CourseMatch Cross-Campus Enrollment Program: More students taking CourseMatch courses indicates the CSU is providing needed access to more courses, reducing enrollment bottlenecks.
4. Average rate of students using eAdvising tools: More students using eAdvising tools, the more students are provided information about their course pathways to complete degrees and course schedules that blend with their lives.
5. Average number of students on wait lists at census for known campus bottleneck courses: lower numbers of students on wait lists would reflect smaller enrollment bottlenecks.



Today's report will highlight plans for 2014-2015 as the CSU continues its implementation of solutions to overcome enrollment barriers and impediments to students' graduation in a timely manner.

### **Addressing Student Readiness and Curricular Bottlenecks by Using Technology in the Redesign of High Enrollment-Low Success Courses**

In June 2013, the CSU Office of the Chancellor analyzed enrollments in all CSU classes and identified 22 courses that had high enrollment and low student success. These low-success courses result in students retaking the course and reducing the availability of enrollment for new students. By June 2014, faculty who have redesigned their courses will produce ePortfolios that document their course redesign strategies and will report early results of improved student success. These ePortfolios will be published online and will be part of ongoing professional development programs for sharing exemplary practices across the system. The CSU Board of Trustees will be able to review the progress of a sample of these ePortfolio during the May 20 poster session.

A Request for Proposals (RFP) for the 2014-2015 "Proven Practices" program was distributed and proposals are due May 13, 2014, with priority set to address 16 of the 22 high enrollment-low student success courses.

**Campus-Specific Bottlenecks and Course Redesign Projects** – The 2014-2015 RFP for Promising Practices provides an opportunity for campuses to start or continue their own course redesign efforts that include technology and address more unique, campus-specific enrollment bottlenecks. The focus of this program is to develop practices that show promise for improving student success in high-demand/low-student success courses, as well as those that can be implemented across separate but interdependent courses within a department or major. As identified in the department chair and student surveys conducted recently, a significant proportion of the enrollment bottlenecks are campus-specific courses and the Promising Practices program will provide the funding and support for these campus-specific projects.

Hiring more tenure-track faculty is a high priority for the CSU as stated by Chancellor White at the January trustees meeting. This will be a major step in eliminating campus-specific bottlenecks in upper-division courses. The CSU has grown its faculty by 1,197 the last two years; the total faculty headcount in the CSU in fall 2013 was 23,107 as compared to 22,214 in fall 2012 and 21,910 in fall 2011, though the faculty tenure-track headcount has decreased since 2011 (10,044 to 9,886). The increase in faculty hiring, especially in tenure-track faculty, will be an important strategy to respond to the enrollment bottlenecks in upper-division courses, where faculty expertise, scholarly research and creative activities and discipline-based academic

advising are essential for student success. Though the CSU has an estimated 700 faculty positions ready for recruitment for fall 2014, we are competing with universities across the nation. One of the challenges the CSU faces is the ability to provide competitive offers which have not always kept up with national trends.

### **Addressing Place-Bound Bottlenecks with Access to Online Courses and Programs**

**CourseMatch—Cross Campus Enrollment Program** - The current structure of CourseMatch is a “warm-up act” for AB 386, which requires the CSU to provide a list of all fully online courses available across the CSU by fall 2015. The CSU will provide a first version through *CourseMatch-summer 2014*. Students will search all available fully online courses offered through CSU’s Extended Education summer programs. There already are more than 300 courses in the *CourseMatch-summer* catalog (vs. 36 in *CourseMatch fall 2013*) and more courses are expected. *Course-Match fall 2014* is simultaneously being developed and the schedule of fully online courses will be available for students’ review end of May 2014.

### **Addressing Facilities Bottlenecks**

**Virtual Labs** - Enrollment demand can outpace the physical capacity of a campus to offer laboratory sections in safe, well-equipped facilities, especially in the STEM disciplines. The Chancellor’s Office has completed the first version of the online “Virtual Labs Teaching Commons” (<http://teachingcommons.cdl.edu/virtuallabs>) and provides faculty a “one-stop-shop” to review the available virtual labs and enables faculty to connect with colleagues on strategies for successfully adopting these options either commercially or for free. Along with this “one-stop-shop,” in 2014-2015 faculty across the CSU will have the opportunity for professional development, training, support and review of evidence on the effective use of virtual labs in General Education biology courses.

As virtual spaces are redesigned, the CSU, in partnership with the SUNY system, recently announced a national innovation project for development of Flexible Learning Environments Exchange ([FLEXspace](#)), a first-of-its-kind initiative that informs and streamlines the process of building “smart” classrooms on college campuses. FLEXspace is a robust open access repository, in which users can view images and information about the new installation or renovation of learning space before beginning a new project. As the FLEXspace library develops, campuses will be able to review “smart classroom” designs that facilitate improvements in student learning outcomes.

### **Addressing Advising and Scheduling Bottlenecks**

**eAdvising Tools and Services** - All 23 campuses developed four-year plans to implement new technologies for faculty, staff and students to determine clear pathways to graduation, track progress to degree and offer a course schedule in line with student demand for general education and major courses. The implementation and adoption of the broad range of advising and scheduling services requires campuses to establish their “readiness” to adopt and adapt the exemplary practices and technologies to their specific needs. As eAdvising use expands, each campus will need to have its technology network, hardware, software, training and support in place to implement the tools reliably and successfully. Organizational development often is needed to support personnel in successful management and delivery of the redesigned services through new business processes. Finally, allocation of financial resources is required for success. The use of campus cohorts is allowing the CSU to leverage its buying power and give campuses the opportunity to learn from one another as new solutions are implemented. In 2013-2014 all 23 campuses made progress by updating existing and implementing new technology tools to provide clear pathways toward graduation. In 2014-2015 campuses will continue the momentum and continue to update their advising processes each year.

## **COMMITTEE ON EDUCATIONAL POLICY**

### **California State University Doctor of Nursing Practice Programs**

#### **Presentation By**

Christine Mallon  
Assistant Vice Chancellor  
Academic Programs and Faculty Development

#### **Summary**

We expect a California State University (CSU) degree to change students' lives. When a degree program also results in improving or saving the lives of others, the university community can be particularly proud. This is the case with the pair of consortial two-year, post-master's CSU Doctor of Nursing Practice (DNP) programs that were granted legislative authority in 2010. Designed to prepare nurses for advanced practice and to educate future nursing faculty (especially for the CSU), the CSU Fresno-San José State University and the CSU Fullerton-Long Beach-Los Angeles programs admitted their first cohort of students in fall 2012. In May 2014, the Southern DNP Consortium will graduate 28 students, and the Northern DNP Consortium will award 31 DNP degrees.

The two cohorts that have matriculated since the program first launched are ethnically diverse, as illustrated in the accompanying Tables 1 and 2. DNP students work in medically underserved areas and with medically underserved populations. After graduation, these nursing leaders will apply the findings of their doctoral research to improve health care practice, strengthen health care management and to achieve improved patient outcomes—sometimes even saving lives. The impact of CSU DNP programs expands beyond state borders and hospital walls, as CSU DNP students are publishing their projects and presenting their doctoral project findings at regional and national nursing and health care conferences.

CSU doctoral degrees were first introduced after state legislation in 2005 allowed the university to award doctor of education degrees. Legislative authority to award CSU doctor of physical therapy and doctor of nursing practice degrees came in 2010. Prior to these landmark legislative actions, doctoral education in the CSU had to be offered in collaboration with a University of California campus or a private university in California. In all three cases, state education code was amended in response to workforce needs in areas that the University of California did not intend to meet. DNP legislative authority was granted on a pilot basis, with authority expiring on July 1, 2018. The authorizing legislation requires that by January 1, 2017, the Legislative Analyst's Office and Department of Finance report to the Governor and Legislature an analysis of the programs and recommendation as to whether the DNP programs should be allowed to

continue or should be discontinued permanently. Students, faculty and employers speak of the programs' direct positive impact on health care and support continued CSU DNP authority.

A poster session featuring DNP students' doctoral projects will be hosted on Wednesday, May 21<sup>st</sup> from 11 a.m. to 2 p.m. in the Wallace Room, where program students and faculty will be available to answer questions. Additional program information, as well as student and employer testimonials can be found at: <https://www.calstate.edu/dnp>.

**Table 1.**

<b>2012 Entering DNP Cohort</b>	
Female	91.0%
Male	9.0%
African American	11.7%
Asian/Filipino	3.4%
Mexican American	5.1%
Pacific Islander	1.7%
White (non-Latino)	78.1%
	100.0%

**Table 2.**

<b>2013 Entering DNP Cohort</b>	
Female	91.1%
Male	8.9%
African American	1.8%
Asian/Filipino	28.6%
Mexican American	23.2%
Native American	1.8%
Pacific Islander	1.8%
White (non-Latino)	42.8%
	100.0%

## **COMMITTEE ON EDUCATIONAL POLICY**

### **The California State University Pre-Doctoral Program**

#### **Presentation By**

Christine Mallon  
Assistant Vice Chancellor  
Academic Programs and Faculty Development

#### **Summary**

For nearly a quarter century, the California Pre-Doctoral program (“Pre-Doc”) has worked to increase diversity among the ranks of California State University (CSU) faculty by inspiring and supporting current CSU students’ aspirations to pursue doctor of philosophy (Ph.D.) training and become a member of the CSU professoriate.

Introduced in 1985, the Pre-Doc program has awarded 1,860 scholarships and is expected to award 75 more scholarships the coming academic year. Students who are chosen for this prestigious award are designated Sally Casanova Scholars as a tribute to Dr. Sally Casanova, for whom the Pre-Doc scholarship is named. Awards will support students as they explore doctoral programs in their chosen academic discipline and as they learn how to be successful in doctoral study. Awards are based on competitive review of student applications and are made to candidates who demonstrate academic excellence while having experienced economic or educational disadvantage. Applications must express the student’s commitment to pursuing a career in teaching and research at a university serving a diverse population.

CSU faculty members volunteer as Pre-Doc mentors, working one-on-one with promising upper-division undergraduate or master’s degree students: guiding them through preparing a Pre-Doc scholarship application, accompanying scholarship winners for site visits to doctoral programs, mentoring them in research and scholarship projects, and introducing them to colleagues at national symposia and professional meetings.

Scholarship funding may be used for activities such as:

- Participation in a summer research internship program at a doctoral-granting institution;
- Visits to doctoral-granting institutions to explore opportunities for doctoral study;
- Travel to a national symposium or professional meeting in the student’s academic discipline;
- Membership in professional organizations;

- Research-related computer software;
- Journal subscriptions; and
- Graduate school application and test fees, for example.

Pre-Doc students are invited to participate in the California Forum for Diversity in Graduate Education, a graduate school recruitment fair attended by more than 200 Ph.D.-granting universities across the country. At an invitation-only pre-fair reception and dinner, Sally Casanova scholars introduce their research topics and doctoral aspirations to Ph.D.-program recruiters and meet to discuss national opportunities for graduate education.

