

MINUTES OF MEETING OF CSU INSTITUTE BOARD

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

February 14, 2014
1:07 am – 1:29 pm

Board Directors Present

1. Timothy P. White, Chair
2. Ephraim P. Smith, Secretary
3. Sally Roush, Interim Executive Vice Chancellor
4. Garrett Ashley, Director
5. Gail Brooks, Director

Staff Present

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

Sally Roush called the meeting to order at 1:07 p.m.

Minutes were taken by staff (Syrus En).

Approval of the Institute Board minutes of October 7, 2013 (action item)

Sally Roush presented the minutes from the Institute Board meeting on October 7, 2013. With one correction to the title of Lori Redfearn, the minutes were approved by consent.

Presentation of the Institute Audit Committee minutes of January 7, 2014 (information item)

Lori Redfearn, Chair of the Audit Committee, presented the minutes of the Institute Audit Committee meetings of January 7, 2014. The minutes were approved by consent without discussion.

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

Robert Eaton presented an update on the Institute's commercial paper program.

Eaton explained briefly that the Program's outstanding commercial paper balance was \$173 million at a weighted average rate of 0.10%. The balance had increased by nearly \$7 million since the last report to the Board, due to two campus projects. Through March 2014, the commercial paper pipeline is projected to decrease \$11 million from current levels, based on prepayment for one long-term project.

Eaton also provided an update on the current letter of credit (LOC) supporting the commercial paper program, which is scheduled to expire in July 2014. Staff performed an analysis of the letter of credit market, which indicated the possibility of significant savings for the Institute based on a downward trend on LOC pricing. Staff had entered into negotiations with the existing two LOC provider (State Street Bank and JPMorgan) to reduce fees and increase the size of the LOC facility up to \$300 million. However, the pricing proposal from JPMorgan was considerably higher than current market levels. As a result, staff decided to replace JPMorgan with another bank through a bidding process involving four banking candidates, in order to take advantage of the favorable market. That process was underway and staff would report on the results at the next meeting.

Chair White asked whether the \$300 million facility size is commensurate with current demand and market risk. Eaton affirmed that the size should be sufficient based on the current pipeline of projects in our SRB program, noting that there could be potential additional need for commercial paper capacity to support a new capital financing program stemming from the Governor's debt service proposal, but until the structure of such a program is determined by the Trustees, we will not know the amount or structure of any addition commercial paper capacity.

Presentation to approve Tax Year 2012 IRS Return of Organization Exempt from Income Tax-Form 990 (action item)

George Ashkar presented a brief summary of the Audit Committee's review of the Form 990.

Redfearn stated the compensation figures in the Form 990 were consistent with those presented in the Form 990 of the CSU Foundation. Chair White asked if there were any unusual items that needed to be discussed. Ashkar explained that there were minor changes, for example, changing the number of board members from 3 to 5, but there was nothing that needed to be called out. Redfearn noted that the Chancellor's official starting date with the CSU needed to be change and Askhkar indicated the change would be made.

Roush asked for a motion, which was moved by Secretary Smith and seconded by Director Ashley. The motion was approved unanimously.

Presentation to approve the Appointment of Sally Roush as the Institute Treasurer (action item)

Sally Roush presented an action item calling for her appointment as the Institute Treasurer.

Discussion took place regarding the effective dates of the prior Treasurer's resignation and the appointment of Roush as new Treasurer. Secretary Smith confirmed that he had received Ben Quillian's resignation as Treasurer, effective December 31, 2013, and it was determined that Roush's appointment as Treasurer could be effective upon approval by the Institute Board (i.e. February 14, 2014).

Roush asked for a motion, which was moved by Chair White and seconded by Secretary Smith. The motion was approved unanimously.

Presentation of the Amended Institute Conflict of Interest Policy (action item)

Ashkar presented an action item for the approval of the amended Institute Conflict of Interest Policy.

Ashkar stated that the policy was being updated because of a couple of modifications, including increasing the number of members and having the policy tied to a separate and distinct Form 700.

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

Presentation of the new Institute Conflict of Interest Form (action item)

Ashkar presented an action item for the approval of the new Institute Conflict of Interest form.

Ashkar stated the form was modeled after the CSU Foundation Conflict of Interest Form and was part of the annual review of California State University Institute policies, procedures, and forms.

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

Presentation of the Institute Records Retention and Destruction Policy (action item)

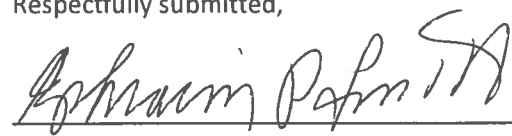
Ashkar presented an action item for the approval of the Institute Records Retention and Destruction Policy.

Ashkar stated that there were minor changes to the policy in terms of the scope of the record retention. Chair White asked that the actual schedule be presented and included with the policy in the future and Ashkar indicated that this would be done.

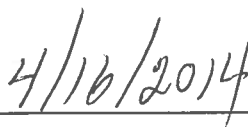
Roush asked for a motion, which was moved by Chair White and seconded by Secretary Smith. The motion was approved unanimously.

Meeting was adjourned at 1:29 p.m.

Respectfully submitted,



Ephraim P. Smith, Secretary



Date