Additionally, scholars are introduced to the CSU Chancellor's Doctoral Incentive Program (CDIP), which provides "forgivable" loans to a limited number of qualifying students. Students who complete a doctoral degree and obtain a qualifying instructional position in the CSU are forgiven a portion of the loan for each year of CSU employment. As with the loan program, the Pre-Doc mentoring is associated with positive outcomes in graduate school. Respondents to a recent survey of 1,670 past Sally Casanova Scholars indicated that 57 percent of responding scholars have completed a Ph.D. program, and 35 percent are now employed as CSU faculty. It is especially rewarding when past Sally Casanova Scholars and CDIP loan recipients become Pre-Doc mentors and advance both programs' missions to inspire a new generation of CSU students to pursue doctoral training and enter the CSU faculty ranks.

## **COMMITTEE ON EDUCATIONAL POLICY**

### **The California State University Graduation Initiative**

#### **Presentation By**

Ephraim P. Smith  
Executive Vice Chancellor  
and Chief Academic Officer

Jeff Gold  
Senior Director  
Academic Technology Services  
and Center for Distributed Learning

Ken O'Donnell  
Senior Director  
Student Engagement  
and Academic Initiatives & Partnerships

Robyn Pennington  
Chief of Staff  
Business and Finance

#### **Summary**

At its January 2014 meeting, the California State University (CSU) Board of Trustees asked the Graduation Initiative staff to provide an update at subsequent meetings. As relayed in January, this initiative began in 2009 when the presidents and provosts of all 23 CSU campuses committed to raising systemwide six-year graduation rates by 8 percentage points, and closing the gap by half in those rates between students of color and other students.

The first phase of the initiative is approaching its sixth and final year. The initiative is on-track to meet its overall graduation rate goals, but since all students are doing better in roughly equal increments, the achievement gap remains unchanged. In his inaugural "State of the CSU" address two months ago, Chancellor Timothy P. White committed the system to continuing its focus on student success and to raising graduation rates by an additional 10 percent across three different measures:

1. Four-year graduation rates for first-time full-time freshmen
2. Six-year graduation rates for first-time full-time freshmen
3. Three-year graduation rates for transfer students



The chancellor has set 2025 as the target date for these goals, consistent with the year identified in a 2009 report from the Public Policy Institute of California (PPIC), by which the state will fall short by one million college graduates unless there is improvement.

Since the publication of that report, PPIC staff has recognized gains in the CSU's graduation rates, observing that the system is on-track to contribute its share of the additional degrees needed. However, as the chancellor pointed out in January, meeting the state's long-term needs will require continued improvement.

Accordingly, the Graduation Initiative team will spend part of the next 12 months planning its second phase, converting the chancellor's systemwide targets to separate goals for each of the 23 campuses, and working with presidents, their senior staff and national consultants to set targets that are ambitious but feasible, and responsive to local context.

Also in the coming year, the team will continue development and deployment of the Student Success Dashboard, demonstrated at the trustees' January 28-29, 2014 meeting. In terms of deployment, the majority of campus presidents have now been personally briefed on use of the dashboard, and their campuses granted password-protected access. The remaining campuses should have access by the end of the fiscal year.

## **AGENDA**

### **COMMITTEE ON AUDIT**

**Meeting: 8:00 a.m., Wednesday, May 21, 2014**  
**Glenn S. Dumke Auditorium**

Lupe C. Garcia, Chair  
Steven M. Glazer, Vice Chair  
Adam Day  
Rebecca D. Eisen  
Hugo N. Morales

#### **Consent Items**

Approval of Minutes of Meeting of March 26, 2014

#### **Discussion Items**

1. Quality Assurance Review of the Office of Audit and Advisory Services, *Information*
2. Status Report on Current and Follow-Up Internal Audit Assignments, *Information*

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

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

**March 26, 2014**

**Members Present**

Lupe C. Garcia, Chair  
Steven M. Glazer, Vice Chair  
Rebecca D. Eisen  
Bob Linscheid, Chair of the Board  
Timothy P. White, Chancellor

Chair Garcia called the meeting to order.

**Approval of Minutes**

The minutes of the meeting of January 29, 2014, were approved as submitted.

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

Mr. Mandel presented the Status Report on Current and Follow-up Internal Audit Assignments, Agenda Item 1 of the March 25-26, 2014, Board of Trustees agenda.

Mr. Mandel stated that some of the 2014 audit assignments (i.e., Auxiliary Organizations, Conflict of Interest, Lottery Funds, and Accessible Technology) are currently in progress and that other subjects would begin throughout the year. He then reminded everyone that updates to the status report are displayed in green numerals and indicate progress toward or completion of recommendations since the distribution of the agenda. He reported that the campuses have been making very good progress in the closing of these recommendations over the past year. He noted that there are a few recommendations that have been outstanding for a number of months, specifically, CSU Chancellor's Office systemwide recommendations for Data Center Operations, Facilities Management, and Police Services. Mr. Mandel stated that as per discussion with Interim Vice Chancellor Sally Roush, all of the recommendations would be completed by the end of April 2014. He also noted that there are three long-outstanding recommendations pertaining to International Programs at California State University, Chico, and requested an update from President Zingg.

President Zingg commented that CSU Chico ranks second in the nation among all masters-level institutions for the number of CSU institutions that are involved in year-long study-abroad programs. He stated that the campus' involvement in these kinds of high-impact programs consists of a number of strategies, including third-party vendors, and some of the audit issues

refer to those strategies that are being coordinated in the CSU Chancellor's Office. He added that there are nine bilateral agreements that the campus is continuing to work through, which are very sensitive due to various cultures and customs of other countries. President Zingg anticipated that the outstanding items would be completed by the end of April 2014.

Chair Garcia indicated her appreciation for Ms. Roush's commitment to complete the outstanding recommendations before the end of her tenure and thanked her for all of the interim leadership in the business and finance division. Ms. Garcia thanked President Zingg for his commitment as well.

### **Status Report on Corrective Action for the Findings in the California State University A-133 Single Audit Reports and Auxiliary Organization Audit Reports for the Fiscal Year Ended June 30, 2013**

Mr. George V. Ashkar, assistant vice chancellor/controller, financial services, provided a status report on the corrective action plans for the audit findings noted in the A-133 Single Audit Reports. He reminded the trustees that the one finding was related to internal controls over the return of Title IV financial aid funds at three campuses. He added that the other seven audit findings pertained to administrative matters at five auxiliary organizations. Mr. Ashkar reported that corrective action plans for all findings have been completed and implemented.

Chair Garcia informed the board that she has had discussions with Mr. Ashkar and Mr. Mandel regarding the importance of having confidence that required remediation is actually completed with respect to any deficiencies noted in the course of audits.

Mr. Ashkar explained that when corrective action plans are submitted by the campuses, the supporting documentation for completion is reviewed jointly by the Office of Audit and Advisory Services and the Financial Services Internal Control staff at the CSU Chancellor's Office for accuracy and completeness.

Trustee Glazer thanked Mr. Ashkar for having this item placed on the agenda and for his follow-through on the completion of the audit findings. He stated the importance of having this item agendaized yearly, so that the board can be updated as to the completion of all audit findings.

### **Report on Compliance with National Collegiate Athletic Association Requirements for Reporting Financial Data**

Mr. Ashkar indicated that this agenda item was postponed from the January board meeting to the March meeting in order to allow for submission of the reports by the campuses to the NCAA based on the late-January deadline. He added that it also allowed CSU Chancellor's Office staff to adequately review the detailed reports for compliance. He stated that based on the review of the submitted reports for 16 campuses with NCAA athletic programs that are required to report for the year ended June 30, 2013, all are in compliance with the NCAA requirements for the reporting of financial data.

## **COMMITTEE ON AUDIT**

### **Quality Assurance Review of the Office of Audit and Advisory Services**

#### **Presentation By**

Larry Mandel  
Vice Chancellor and  
Chief Audit Officer

Sheryl Vacca  
Senior Vice President/Chief Compliance and Audit Officer  
University of California

#### **Summary**

All state audit functions within California are required to follow the practices espoused by the Institute of Internal Auditors. In January 2014, the Office of Audit and Advisory Services underwent a quality assurance review (QAR). While the primary objective of the QAR was to provide reasonable assurance that the internal auditing program at the California State University System complied with the *International Professional Practices Framework* promulgated by that organization (the review contains an opinion as to conformance to the standards in twelve separate areas), observations and recommendations for enhancement were also noted. The full report is attached.



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February 19, 2014

Mr. Larry Mandel, Vice Chancellor and Chief Audit Officer  
California State University System  
Long Beach, CA

Dear Larry,

We have completed a Quality Assurance Review of the California State University System Office of Audit and Advisory Services. On behalf of the Quality Assurance Review team, it is a pleasure to transmit our accompanying final report. We hope that the report is useful in your efforts to continually improve what is already an outstanding internal audit program.

One characteristic of a sound professional organization is its interest in continuous improvement. While the primary objective of the Quality Assurance Review was to provide reasonable assurance that the internal auditing program at The California State University System complied with *The International Professional Practices Framework* (IPPF) promulgated by The Institute of Internal Auditors, we hope that the suggestions contained herein serve as a catalyst for continued enhancement and development of the internal audit division.

Please extend to all involved our appreciation for their hospitality and the many courtesies extended to us during our visit. Best wishes for continued success.

Sincerely,

A handwritten signature in blue ink that reads "Toni Stephens". The signature is written in a cursive, flowing style.

Toni Stephens  
The University of Texas at Dallas

## Executive Summary

As requested by the Vice Chancellor and Chief Audit Officer (VCCAO), we have completed a Quality Assurance Review of the California State University System Office of Audit and Advisory Services (OAAS) internal audit program. The principal objectives of the quality assessment were:

- To assess the audit division's conformity to The Institute of Internal Auditors' (IIA) *International Professional Practices Framework (IPPF)*. The IPPF includes the *International Standards for the Professional Practice of Internal Auditing (Standards)* and the *Code of Ethics*.
- To evaluate the audit division's effectiveness in carrying out its mission as defined in its charter.
- To identify opportunities to enhance internal audit management and work processes, as well as its value to the California State University System.

The objectives were achieved following the steps outlined in the *Quality Assessment Manual, Sixth Edition*, published by the IIA. We interviewed selected members of management, the Chancellor, the Chair of the Audit Committee, and internal audit staff and management; conducted an anonymous survey of the staff; examined the materials received from the audit division; reviewed selected working papers; and evaluated the division's policies, procedures, and other documents as deemed necessary.

The following recommendations for enhancement are made as detailed in the attached report:

- (1) External assessments should be performed every five years as required by the *Standards*.
- (2) The current organization structure should be reviewed to determine if a reporting relationship should be established between campus auditors and the VCCAO in order to strengthen the effectiveness of the audit function and provide increased assurance to the Chancellor and the Board that the significant risks of the System are receiving appropriate audit coverage.
- (3) A separate IT audit risk assessment should be prepared as part of the annual audit plan risk assessment process. IT audits should be performed based on this risk assessment. Staff resources should be allocated and the need for additional resources should be identified as part of the planning effort.
- (4) The current risk assessment and audit planning approach should be re-evaluated.
- (5) The evaluation and communication of fraud risks should be reviewed on a Systemwide basis.
- (6) The VCCAO should consider implementing an automated working paper system and further evaluate enhancing the use of data analytical software.
- (7) The VCCAO should explore options to incorporate the use of computer assisted audit techniques/tools (CAATS) in audits. In addition, the VCCAO should look for ways to train staff in the use of these techniques or tools.

## Opinion as to Conformance to the Standards

***In our opinion, The California State University System OAAS generally conforms to the Standards in all material respects during the period under review, except for Standard 1312, External Assessments. Standard 1312 requires external assessments be conducted at least once every five years, and the last full quality assurance review was performed over five years ago in November 2006 with an additional review of audit coverage performed in October 2007.***

The rating system that was used for expressing an opinion for this review provides for three levels of conformance: generally conforms, partially conforms, and does not conform. "Generally Conforms" means that Internal Audit has policies, procedures, and a charter that were judged to be in accordance with the *Standards*; however, opportunities for improvement may exist. "Partially Conforms" means deficiencies, while they might impair, did not prohibit Internal Audit from carrying out its responsibilities. "Does Not Conform" means deficiencies in practice were found that were considered so significant as to seriously impair or prohibit the division in carrying out its responsibilities.

## Scope and Methodology

The IIA's *Standards* require that internal audit functions have a quality assurance and improvement program in place which includes both internal and external assessments. A periodic external quality assessment, or peer review, of the internal audit function is an essential part of a comprehensive quality assurance program and must be conducted at least once every five years.

The review was conducted January 6 – 14, 2014, and covered 2012-2013. The work performed during the review generally followed the steps outlined in the *Quality Assessment Manual, Sixth Edition* published by The IIA in 2009, and the January 2013 edition of the *Standards*, including:

- Review, verification, and evaluation of the information prepared by the OAAS to help us gain an understanding of the university system and of their audit operations, including previous quality assurance review reports.
- Review and evaluation of surveys to customers of the OAAS and audit staff.
- Interviews with the VCCAO, the senior directors and other selected members of the audit staff, the audit committee chair, the Chancellor, and key administrators at the University who are responsible for some of the more significant areas subject to audit.
- Review and evaluation of selected sets of audit working papers.
- Review of the division's policies and procedures, annual risk assessment, annual audit plan, and other relevant documents.



The peer review team met with the VCCAO throughout the course of the review, including a preliminary exit conference on January 8, 2014. We shared experiences, approaches, and other insights to further consider in enhancing the work of the OAAS.

## **Best Practices, Observations, and Recommendations**

All members of management interviewed were complimentary of the division and its interaction with audit clients throughout the System. We observed a number of practices that demonstrate outstanding commitment and professionalism. These best practices include the following:

### **Best Practices**

#### Governance and Independence

- ✚ The VCCAO reports directly to the Board of Trustees through the Chair of the Audit Committee. This is considered the optimum reporting arrangement, giving the right and responsibility to report directly to the Board of Trustees any circumstances that are significant violations of CSU controls or policies/procedures, and any other matters that warrant Trustee notification.
- ✚ The VCCAO promotes effective governance as evidenced by his inclusion in the Chancellor's and other key management meetings.
- ✚ The current Internal Audit Charter is being reviewed and updated by the Audit Committee.

#### Customer Rapport

- ✚ Surveys sent to internal audit customers both by the external review team and by the division and interviews held with key managers indicated high customer satisfaction with the OAAS.

#### Staff Expertise

- ✚ 87% of staff members are certified, and the average experience in internal audit is approximately 15 years.

#### Monitoring Progress of Audit Recommendations

- ✚ Audit recommendations are frequently monitored and detailed reports of management actions are provided to the Audit Committee regularly.

#### Advisory Services

- ✚ The OAAS is in the process of enhancing its advisory services, and many of the managers interviewed commended them on this.

The following observations and recommendations for enhancement are intended to build on the foundation already in place in the OAAS.

## **Observations and Recommendations for Enhancement**

The following are our comments related to general observations/best practices and specific individual standards that comprise each of the sections of the *Standards* listed above. Other recommendations for enhancement were discussed verbally with the VCCAO for his consideration but are not contained in the following observations.

### **Standard 1300 – Quality Assurance and Improvement Program**

*The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.*

#### **1312 – External Assessments**

*External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.*

**Observation #1:** The last full quality assurance review was performed over five years ago in November 2006 with an additional review of audit coverage performed in October 2007.

**Recommendation for Enhancement #1:** *External assessments should be performed every five years as required by the Standards.*

#### **OAAS Management Response:**

*We concur. Audit management delayed performance of an external assessment as it explored development of a system-wide compliance function in 2011/2012 and subsequently redirected efforts towards the addition of advisory services in 2012/2013. In the future, external assessments will be performed every five years.*

### **Standard 2000 – Management of the Internal Audit Activity**

*The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.*

**Observation #2:** Some of the campuses have internal audit positions that organizationally report to campus presidents or finance officers rather than the VCCAO. These positions do not have a reporting line to the VCCAO. The campus auditors are also responsible for matters other than traditional internal auditing, and they do not follow all auditing standards.

As a result of the current structure, ambiguity of the roles and duplication of efforts can occur, and the VCCAO may not be aware of issues and risks occurring at the campus level.

**Recommendation for Enhancement #2:** *The current organization structure should be reviewed to determine if a reporting relationship should be established between campus auditors and the VCCAO in order to strengthen the effectiveness of the audit function and provide increased assurance to the Chancellor and the Board of Trustees*

*that significant risks of the System are sufficiently understood and assessed, and are receiving appropriate audit coverage.*

**OAAS Management Response:**

*We concur. A review will be conducted to determine the optimum organization structure (within existing resources) to strengthen the effectiveness of the audit function and provide increased assurance to the Chancellor and the Board of Trustees that significant risks of the System are sufficiently understood and assessed, and are receiving appropriate audit coverage.*

**Standard 2010 – Planning**

*The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.*

**Observation #3:** Information technology is an integral part of the university's operations and these activities are typically considered one of the highest risk areas in an organization. In preparing the risk assessment for the annual internal audit plan, a detailed information technology (IT) risk assessment is not currently being conducted.

Given the size of the CSU and the number of individual campuses with unique IT environments, limited IT activities are audited. It is important to identify IT risks and controls as part of an overall risk assessment process that includes identifying the entire IT audit universe. A more comprehensive IT audit risk assessment should be performed to ensure an effective audit plan is prepared and IT risks receive adequate coverage. The IIA's Global Technology Audit Guide (GTAG) 11, *Developing the IT Audit Plan*, is an excellent resource to follow in developing a more formalized IT audit plan.

**Recommendation for Enhancement #3:** *A separate IT audit risk assessment should be prepared as part of the annual audit plan risk assessment process. IT audits should be performed based on this risk assessment. Staff resources should be allocated and the need for additional resources should be identified as part of the planning effort.*

**OAAS Management Response:**

*We concur. In conjunction with the evaluation of the current risk assessment process (noted below), we will evaluate the benefits of conducting an independent IT risk assessment.*

**Observation #4:** Currently, the annual audit risk assessment process for performing the campus audits consists of meeting with the executive vice chancellors/vice chancellors to obtain their input on risks in their areas and for the system; sending a quantitative survey to the assistant vice chancellors and any others that the executives indicated should be included in the risk assessment process; and meeting with the audit committee chair to discuss system-wide risks and concerns. At the campus level, input is gained via the use of an audit

universe/questionnaire and a supplemental survey that is sent to the campus presidents for distribution to their vice presidents.

While input is gained from high-level managers, not all managers and staff within the enterprise are involved. After the input is received, the results are reviewed by OAAS senior management including the VCCAO, and the audit subjects are selected and presented to the audit committee and the Board of Trustees. Using factors such as campus risk rankings, the collective knowledge of the OAAS senior directors and the VCAAO, and the VCAAO's own judgment of risks after consideration of input from senior and executive management and the audit committee chair, an audit plan is prepared

In developing the annual audit plan, a large percentage of audit resources are utilized on auxiliary enterprise audits that are required per a 1999 board policy, Executive Order 698. These audits have been performed on a cyclical basis at all campuses for the past 15 years, and the value of these audits as well as the risks may have changed since the policy began.

**Recommendation for Enhancement #4:** *The current risk assessment and audit planning approach should be re-evaluated.*

**OAAS Management Response:**

*We concur. The current risk assessment and audit planning approach for the campus audits will be re-evaluated to determine if the current format provides the necessary input to ascertain the highest risks to the system. We currently have plans to meet with auxiliary executive leadership to determine how we might add more value to the auxiliary organizations while still providing the Board of Trustees the assurances they require.*

**Standard 2120.A2 – Risk Management**

*The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.*

**Observation #5:** The manager of investigations, reporting to a senior director, is responsible for managing investigations when requested; however, investigations are also being performed by staff at the campus level without communication to the OAAS.

Campuses each have their own method of reporting potential fraudulent activity, such as the use of individual hotlines; however, there is no centralized hotline process in place at the system level. Without adequate communication, including the use of a central hotline, or identification of fraud contacts at the campus level, the OAAS cannot effectively evaluate the potential for the occurrence of fraud.

**Recommendation for Enhancement #5:** *The evaluation and communication of fraud risks should be reviewed on a system-wide basis.*

**OAAS Management Response:**

*We concur. During 2013, executive management considered the implementation of a system-wide hotline, but concluded that the existing reporting structure for the filing of whistleblower complaints was sufficient. In addition, under Executive Order 813, Reporting of Fiscal Improprieties, campuses are required to notify the Chancellor's Office of all cases of actual or suspected theft, defalcation, or fraud within 24 hours. Nevertheless, in an effort to improve the evaluation and communication of fraud risks at the system-wide level, we plan to incorporate an assessment of fraud risk into our existing annual risk assessment process. Moreover, in alignment with recommendation #2 above, this evaluation and communication process may be further improved if a reporting relationship should be established between campus auditors and the VCCAO in order to strengthen the effectiveness of the audit function.*

**Standard 2300 – Performing the Engagement**

*Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.*

**Standard 1220.A2 – Due Professional Care**

*In exercising due professional care, internal auditors must consider the use of technology-based audit and other data analysis techniques.*

**Observation #6:** The use of an automated working paper system as well as more use of data analytics would enhance the efficiency of the audit process. Currently, the staff is using Microsoft Office products and printing out all working papers. Although they are exploring the use of SharePoint, it is not geared toward auditing. Although some costs of implementation and maintenance would be necessary, the benefits would outweigh the cost savings in time, supplies, sustainability, efficiencies, and storage.

**Recommendation for Enhancement #6:** The VCCAO should consider implementing an automated working paper system and further evaluate enhancing the use of data analytical software.

**OAAS Management Response:**

*We concur. The division had previously assessed the feasibility of using an automated working paper system, but it was determined that converting to an automated solution was not practical at the time due to budgetary constraints and the lack of trained resources needed to administer and support the system.*

*Price structures and system support models for these systems have changed dramatically since our initial assessment. This is due in part to changes in how the products are licensed and to the introduction of hosted/cloud offerings. The division is currently re-evaluating the feasibility of using such technology. We will assess the cost/benefits of implementing such a solution at the conclusion of our review.*

**Observation #7:** A survey of audit employees indicated that the majority of employees did not have sufficient access to computer assisted audit techniques/tools (CAATS) or other data analysis tools. These tools are considered common place in today's internal audit repertoire. Their use enhances audits by simplifying the analysis of large volumes of data. Given the size of the university system and the limited resources, the use of audit software could result in enhanced efficiencies as well as additional tools for not only the audit staff but university managers.

**Recommendation for Enhancement #7:** *The VCCAO should explore options to incorporate the use of CAATS in audits. In addition, the VCCAO should look for ways to train staff in the use of these techniques or tools.*

**OAAS Management Response:**

*We concur. As a general practice, all staff members currently utilize Microsoft Excel and Microsoft Access for data mining and analysis. While these applications have been sufficient to support the current needs of the division, we will review the costs and benefits of using other data analysis tools to determine if they would enhance efficiencies within the division.*

## CONCLUSION

We appreciate the cooperation and assistance provided to us throughout the course of our review by the members of the OAAS and management at the California State University system.

Sincerely,

Toni Stephens, CPA, CIA, CRMA  
Team Leader  
Executive Director of Audit and Compliance  
The University of Texas at Dallas

### Team Members

Beth Buse, CPA, CIA, CISA  
Executive Director of the Office of Internal Auditing  
Minnesota State Colleges and Universities System

Sheryl Vacca, CHC-F, CCEP-I, CCEP, CHRC, CHPC  
Senior Vice President and Chief Compliance and Audit Officer  
The University of California System

## Appendix 1: Compliance with Auditing Standards

The following table contains our analysis of how Internal Audit activities conform to each section of the *Standards*.

Standard Type and Description	Opinion
<b>Attribute Standards:</b>	
<b>1000 – Purpose, Authority, and Responsibility</b>	Generally Conforms
<b>1100 – Independence and Objectivity</b>	Generally Conforms
<b>1200 – Proficiency and Due Professional Care</b>	Generally Conforms
<b>1300 – Quality Assurance and Improvement Program</b>	Partially Conforms
<b>Performance Standards:</b>	
<b>2000 – Managing the Internal Audit Activity</b>	Generally Conforms
<b>2100 – Nature of Work</b>	Generally Conforms
<b>2200 – Engagement Planning</b>	Generally Conforms
<b>2300 – Performing the Engagement</b>	Generally Conforms
<b>2400 – Communicating Results</b>	Generally Conforms
<b>2500 – Monitoring Progress</b>	Generally Conforms
<b>2600 – Management’s Acceptance of Risks</b>	Generally Conforms
<b>The Institute of Internal Auditors Code of Ethics</b>	Generally Conforms

## Appendix 2: Review Team Composition

### **Beth Buse, CPA, CIA, CISA, Executive Director of Internal Audit for the Minnesota State Colleges and Universities**

] Beth Buse was appointed the Executive Director of the Office of Internal Auditing for the Minnesota State Colleges and Universities System in July 2010. She is responsible for providing independent, objective assurance and advisory services on issues and operations that present material risk to the system and its 31 institutions. She is also responsible for the operation and management of the Office of Internal Auditing. Prior to her appointment, she had been the Deputy Director of Internal Auditing for the system for eleven years. She began her career at the Minnesota Office of the Legislative Auditor where she held various positions for nine years. She also worked in system development audit at Norwest Financial Services.

Ms. Buse graduated from St. Cloud State University with a Bachelor of Science Degree in Accounting. Since graduation, she has supplemented her accounting degree with numerous management information system courses. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and passed the GIAC Security Essentials Certification (GSEC) exam in May of 2007.

Ms. Buse is active in many professional organizations, including the Information Systems Audit and Control Association (ISACA). She has held many leadership roles including President of the local ISACA chapter. In addition, she served on the EDUCAUSE Security Task Force Policies and Legal issues working group. She is currently serving a three-year term on the Twin Cities Chapter of the Institute of Internal Auditors Board of Governors.

### **Toni Stephens, CPA, CIA, CRMA, Executive Director of Audit and Compliance at The University of Texas at Dallas (UTD)**

Toni received her BBA degree in Accounting from Texas A&M University. She has over 25 years of experience auditing institutions of higher education, including seven years at the Texas State Auditor's Office. Toni is a former president of the Association of College and University Auditors (ACUA), a member of the ACUA Faculty, and has also been a board member, the Professional Education Chair, and the Annual Conference Director. Toni has been active with the Dallas Institute of Internal Auditors (IIA) on the board and the certifications committee. She has worked with the UTD Internal Auditing Education Partnership (IAEP) Program since 2003 by giving presentations to students, mentoring them, and providing them with experience working on actual audits. She is also a member of the UTD School of Management IAEP Advisory Board. Honors include the ACUA Excellence in Service Award and the Dallas Chapter of the IIA Aaron Saylor's Award for Outstanding Contribution to the Chapter. She has been performing quality assurance reviews on higher education institutions over 15 years.



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**Sheryl Vacca, CCEP-I, CCEP, CHC-F, CHRC, CHPC, MS, Senior Vice President/Chief Compliance and Audit Officer for the University of California**

Sheryl is the Senior Vice President/Chief Compliance and Audit Officer for the University of California appointed by the Board of Regents in 2007. In this role, Sheryl directs and oversees the University's system-wide compliance and internal audit programs applicable to all UC communities including ten campuses, five medical centers, the Berkeley National Laboratory, (Lawrence Livermore National Lab and Los Alamos National Lab LLP (indirect)), ANR and the Office of the President. Specific functions include oversight of UC's Internal Audit services; audit and compliance standards, internal and external audits; investigations; program evaluation, monitoring and communications; and the whistleblower reporting mechanisms; Regental and UC policy compliance; risk assessment; statutory and regulatory compliance and special area compliance (such as research, health care, retail, labs, athletics, etc.). Sheryl has published and presented nationally and internationally on compliance and internal audit topics. Sheryl has also worked in multiple arenas with private and public governing boards related to their roles and responsibilities around compliance and internal audit.

Sheryl has her BS and Masters and served as an Officer in the USAR, Nurse Corps where she received accommodations and achievement medals during reserve and active duty. In 2012, Sheryl received an award from the Society of Corporate Compliance and Ethics, as well as the Pinnacle award from the Health Care Compliance Association for her contributions to the compliance profession. Sheryl has served as President and board member in the Compliance Professional Association. Sheryl is an established and effective leader in internal audit and compliance functions.

## **COMMITTEE ON AUDIT**

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

#### **Presentation By**

Larry Mandel  
Vice Chancellor and  
Chief Audit Officer

#### **Summary**

This item includes both a status report on the 2014 audit plan and follow-up on past assignments. For the 2014 year, assignments were made to conduct reviews of Auxiliary Organizations, high-risk areas (Information Security, Accessible Technology, and Conflict of Interest), high profile areas (Sponsored Programs – Post Awards, Continuing Education, and Executive Travel), core financial area (Lottery Funds), and Construction. In addition, follow-up on current/past assignments (Auxiliary Organizations, Facilities Management, Police Services, International Programs, Credit Cards, Sensitive Data Security, Centers and Institutes, Hazardous Materials Management, Sponsored Programs, Student Health Services, and Conflict of Interest) was being conducted on approximately 30 prior campus/auxiliary reviews. Attachment A summarizes the reviews in tabular form. An up-to-date Attachment A will be distributed at the committee meeting.

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

#### *Auxiliary Organizations*

The initial audit plan indicated that approximately 273 staff weeks of activity (26.6 percent of the plan) would be devoted to auditing internal compliance/internal control at eight campuses/29 auxiliaries. One campus/five auxiliaries reports are awaiting a campus response prior to finalization, and report writing is being completed for two campuses/seven auxiliaries.

#### *High-Risk Areas*

##### Information Security

The initial audit plan indicated that approximately 51 staff weeks of activity (5.0 percent of the plan) would be devoted to a review of the systems and managerial/technical measures for ongoing evaluation of data/information collected; identifying confidential, private or sensitive

information; authorizing access; securing information; detecting security breaches; and security incident reporting and response. Six campuses will be reviewed. Fieldwork is being conducted at one campus.

#### Accessible Technology

The initial audit plan indicated that approximately 51 staff weeks of activity (5.0 percent of the plan) would be devoted to a review of compliance with laws and regulations specific to the Americans with Disabilities Act of 1990 as it applies to accessible technology requirements and program access. Six campuses will be reviewed. Report writing is being completed for three campuses, and fieldwork is being conducted for one campus.

#### Conflict of Interest

The initial audit plan indicated that approximately 53 staff weeks of activity (5.1 percent of the plan) would be devoted to a review of the process for identification of designated positions; monitoring, tracking, and review of disclosures relating to conflicts of interest, such as research disclosures; faculty and CSU designated officials reporting; employee/vendor relationships; ethics training; and patent and technology transfer. Six campuses will be reviewed. One report has been completed, two reports are awaiting a campus response prior to finalization, report writing is being completed for two campuses, and fieldwork is being conducted at one campus.

#### *High Profile Areas*

#### Sponsored Programs – Post Awards

The initial audit plan indicated that approximately 50 staff weeks of activity (4.9 percent of the plan) would be devoted to a review of contract/grant budgeting and financial planning; indirect cost administration including cost allocation; cost sharing/matching and transfer processes; effort-reporting, fiscal reporting, and progress reporting; approval of project expenditures; sub-recipient monitoring; and management and security of information systems. Six campuses will be reviewed. Fieldwork is being conducted at one campus.

#### Continuing Education

The initial audit plan indicated that approximately 50 staff weeks of activity (4.9 percent of the plan) would be devoted to a review of the processes for administration of continuing education and extended learning operations as self-supporting entities; budgeting procedures, fee authorizations, and selection and management of courses; faculty workloads and payments to faculty and other instructors; enrollment procedures and maintenance of student records; and

reporting of continuing education activity and maintenance of CERF contingency reserves. Six campuses will be reviewed.

#### Executive Travel

The initial audit plan indicated that approximately 50 staff weeks of activity (4.9 percent of the plan) would be devoted to a review of campus travel policies and procedures to ensure alignment and compliance with CSU requirements; review of internal campus processes for monitoring, reviewing, and approving travel expense claims; and examination of senior management travel and travel expense claims for proper approvals and compliance with campus and CSU travel policy. Six campuses will be reviewed. Report writing is being completed for one campus.

#### *Core Financial Area*

#### Lottery Funds

The initial audit plan indicated that approximately 51 staff weeks of activity (4.9 percent of the plan) would be devoted to a review of campus lottery fund allocation and expenditure policies and procedures to ensure compliance with CSU and state requirements; review of internal campus processes for monitoring, reviewing, and approving campus discretionary allocations to specific programs; and examination of specific programs receiving lottery funding to confirm the expenditures are in conformance with state and CSU restrictions. Six campuses will be reviewed. Four reports are awaiting a campus response prior to finalization, report writing is being completed for one campus, and fieldwork is being conducted at one campus.

#### *Construction*

The initial audit plan indicated that approximately 39 staff weeks of activity (3.8 percent of the plan) would be devoted to a review of design budgets and costs; the bid process; invoice processing and change orders; project management, architectural, and engineering services; contractor compliance; cost verification of major equipment and construction components; the closeout process and liquidated damages; and overall project accounting and reporting. Five projects will be reviewed. One report is awaiting a campus response prior to finalization.

### *Advisory Services*

The initial audit plan indicated that approximately 209 staff weeks of activity (20.3 percent of the plan) would be devoted to partnering with management to identify solutions for business issues, offering opportunities to improve the efficiency and effectiveness of operating areas, and assisting with special requests, while ensuring the consideration of related internal control issues. Reviews are ongoing.

### *Information Systems*

The initial audit plan indicated that approximately 13 staff weeks of activity (1.3 percent of the plan) would be devoted to technology support for all high-risk and auxiliary audits. Reviews and training are ongoing.

### *Investigations*

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

### *Committees/Special Projects*

The Office of Audit and Advisory Services is periodically called upon to provide consultation to the campuses and/or to perform special audit requests made by the chancellor. Twenty-nine staff weeks have been set aside for this purpose, representing approximately 2.8 percent of the audit plan.

### *Follow-ups*

The audit plan indicated that approximately 16 staff weeks of activity (1.6 percent of the plan) would be devoted to follow-up on prior audit recommendations. The Office of Audit and Advisory Services is currently tracking approximately 30 current/past assignments (Auxiliary Organizations, Facilities Management, Police Services, International Programs, Credit Cards, Sensitive Data Security, Centers and Institutes, Hazardous Materials Management, Sponsored Programs, Student Health Services, and Conflict of Interest) to determine the appropriateness of the corrective action taken for each recommendation and whether additional action is required.

*Annual Risk Assessment*

The Office of Audit and Advisory Services annually conducts a risk assessment to determine the areas of highest risk to the system. Five staff weeks have been set aside for this purpose, representing approximately 0.5 percent of the audit plan.

*Administration*

Day-to-day administration of the Office of Audit and Advisory Services represents approximately 4.1 percent of the audit plan.

Status Report on Current and Follow-Up Internal Audit Assignments  
 (as of 5/19/2014)

2014 ASSIGNMENTS										FOLLOW-UP PAST/CURRENT ASSIGNMENTS										
Aux Orgs	Conflict of Interest	Lottery Funds	Access Tech	Exec Travel	Spon Prog-Post	Info Security	Cont Educ	Auxiliary Organizations	Facilities Management	Police Services	International Programs	*No.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.		
BAK		AI						4	16/16	-	5/5	-								
CHI	RW							4	25/25	-							6/6	-		
CI								3			4/4	-								
DH			RW					3	19/19	-				7/7	-					
EB		AC						3						12/12	-					
FRE	AI	RW						6	25/25	-				6/6	-					
FUL	RW							4	28/28	-						4/4	-			
HUM		AI				FW		4	21/30	4							7/7	-		
LB								3	27/27	-							8/8	-		
LA								4	18/18	-							4/4	-		
MA								2	4/4	-	6/6	-								
MB	AC							3	16/16	-										
NOR								5	22/22	-							8/8	-		
POM			RW					2	11/11	-	4/4	-								
SAC	AI	FW						5			4/4	-					4/5	11		
SB								4	28/28	-							13/13	-		
SD			RW					4	24/24	-				9/9	-	1/1	-	-		
SF			FW					5	19/19	-							8/8	-		
SJ				RW				5	26/26	-	4/4	-								
SLO								3	12/12	-				5/5	-					
SM								4	22/22	-										
SON		AI						3	5/5	-							3/3	-		
STA					FW			4	14/14	-							5/5	-		
CO	AI	FW						2	0/5	3										
SYS											2/2	-					3/3	-	0/8	2

\* The number of recommendations satisfactorily addressed followed by the number of recommendations in the original report.  
 \*\* The number of months recommendations have been outstanding.  
 • The number of auxiliary organizations reviewed.  
**Numbers/letters in green are updates since the agenda mailout.**

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

Status Report on Current and Follow-Up Internal Audit Assignments  
 (as of 5/19/2014)

FOLLOW-UP PAST/CURRENT ASSIGNMENTS											
	Credit Cards	Sen. Data Sec./Protect.	Centers and Institutes	Hazardous Mat. Mgmt.	Sponsored Programs	Student Health Svcs.	Conflict of Interest	Lottery Funds	*Recs	**Mo.	
	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs	**Mo.	*Recs
BAK	6/6	-		7/7	-						
CHI					6/6						
CI		8/8		5/5							
DH		9/9		3/4	5						
EB	6/6	-	8/8						0/2	1	
FRE	4/4	-									
FUL					10/10						
HUM											
LB		5/6	7			3/6	3				
LA			4/4								
MA											
MB					0/3	3	0/1	1			
NOR	4/4	-	5/5		3/8	3					
POM				6/10	5						
SAC						0/9	2				
SB		14/14	5/7								
SD						2/14	4				
SF	4/4	10/10		9/9							
SJ						13/17	5				
SLO			7/7		0/7	3					
SM			3/7								
SON				6/6		0/7	3				
STA	4/4	-				0/6	2				
CO		0/12	7								
SYS	0/5	6	0/3								

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

\*\* The number of months recommendations have been outstanding.

• The number of auxiliary organizations reviewed.

Numbers/letters in green are updates since the agenda mailout.





## **COMMITTEE ON AUDIT**

### **Review and Approval of the California State University External Auditor**

#### **Presentation By**

George V. Ashkar  
Assistant Vice Chancellor/Controller  
Financial Services

#### **Summary**

This item requests the California State University Board of Trustees to approve the selection of KPMG as the audit firm to provide a variety of audit functions for five fiscal years, beginning July 1, 2014 and ending June 30, 2019, with optional one-year extensions for up to three additional years, and to authorize the chancellor, or his designees, to finalize negotiations for a master service contract with said firm.

#### **Background**

In January, the California State University posted a Request for Proposal (RFP) to solicit proposals from qualified independent public accounting firms for the purposes of establishing a CSU master service contract for the performance of a variety of audit functions for five fiscal years, beginning July 1, 2014 and ending June 30, 2019, with optional one-year extensions for up to three additional years. The firm or firms awarded would also perform optional tasks or optional services for individual campuses on an as-requested basis in accordance with the provisions of the RFP and any subsequent contract.

Three audit firms (Grant Thornton, KPMG, and PricewaterhouseCoopers) submitted proposals in response to the RFP, which were carefully analyzed in Phase I of the process by the evaluation team based on the criteria specified in the RFP, consisting of:

- the firm's experience, organizational resources, and sustainability;
- qualification and experience of the proposer's project team;
- work plan and methodology;
- technical experience;
- overall capability, stability, size, and structure of the firm.

All three firms were then advanced from the first phase of the review to the second phase for final evaluation based on total five year pricing for required tasks. Based on the second phase criteria of price, KPMG was chosen with the lowest bid submitted.

The following resolution is presented for approval:

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

1. Acknowledge their review of the Request for Proposal (RFP 4422) process in soliciting proposals from qualified independent public accounting firms for the purposes of performing financial statements and other audits for the CSU system, beginning with the 2014-2015 fiscal year audit.
2. Authorize the chancellor, or his designees, to finalize negotiations for the master service contract with KPMG for the performance of a variety of audit tasks for five fiscal years, beginning July 1, 2014 and ending June 30, 2019, with optional one-year extensions for up to three additional years.

## **AGENDA**

### **COMMITTEE ON GOVERNMENTAL RELATIONS**

**Meeting: 8:45 a.m., Wednesday, May 21, 2014**  
**Glenn S. Dumke Auditorium**

Steven M. Glazer, Chair  
Douglas Faigin, Vice Chair  
Adam Day  
Debra S. Farar  
Margaret Fortune  
Lupe C. Garcia  
J. Lawrence Norton  
Steven G. Stepanek  
Cipriano Vargas

#### **Consent Items**

Approval of Minutes of Meeting of March 26, 2014

#### **Discussion Items**

1. Legislative Update, *Information*

## **COMMITTEE ON GOVERNMENTAL RELATIONS**

### **Legislative Update**

#### **Presentation By**

Garrett Ashley  
Vice Chancellor  
University Relations and Advancement

Karen Y. Zamarripa  
Assistant Vice Chancellor  
Advocacy and State Relations

#### **Summary**

This item contains a review of bills introduced this year that may impact or interest the California State University (CSU). The status of each bill is current as of May 2, 2014.

#### **Background**

The legislative session is well underway with most bills having been heard in their first policy committee. Many measures that were introduced as “spot” bills have been amended to reflect the true impact the bill will have on current law. Advocacy and State Relations is in the process of consulting with others in the Chancellor’s Office, campuses and other experts to determine our list of priority bills for the session.

#### **Board of Trustees Sponsored Legislation**

**AB 2324 (Williams) Faculty-Trustee Holdover Appointment:** This proposal allows the current faculty trustee to serve up to another full two-year term, until they are reappointed or a successor has been named by the Governor. This proposal was brought forward by the statewide Academic Senate and ensures that this trustee position is not left vacant for long periods of time. The faculty trustee speaks on behalf of the faculty on academic policies and curricular issues that come before the board.

**STATUS:** This measure has been approved by the Assembly on consent and is now awaiting policy committee hearing in the Senate later this spring.

**AB 2736 (Committee on Higher Education) Postsecondary Education: California State University:** This technical cleanup measure modifies three existing reports that the CSU

provides to the legislature and the executive branch. The three modifications being sought include reports dealing with the Early Start program, gifts and donations to the university, and Doctorate of Nursing Practice (DNP) programs.

STATUS: This measure passed out of Assembly with unanimous support and is now awaiting referral to a policy committee in the Senate.

### **Priority Bills**

**AB 1989 (Chesbro) Underage Drinkers: Students in Winemaking and Brewery Science programs:** This measure allows a student who is taking courses that would lead to a specific degree in wine or beer making to “taste” alcohol if they are under the age of 21.

CSU POSITION: SUPPORT/SPONSOR  
STATUS: This measure has been referred to the Assembly Governmental Organization Committee and will be heard on May 7.

**SB 1210 (Lara) Postsecondary education: California Student Education Access Loan Program:** This bill would establish the Dream Loan Program to serve CSU and UC students who meet the AB 540/130/131 eligibility criteria, but who lack access to federal student loans. The loan program would be created through a partnership between the state and participating institutions, with the state providing \$1 for every \$1 the institution invests. Students would be able to qualify for up to \$4,000 in loans per academic year.

CSU POSITION: SUPPORT/SPONSOR  
STATUS: This measure was passed out of the Senate Education Committee and will now go to the Senate Appropriations Committee.

### **Other Legislation of Interest**

**AB 1433 (Gatto) Student Safety:** This measure requires any sexual or violent crime reported to campus police be immediately disclosed to the local public law enforcement agency serving the area, if the victim agrees to the release of such information. Campus police maintain primacy in investigating the crime.

CSU POSITION: SUPPORT  
STATUS: This measure passed out of both the Assembly Higher Education and the Assembly Public Safety Committees and will be heard in the Appropriations Committee next. No hearing date is set yet.

**AB 1456 (Jones-Sawyer) Higher Education: Tuition and Fees: Pilot Program:** This proposal directs the California Student Aid Commission (CSAC) and the Legislative Analyst Office (LAO) to study a pilot program where students are not charged tuition fees or housing costs, but rather commit to pay a percentage of their salary back to the institution post-graduation. It asks for four campuses to be identified as participants (one from each public segment and one non-profit, spread evenly across the state), but does not guarantee funding for the backfill of lost revenue.

CSU POSITION: NO OFFICIAL POSITION  
STATUS: This measure passed out of the Assembly Higher Education Committee with several abstentions reflecting the concerns of many committee members. It was then placed on the Assembly Appropriation Committee's suspense file.

**AB 1924 (Logue) Public postsecondary education: Baccalaureate Degree Pilot Program:** This proposal is the third attempt by the author to create a new pathway for a student to complete their degree in four years at a cost not to exceed \$12,000. Per the language in the measure, an institution would volunteer to participate in the program. A similar version of the proposal creates a program at the UC capping total fees at \$25,000.

CSU POSITION: NO OFFICIAL POSITION  
STATUS: The measure will not be heard this year and is dead.

**AB 1953 (Skinner) Higher Education Energy Efficiency Act: Grants:** This proposal creates the Higher Education Energy Efficiency Fund within the State Treasury. Grants from this fund would assist the UC and CSU campuses in building retrofits to reduce the demand for energy. Targets would be at the discretion of each system. This would be an alternative for CSU and UC to Proposition 39 revenues that have been dedicated entirely to K-12 and community colleges.

CSU POSITION: SUPPORT  
STATUS: This measure passed out of the Assembly Higher Education Committee and will be heard next in the Assembly Appropriations Committee. No hearing date is set yet.

**AB 1977 (R. Hernandez) Public Postsecondary Education: Student Academic Preparation and Educational Partnerships:** This bill increases financial support for academic programs like the Early Academic Outreach Program (EAOP), the Mathematics, Engineering, Science Achievement (MESA) program, and the Puente program. These preparation programs are not funded by a line item in the CSU budget.

**CSU POSITION:** NO OFFICIAL POSITION  
**STATUS:** The measure was placed on the Assembly Appropriations suspense file due to costs. The CSU is focusing its budget request on an augmentation of \$95 million for increased access and opportunity.

**AB 2153 (Gray) Postsecondary Education: Course Offering:** This proposal which is sponsored by the California Faculty Association (CFA) initially proposed a statutory definition of “supplanting” for extended education courses and programs at the CSU which would effectively prohibit campuses from offering summer or intersession instruction solely with self-support funding and therefore eliminating options for students. The scope of the bill was amended to limit it to undergraduate programs. However, it remains problematic for students and faculty who are interested in alternatives to meet their college and career objectives.

**CSU POSITION:** OPPOSE  
**STATUS:** This measure passed out of the Assembly Higher Education Committee and will be heard next in the Assembly Appropriations Committee, but no hearing date is set yet.

**AB 2168 (Campos) Public Postsecondary Education: California College Campus Discrimination and Violence Prevention Task Force:** This proposal creates a thirteen person taskforce to look at reducing incidents of discrimination, hate crime, and campus violence on the campuses of the UC, CSU, California Community Colleges (CCC) and California’s independent institutions of higher education. from each of the four segments who would be tasked to issue a report by January 1, 2016.

**CSU POSITION:** NO OFFICIAL POSITION  
**STATUS:** This measure was placed on the Assembly Appropriations Committee’s suspense file because of the reporting requirements. The CSU is working with the author’s staff to address the concerns of the author, while recognizing the work of the Assembly’s Select Committee on Campus Climate and the external review being completed at San Jose State.

**AB 2235 (Buchanan) Education Facilities: Kindergarten-University Public Education Facilities Bond Act of 2014:** This bill is the vehicle for a future K-12/university bond proposal that would go before the voters in either 2014 or 2016.

**CSU POSITION:** SUPPORT  
**STATUS:** This measure was placed on the Assembly Appropriations Committee’s suspense file.



**AB 2610 (Williams) California State University: Special Sessions:** This bill would require the chancellor of the CSU, in consultation with stakeholders including the Academic Senate, to develop a definition for “supplanting” as it relates to state support versus self-support courses. This recommended definition is to be reported to the chairpersons of the Assembly Committee on Higher Education and the Senate Committee on Education on or before January 31, 2015.

CSU POSITION: SUPPORT

STATUS: This measure was approved by the Assembly Higher Education Committee on April 29 and is pending action by the Assembly Appropriations Committee.

**AB 2721 (Pan) Trustees of the California State University: Non-faculty Employees:** This proposal replaces a public member of the Board of Trustees with a non-faculty CSU employee who is covered by the Higher Education Employer-Employee Relations Act. The individual would be selected by the Governor from a list of names provided by the various non-faculty represented groups of the CSU. The appointed person would serve a two-year term on the board. CSU will be seeking amendments to clarify the selection process of proposed staff trustee similar to that which is used by the University of California.

CSU POSITION: OPPOSE UNLESS AMENDED

STATUS: This measure passed out of the Assembly Higher Education Committee and will be heard next in the Assembly Appropriations Committee, but no hearing date is set yet.

**SB 850 (Block) Community College Districts: Baccalaureate Degree Pilot Program:** This measure would allow the CCC Board of Governors, in agreement with the other two public segments, to grant twenty community college districts the authority to offer a baccalaureate degree. This authority sunsets in eight years and would then require the completion of a report on the success of the program. The CSU has been working with the author and committee staff to develop amendments to ensure the pilot is successful and does not duplicate existing programs.

CSU POSITION: WATCH

STATUS: This measure passed out of the Senate Education Committee and will be heard next in the Senate Appropriations Committee, but no hearing date is set yet.

**SB 943 (Beall) CSU: Personal Services Contracting:** This measure establishes standards for personal service contracts similar to those of the State Civil Service Act to be applicable to the

CSU. It requires the Public Employment Relations Board to review and disapprove a contract that does not meet those standards among other things.

CSU POSITION: OPPOSE

STATUS: This measure was defeated in the Senate Education Committee on April 30.

**SB 967 (DeLeon) Student Safety: Sexual Assault:** This proposal requires the governing boards of the public segments, along with the independent universities and colleges, to adopt policies on campus sexual violence, including an affirmative consent standard in the determination of whether consent was given by a complainant and to provide written notification to the victim about the availability of resources and services.

CSU POSITION: SUPPORT IF AMENDED

STATUS: This measure passed out of the Senate Education Committee and was then placed on the Senate Appropriations suspense file due to costs. The CSU supports the measure and is seeking some clarifying amendments as the measure moves forward.

**SB 1017 (Evans) Taxation: Oil Severance Tax Law:** This proposal establishes an oil severance tax which would designate fifty percent of the revenues received to the UC, CSU, and CCC; twenty-five percent to the Department of Park and Recreations; and twenty-five percent towards the California Health and Human Services Agency. The CSU would be required to use the funds provided to the system for the following purposes: 1) deferred maintenance; 2) instructional equipment replacement; 3) pay off debt from a statewide bond; and, 4) minor capital outlay projects as allocated by a newly created oversight board rather than the Board of Trustees.

CSU POSITION: NO OFFICIAL POSITION

STATUS: This measure passed the Senate Education Committee and will be heard next in the Senate Committee on Governance and Finance.

**AB 46 (Pan) California State University: Contractors:** This proposal requires that any contracts entered into by the system with a private vendor to offer or support educational programs meet certain requirements with regard to any data collected related to a student or a faculty member of the university.

CSU POSITION: PENDING

STATUS: AB 46 was amended to reflect these new provisions the last week of April and CSU is reviewing this CFA sponsored measure. The proposal appears to be directed at vendor contracts associated with online learning such as Udacity and our own Cal State Online.

**MINUTES OF THE MEETING OF  
COMMITTEE ON GOVERNMENTAL RELATIONS**

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

**March 26, 2014**

**Members Present**

Steven M. Glazer, Chair  
Douglas Faigin  
Debra Farar  
Margaret Fortune  
Lupe C. Garcia  
Bob Linscheid, Chair of the Board  
J. Lawrence Norton  
Steven G. Stepanek  
Cipriano Vargas  
Timothy P. White, Chancellor

Trustee Glazer called the meeting to order.

**Approval of Minutes**

The minutes of January 29, 2014, were approved as submitted.

**Legislative Update**

Mr. Garrett Ashley, vice chancellor for university relations and advancement, and Ms. Karen Y. Zamarripa, assistant vice chancellor for advocacy and state relations, presented this item.

Mr. Ashley reported that over 2,000 legislative measures have been introduced for this session with more than half being introduced in the final two days before the February 21 deadline. The Office of the Chancellor will assess which measures will have the largest impact on the California State University (CSU).

Last week, the chancellor and campus presidents were in Sacramento lobbying for the CSU. Next month, the CSU will join the University of California (UC) and the California Community Colleges in a joint advocacy day.

Ms. Zamarripa provided an overview of advocacy activities, related issues and current bills in the state legislature:

- **AB 2324 (Williams) Faculty-Trustee Holdover Appointment:** This proposal allows the current faculty trustee to serve beyond their two-year term until they are reappointed or a successor has been named by the Governor. This bill is scheduled for committee next week and has been approved on consent.
- **AB 2736 (Williams) Modification of Existing CSU Reporting Requirements:** This proposal is a technical cleanup measure that would modify the submissions of three mandatory reports dealing with Early Start Program, gifts and donations, and the Doctorate of Nursing Practice programs. This bill went out of the first policy committee on consent.
- **AB 1989 (Chesbro) Underage Drinkers: Students in Winemaking and Brewery Science programs:** This measure allows a student who is taking courses that would lead to a specific degree in wine or beer making to “taste” alcohol if they are under the age of 21. The CSU has partnered with the UC on this bill.
- **SB 1210 (Lara) California Student Education Access Loan Program:** The CSU has joined with the UC on this bill in pushing forward a loan program for undocumented students who have attended and graduated from a California high school. The undocumented students are now eligible for in-state tuition and Cal Grants; however, they are not eligible for federal loan programs.

## **AGENDA**

### **COMMITTEE ON ORGANIZATION AND RULES**

**Meeting:**     **9:15 a.m., Wednesday, May 21, 2014**  
                  **Glenn S. Dumke Auditorium**

J. Lawrence Norton, Chair  
Roberta Achtenberg, Vice Chair  
Debra S. Farar  
Margaret Fortune  
Lupe C. Garcia  
Lillian Kimbell  
Hugo N. Morales

#### **Consent Items**

Approval of Minutes of March 25, 2014

#### **Discussion Items**

1. Schedule of California State University Board of Trustees' Meetings, 2015, *Action*

**MINUTES OF MEETING OF  
COMMITTEE ON ORGANIZATION AND RULES  
Trustees of The California State University  
Glenn S. Dumke Conference Center  
401 Golden Shore  
Long Beach, California**

**March 25, 2014**

**Members Present**

J. Lawrence Norton, Chair  
Roberta Achtenberg, Vice Chair  
Margaret Fortune  
Lupe C. Garcia  
Bob Linscheid, Chair of the Board  
Hugo N. Morales  
Timothy P. White, Chancellor

Trustee Norton called the meeting to order.

**Approval of the Minutes**

The minutes of the January 28, 2014 meeting were approved as submitted.

**Action Item**

Trustee Norton introduced one action item on the agenda regarding proposed revisions to the Rules Governing the Board of Trustees (ROR 03-14-01). The proposed revisions are intended to make the Rules consistent with the recent changes to the Audit Committee Charter, and also to clarify the responsibilities of the Committee on Audit and the relationship between the Chief Audit Officer and the Board. The revisions consist of language clarifying that: (1) the name of the University Auditor is changed to the Vice Chancellor and Chief Audit Officer (Chief Audit Officer), and the Chief Audit Officer is appointed and evaluated by the Board upon recommendation by the Committee on Audit with input from the Chancellor; (2) the Chief Audit Officer reports jointly to the Chancellor and the Board, which the Board clarified to mean that the Chief Audit Officer has an administrative reporting relationship to the Chancellor, but to ensure independence of the internal audit function, the Chief Audit Officer has an accountability and supervisory reporting relationship to the Board of Trustees; (3) the Committee on Audit will consist of at least five members and will make recommendations to the Board concerning the appointment, dismissal and compensation of the Chief Audit Officer; (4) with respect to both internal and external audits, the Committee on Audits has the authority to act on behalf of the Board in approving annual audit selection areas and the budget; and (5) the Committee on Audit will have access to financial expertise within the committee itself or from a financial expert appointed to advise them.

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O & R

### **Information Item**

Trustee Norton introduced one informational item on the agenda, a proposed Schedule of Meetings for 2015, commented that this item will come back as an action item at the May meeting, and also noted that these dates do not conflict with any of the meetings with the UC Board of Regents.

The meeting was adjourned.

**COMMITTEE ON ORGANIZATION AND RULES**

**Schedule of California State University Board of Trustees' Meetings, 2015**

**Presentation By**

J. Lawrence Norton  
Chair, Committee on  
Organization and Rules

**Summary**

The following schedule of the CSU Board of Trustees' meetings for 2015 is presented for approval:

**RESOLVED**, By the Board of Trustees of The California State University, that the following schedule of meetings for 2015 is adopted:

January 27-28, 2015	Tuesday – Wednesday	Headquarters
March 24-25, 2015	Tuesday – Wednesday	Headquarters
May 19-20, 2015	Tuesday – Wednesday	Headquarters
July 21, 2015	Tuesday	Headquarters
September 8-9, 2015	Tuesday – Wednesday	Headquarters
November 17-18, 2015	Tuesday – Wednesday	Headquarters



**TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY**

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

**May 21, 2014**

*Presiding: Bob Linscheid, Chair*

**9:30 a.m.      Board of Trustees      Dumke Auditorium**

**Call to Order and Roll Call  
Public Comment**

**Chair's Report**

**Chancellor's Report**

**Report of the Academic Senate CSU: *Chair—Diana Guerin***

**Report of the California State University Alumni Council: *President—Kristin Crellin***

**Report of the California State Student Association: *President—Sarah Couch***

**Approval of Minutes of Board of Trustees' Meeting of March 26, 2014**

**Board of Trustees**

1. Conferral of the Title Trustee Emeritus: Bob Linscheid, *Action*

**Committee Reports**

**Committee on Collective Bargaining: *Chair—Lou Monville***

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

**Committee on University and Faculty Personnel: *Chair—Debra Farar***

1. Executive Compensation: President–Humboldt State University
2. Approval of Change in Appointment Date: Executive Vice Chancellor and Chief Financial Officer

**Joint Committee on Educational Policy and Campus Planning, Buildings and Grounds: *Chairs—Debra Farar and Rebecca D. Eisen***

1. California State University Sustainability Policy Proposal

**Committee on Campus Planning, Buildings and Grounds: *Chair—Rebecca D. Eisen***

1. Amend the 2013-2014 Capital Outlay Program, Non-State Funded
4. Approval of Schematic Plans
5. Approval of the Campus Master Plan Revision and Schematic Plans for the Recreation Wellness Center for San Francisco State University
6. Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Approval of Schematic Plans for Plaza Linda Verde for San Diego State University
7. Approval of the Amendment of the 2013-2014 Non-State Capital Outlay Program and Schematic Plans for Campus Village 2 for San José State University
8. Certify the Final Environmental Impact Report, Approve the 2014 Master Plan Revision and the Amendment of the 2013-2014 Non-State Capital Outlay Program for Student Housing South for California Polytechnic State University, San Luis Obispo

**Joint Committee on Finance and Campus Planning, Buildings and Grounds: *Chair— Rebecca D. Eisen***

**Committee on Finance: *Chair—Rebecca D. Eisen***

3. Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Various Projects

**Committee of Educational Policy: *Chair—Debra Farar***

**Committee on Audit: *Chair—Lupe C. Garcia***

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

**Committee on Governmental Relations: *Chair—Steven Glazer***

**Committee on Organization and Rules: *Chair—J. Lawrence Norton***

1. Schedule of California State University Board of Trustees' Meetings

**Committee on Committees: *Chair—Rebecca D. Eisen***

1. Election of the Chair and Vice Chair of the Board of Trustees for 2014-2015
2. Committee Assignments for 2014-2015

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**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**

**March 26, 2014**

**Trustees Present**

Bob Linscheid, Chair  
Lou Monville, Vice Chair  
Roberta Achtenberg  
Talar Alexanian  
Adam Day  
Rebecca D. Eisen  
Douglas Faigin  
Debra S. Farar  
Margaret Fortune  
Lupe C. Garcia  
Steven M. Glazer  
Lillian Kimbell  
J. Lawrence Norton  
John P. Perez, Speaker of the Assembly  
Steven Stepanek  
Cipriano Vargas  
Timothy P. White, Chancellor

Chair Linscheid called the meeting to order and said that two items would be taken out of order.

**Board of Trustees**

**Posthumous Conferral of the Title Trustee Emeritus: William Hauck (RBOT 03-14-04)**

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

**WHEREAS**, William Hauck was appointed as a member of the Board of Trustees of the California State University in 1993 by Governor Pete Wilson, and during his tenure served as Vice Chair of the Board from 1996-1998 and as Chair of the Board from 1998-2000; and

**WHEREAS**, Trustee Hauck served on the selection committees for presidents of Sacramento State University in 2003, San José State University in 2011, and San Diego State University in 2011 and chaired the Special Committee for the Selection of the Chancellor in 2012; and

**WHEREAS**, Trustee Hauck was elected by his board colleagues to serve as chair of the Committee on Finance; and

**WHEREAS**, Trustee Hauck, as the former well respected President and CEO of the California Business Roundtable, co-founder and former Board Chair of The Campaign for College Opportunity and having served as a key senior staff member to several elected officials, offered his expertise in public policy and education to guide the Board of Trustees and its committees with invaluable courage, insight and thought; and

**WHEREAS**, He also, through his service on the Board of Trustees, made a personal contribution to the advancement of higher education by endowing the Trustee William Hauck Scholarship, which recognizes a San José State University student for academic performance, personal accomplishments and community service; and

**WHEREAS**, He will be remembered as a champion for all students, and for his professional integrity and commitment to the university's mission; 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 confers the title of Trustee Emeritus on William Hauck.

#### **Election of Five Members to Committee on Committees for 2014-2015 (RBOT 03-14-05)**

Chair Linscheid 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 following trustees are elected to constitute the board's Committee on Committees for the 2014-2015 term:

Rebecca D. Eisen, Chair  
Roberta Achtenberg  
Debra Farar  
Lou Monville  
Hugo N. Morales

## **Public Comment**

The board of heard from several individuals during the public comment period: Dennis Kortheuer, professor at CSULB spoke against AMCHA; Estee Chandler, member, Los Angeles Chapter of Jewish voice for peace, spoke in support of the safety for all students; Calpurnia Moua, student, CSUS spoke in support of a tobacco free campus; Pete Cadano, student, SJSU, spoke in support of the a system wide tobacco free policy; Alexandra Rossi, member, COUGH, spoke in support of the CSU adopting a tobacco free policy; Kathleen Wong, student, Cal Poly Pomona, urged the campus presidents to take action for a tobacco free campus; Jessica Gonzalez, student, Cal Poly Pomona, spoke in support of the real food challenge and the sustainability policy; Ahn Tran, student, CSULB, spoke about real food for all CSU campuses; Eric Recchia, student CSU, Humboldt, spoke about sustainable foods; Carie Rael, student, CSU, Fullerton spoke against the success fees; Artun Ereren, student, SQE member, CSU, Fullerton addressed the board about the student sex initiative and the student success initiative; Ryan Quinn, student SQE, addressed the board about his opposition with the student success fees; Sean Washburn, student, CSU, Fullerton, spoke against the student success fees; Pakal Hatue, spoke in support of ethnic studies being a requirement at CSULA; Jaloni Hendricks, graduate, CSULA, spoke in support of mandatory ethnic studies at CSU campuses; Juliana Nascimento, student, CSULA, spoke about student success fees and the CSULA ethnic studies requirement; Francisco Monroy, student, CSUDH addressed the board and ask the president to let the students vote on the student success fees; Wendy Herrera, student, SDSU, expressed her disappointment with the student success fees; Doug Deutschman, faculty and parent, SDSU, spoke in support of the student success fee at SDSU; Janera Montano, student, SDSU, spoke in support of the student success fee; Freddie Sanchez, staff, SDSU, expressed his support the new student success fee; Bey-Ling Sha, faculty, SDSU, spoke to the board in support of the students success fee; Johnny Leggett, ASI vice president, CSUF, thanked the chancellor and board for passing the student success fee; Daniel Akers, staff, CSUF, spoke in support of the student success fee; Steve Stambough, faculty, CSUF, spoke about the process of the student success fee on campus and stated he was happy and impressed to see the engagement with students and faculty during the process.

## **Chair's Report**

Chair Linscheid's complete report can be viewed online at the following URL:  
<http://calstate.edu/BOT/chair-reports/mar2014.shtml>

## **Chancellor's Report**

Chancellor Timothy P. White's complete report can be viewed online at the following URL:  
<http://www.calstate.edu/bot/chancellor-reports/140326.shtml>

## **Report of the Academic Senate CSU**

CSU Academic Senate Chair, Diana Guerin's complete report can be viewed online at the following URL:  
[http://www.calstate.edu/AcadSen/Records/Chairs\\_Reports/documents/March\\_2014\\_Chairs\\_BOT\\_Rept.pdf](http://www.calstate.edu/AcadSen/Records/Chairs_Reports/documents/March_2014_Chairs_BOT_Rept.pdf)

## **Report of the California State University Alumni Council**

Alumni Council President, Kristin Crellin's complete report can be viewed online at the following URL: <http://www.calstate.edu/alumni/council/bot/20140326.shtml>

## **Report from the California State Student Association**

CSSA President Sarah Couch's complete report can be viewed online at the following URL: [http://www.csustudents.org/wp-content/uploads/public-documents/pdf/CSSA-Report-to-CSU-BOT\\_March-2014.pdf](http://www.csustudents.org/wp-content/uploads/public-documents/pdf/CSSA-Report-to-CSU-BOT_March-2014.pdf)

## **Committee Reports**

### **Approval of Minutes of Board of Trustees Meeting**

The minutes of the meeting of January 29, 2014, were approved.

### **Committee on Collective Bargaining**

Trustee Monville reported the committee approved the meeting minutes of January 28, 2014. He also stated that the committee heard from Pat Gantt, president CSUEU, Mike Geck, CSUEU, organizing vice president, Tessy Reese, chair, Bargaining Unit 2, Pam Robertson, Bargaining Unit 2, Sharon Cunningham, chair Bargaining Unit 5, Mike Chavez, Bargaining Unit 5, John Orr, chair, Unit 7 CSUEU, Rocky Sanchez, Bargaining Unit 7, Susan Smith, Vice-chair, Bargaining unit 9, Alisandra Brewer, vice president, CSUEU, Andy Mayfield, chair, CFA Bargaining team, Patricia Donze, CFA faculty, DD Willis, chapter president, CFA, Rich Anderson, president, UAW Local 4123.

### **Committee on Organization and Rules**

Trustee Norton reported the committee heard one information item: Proposed Schedule of Board of Trustees' Meetings, 2015 and one action item follows:

#### **Rules Governing the Board of Trustees (ROR 03-14-01)**

Trustee Norton 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 Rules of Procedure are amended as indicated (by strike-throughs and additions) in attachment A as presented in Item 1 of the Committee on Organization and Rules in the March 25-26, 2014 meeting.

## **Committee on Institutional Advancement**

Trustee Norton reported the committee heard one information item: Measuring Advancement and two action items as follow:

### **Naming of an Academic Program—California State University, Northridge (RIA 03-14-05)**

Trustee Norton 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 College of Business and Economics of California State University, Northridge be named the David Nazarian College of Business and Economics.

### **Naming of a Facility—California State University, Fresno (RIA 03-14-06)**

Trustee Norton 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 Softball Diamond in the Department of Intercollegiate Athletics at California State University, Fresno be named the Margie Wright Diamond.

## **Committee on Finance**

Trustee Achtenberg reported the committee heard three information items: Policy on Voluntary Statewide Student Involvement and Representation Fee (SIRF), Report on the 2014-2015 Support Budget, California State University Annual Debt Report and two action items as follow:

### **Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for One Project (RFIN 03-14-01)**

Trustee Achtenberg 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 Orrick, Herrington & Sutcliffe LLP, as bond counsel, prepared resolutions that authorize interim and permanent financing for a project at San Diego State University (San Diego State University Zura Hall Renovation) as described in Agenda Item 4 of the Committee on Finance at the March 25-26, 2014 meeting of the CSU Board of Trustees. The proposed resolutions will achieve the following:

1. Authorize the sale and issuance of Systemwide Revenue Bond Anticipation Notes and the related or stand-alone sale and issuance of the Trustees of the California State University Systemwide Revenue



Bonds in an aggregate amount not-to-exceed \$57,570,000 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 Acting Deputy 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.

The resolutions will be implemented subject to the receipt of good bids consistent with the projects' financing plans.

### **Conceptual Approval of a Public/Private Partnership Mixed-Use Development Project at San Francisco State University (RFIN 03-14-02)**

Trustee Achtenberg 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 Trustees:

1. Approve the concept of a public/private partnership for a mixed-use development on approximately one acre of land on Holloway Avenue, identified as Block 6, at San Francisco State University;
2. Authorize the chancellor, the campus, and UCorp to enter into negotiations for agreements as necessary to develop a final plan for the public/private partnership as explained in Agenda Item 5 of the March 25-26, 2014 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 a developer with the advice of the chancellor;
  - c) Approval of any amendments to the campus master plan as they pertain to the project;
  - d) Approval of an amendment to the Non-State Capital Outlay Program;
  - e) Approval of the schematic design.

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

Trustee Eisen reported the committee heard two information items, California State University Seismic Safety Program Annual Report, Report on Systemwide Sustainability Goals and Proposed Policy Revision and two action items as follow:

**Amend the 2013-2014 Capital Outlay Program, Non-State Funded (RCPBG 03-14-04)**

Trustee Eisen 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 2013-2014 non-state funded capital outlay program is amended to include:

- 1) \$1,748,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Northridge Career Center;
- 2) \$3,100,000 for preliminary plans, working drawings, construction, and equipment for the San Diego State University Page Pavilion;
- 3) \$11,400,000 for preliminary plans, working drawings, construction, and equipment for the California State University, San Marcos Field House Expansion.

**Amend the 2013-2014 Capital Outlay Program, State Funded (RCPBG 03-14-05)**

Trustee Eisen 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 authorizes the chancellor or his designee to apply for an energy efficiency loan for California Polytechnic State University, San Luis Obispo from the California Energy Commission to implement energy efficiency measures; and be it further

**RESOLVED**, that the Board of Trustees of the California State University authorizes the chancellor or his designee to apply for an energy efficiency On-Bill Financing Loan for California Polytechnic State University, San Luis Obispo from the Pacific Gas & Electric Company to implement energy efficiency measures; and be it further

**RESOLVED**, that in compliance with the California Environmental Quality Act (CEQA), the Board of Trustees of the California State University finds that the activity funded by the loans is a project that is exempt under Section 15301 of CEQA; and be it further

**RESOLVED**, that if recommended for funding by the California Energy Commission, Board of Trustees of the California State University authorizes the chancellor or his designee to accept a loan for California Polytechnic State University, San Luis Obispo up to \$3,000,000; and be it further

**RESOLVED**, that if recommended for funding by the Pacific Gas & Electric Company, Board of Trustees of the California State University authorizes the

chancellor or his designee to accept a loan for California Polytechnic State University, San Luis Obispo up to \$1,000,000; and be it further

**RESOLVED**, that the amount of the loan will be paid under the terms and conditions of the Loan Agreement of the California Energy Commission; and be it further

**RESOLVED**, that the amount of the loan will be paid under the terms and conditions of the Loan Agreement of the Pacific Gas & Electric Company; and be it further

**RESOLVED**, By the Board of Trustees of the California State University, that the 2013-2014 state funded capital outlay program is amended to include: \$4,000,000 for preliminary plans, working drawings, and construction for the California Polytechnic State University, San Luis Obispo Campuswide Utility Improvements.

### **Committee on Educational Policy**

Trustee Achtenberg reported the committee heard three information items: Overview and Progress on the Early Start Program; Update on Reducing Bottlenecks: Student Survey Results; and Update on Reducing Bottlenecks: Improving Student Success. The committee also heard two action items, one heard in closed session regarding Honorary Degree Nominations and Subcommittee Recommendations, and one in open session as follows

#### **Academic Planning (REP 03-14-01)**

Trustee Achtenberg 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 amended projections to the Academic Plans for the California State University campuses (as contained in Attachment A to Agenda Item 6 of the March 25-26, 2014 meeting of the Committee on Educational Policy), be approved and accepted for addition to the CSU Academic Master Plan and as the basis for necessary facility planning; and be it further

**RESOLVED**, that those degree programs proposed to be included in campus Academic Plans be authorized for implementation, at approximately the dates indicated, subject in each instance to the chancellor's approval and confirmation that there exists sufficient societal need, student demand, feasibility, financial support, qualified faculty, facilities and information resources sufficient to establish and maintain the programs; and be it further

**RESOLVED**, that degree programs not included in the campus Academic Plans are authorized for implementation only as pilot programs, subject in each instance to current procedures for establishing pilot programs.

### **Committee on University and Faculty Personnel**

Trustee Farar reported the committee heard three action items as follow:

#### **Executive Compensation: President – California State University, Long Beach (RUF 03-14-01)**

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 Dr. Jane Close Conoley shall receive a salary set at the annual rate of \$320,329 effective July 15, 2014, the date of her appointment as president of California State University, Long Beach. Dr. Conoley shall occupy the official presidential residence located in Long Beach, California, as a condition of her employment as president; and be it further

**RESOLVED**, Dr. Conoley shall receive additional benefits as cited in Item 1 of the Committee on University and Faculty Personnel at the March 25-26, 2014 meeting of the Board of Trustees.

#### **Executive Compensation: Vice Chancellor and Chief Audit Officer (RUF 03-14-02)**

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 Mr. Larry M. Mandel shall receive a salary set at the annual rate of \$229,596 effective February 1, 2014, the date of his appointment as vice chancellor and chief audit officer of the California State University; and be it further

**RESOLVED**, Mr. Mandel shall receive additional benefits as cited in Item 2 of the Committee on University and Faculty Personnel at the March 25-26, 2014 meeting of the Board of Trustees.

**Executive Compensation: Executive Vice Chancellor and Chief Financial Officer  
(RUF 03-14-03)**

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 Mr. Steven W. Relyea shall receive a salary set at the annual rate of \$310,000 effective May 1, 2014, the date of his appointment as executive vice chancellor and chief financial officer of the California State University; and be it further

**RESOLVED**, Mr. Relyea shall receive additional benefits as cited in Item 3 of the Committee on University and Faculty Personnel at the March 25-26, 2014 meeting of the Board of Trustees.

**Committee on Audit**

Trustee Garcia reported the committee heard three information items, Status Report on Current and Follow-Up Internal Audit Assignments, Status Report on Corrective Action for the Findings in the California State University A-133 Single Audit Reports and Auxiliary Organization Audit Reports for the Fiscal Year Ended June 30, 2013 and Report on Compliance with National Collegiate Athletic Association Requirements for Reporting Financial Data.

**Committee on Governmental Relations**

Trustee Glazer reported the committee heard one information item, Legislative Update.

**Committee of the Whole**

Chair Linscheid reported the committee heard two information items: Joint Presentation from California State University Chancellor, Timothy P. White, University of California President, Janet Napolitano, and California Community College Chancellor, Brice W. Harris; and the General Counsel's Report.

## **BOARD OF TRUSTEES**

### **Conferral of the Title Trustee Emeritus: Bob Linscheid**

#### **Presentation By:**

Timothy P. White  
Chancellor

#### **Summary**

It is recommended that Trustee Bob Linscheid be conferred the title of Trustee Emeritus for his exemplary service to the California State University.

The following resolution is recommended for approval:

**WHEREAS**, Trustee Bob Linscheid was appointed as a member of the Board of Trustees of the California State University by the California State University Alumni Council in 2005, and since that time has served ably in that position;

**WHEREAS**, Trustee Linscheid has been a member of the Board of Trustees for nine years, and through his service as Chair and Vice Chair, has offered steadfast leadership to the University; and

**WHEREAS**, Trustee Linscheid, alumnus of Chico State University and long-time supporter of the CSU, represented the three million CSU alumni as the Alumni Trustee from 2005-2014, and furthered alumni impact by formerly serving twice as president of the systemwide CSU Alumni Council, member of Chico State's University Foundation, and president of Chico State Alumni Association; and

**WHEREAS**, Trustee Linscheid has chaired the Campus Planning, Building and Grounds Committee and served on the Educational Policy, Institutional Advancement, Collective Bargaining, Finance and Governmental Relations committees; and

**WHEREAS**, Trustee Linscheid, as the president and chief executive officer of the San Francisco Chamber of Commerce, offered his expertise in public policy, economic development and organization management to guide the Board of Trustees and its committees with sound leadership, the highest professional integrity and always with a focus on students, faculty and staff; and

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**WHEREAS**, Trustee Linscheid has been a tireless advocate for CSU students, advocating side-by-side with other higher education leaders for resources that will ensure that students receive a world-class education at an affordable price;

**WHEREAS**, Trustee Linscheid has steered the University system through a period of enormous growth and budgetary challenges, and has dedicated his career to helping individuals reach their academic potential; 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 confers the title of Trustee Emeritus on Bob Linscheid, with all the rights and privileges thereto.