

AGENDA

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

Meeting: 1:30 p.m., Tuesday, September 9, 2014
Glenn S. Dumke Auditorium

Committee on Finance

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

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

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

Consent Items

Approval of Minutes of Meeting of July 22, 2014

Discussion

1. New Capital Financing Authority and Revisions to the California State University Policy for Financing Activities, *Information*

**MINUTES OF THE MEETING OF JOINT
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**

July 22, 2014

Members Present

Finance Committee

Roberta Achtenberg, Chair
Steven M. Glazer, Vice Chair
Talar Alexanian
Adam Day
Rebecca D. Eisen
Debra S. Farar
Margaret Fortune
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Campus Planning, Buildings and Grounds Committee

Rebecca D. Eisen, Vice Chair
Talar Alexanian
Adam Day
Lillian Kimbell
Steven G. Stepanek
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Trustee Achtenberg called the meeting to order.

Approval of Minutes

The minutes of May 20, 2014 were approved by consent as submitted.

**Report on 2014-2015 State Funded Capital Outlay Program and Capital Financing Authority,
*Information Item***

Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer addressed the board stating that, in late June, capital financing changes granting the new capital financing authorities to the CSU were approved as part of the 2014-2015 Budget Act. Mr. Relyea introduced Vi San

Juan, Assistant Vice Chancellor for Capital Planning, Design and Construction, Ryan Storm, Interim Assistant Vice Chancellor for Budget, and Robert Eaton, Acting Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management to provide additional details preliminary thoughts on how the CSU will utilize these new authorities with the goal of presenting formal recommendations for action on program structure and policy to the Board at its September meeting.

Mr. Storm stated that the annual principal and interest on state bonds that have been issued on behalf of the CSU in the form of General Obligation (GO) and State Public Works Board (PWB) debt service have been shifted from the State to the CSU on a permanent basis beginning with the 2014-2015 fiscal year. In order to accommodate this shift, the CSU general fund support budget has been increased by \$297 million in fiscal year 2014-2015. In addition, the Department of Finance has provided the CSU with a signed letter committing to a \$20 million permanent, ongoing increase to the CSU support budget by 2017-2018, or an overall, permanent shift that begins at \$297 million in 2014-15 and that grows and permanently remains at \$317 million. As presented previously, the \$297 proposal was not sufficient to cover the debt service in five of the first seven years. This Department of Finance commitment will help eliminate much of that shortfall.

Mr. Storm noted that the CSU also received a number of new statutory authorities. The new authorities allow the CSU to pledge its annual general fund support budget to secure CSU debt issued pursuant to the State University Revenue Bond Act of 1947. This is the same authority under which the CSU's Systemwide Revenue Bond (SRB) program had been created. The use of the general fund support budget to fund academic buildings and infrastructure projects, and to refund, restructure, or retire PWB bond debt would be limited to 12 percent of the general fund support budget. Similarly, the funding of pay-as-you-go projects would fall within the same 12 percent limitation.

Ms. San Juan stated that the legislation also provided the State Fire Marshal with the authority to delegate the enforcement of building standards related to fire and panic safety to the CSU. As a result training will be increased with the goal of securing State Fire Marshal recognition of a designated Campus Fire Marshal to serve one or more campuses. It is estimate that one-third of the current State Fire Marshall cost is for travel costs alone, thus initial savings are estimated at more than \$500,000 per year.

Mr. Eaton stated that with respect to program structure, staff recommended that the CSU utilize the new authorities by working through the existing Systemwide Revenue Bond program. As previously presented to the Board, the SRB program is an established program with legal documentation and internal program administration already in place. He also noted that staff recommended that the capital financing resources available under the new authorities be managed centrally, with the Chancellor's Office reviewing campus needs and providing recommendations to the Board on the prioritization of campus projects eligible for financing

under the new authorities. Staff also recommends that some flexibility be permitted to allow campuses to manage their own revenue resources for individual projects.

Mr. Eaton reported that in terms of the next steps, utilizing input from the Board, staff would continue evaluating the new authorities with the intent of returning to the Board in September for action on program structure and policy, including a recommendation on which new revenues to add to the SRB pledge. By January 2015, staff will plan to finalize the additional program structure and policy details through the Chancellor's Executive Order process and present a slate of projects for approval by the Board. Issuance of debt under the new authorities would be targeted for spring 2015.

Chancellor White pointed out that this authority and the transference of resources do not provide resources to address existing deferred maintenance. He added that responded that going forward the CSU needs to find a way to finance the opportunity they now have the authority to exercise.

Trustee Glazer stated there are incredible demands for capital in the system, not just repairs but facilities that have a 20-40 year life cycle. He added that when the CSU makes the choices to borrow, there may be a chance that the state will not be able to provide the resources that are needed. This may require tuition increases or not providing faculty and staff pay increases in order to pay for the gap.

Trustee Monville thanked the staff for their excellent work in addressing the challenges in the new system and its impact on the CSU. He appreciated the sensitivity in making sure the Board recognizes that there are many moving parts. Regarding the Fire Marshal responsibilities, he inquired about the new liabilities, insurance responsibility, training and personal development for the staff involved. He stated that when the policy comes forward, he would like the board to be sensitive and understand the significance of the new responsibilities. He added that the Board takes the safety of students, faculty and staff seriously and wanted to make sure the Board had a full robust understanding.

Chair Achtenberg reported that she and Trustee Glazer would be working quite actively with Chancellor White, Mr. Relyea, and his staff to address concerns. She added they are working diligently to ensure that the plan put before the Board in September projects future spending needs and how to address them.

Trustee Achtenberg thanked the staff on behalf of the Board for all their hard work. A related action item will be coming back to the Board at its September meeting.

JOINT MEETING

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

New Capital Financing Authority and Revisions to the California State University Policy for Financing Activities

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 provides information to the California State University Board of Trustees regarding the new capital financing authorities granted to the CSU by statute in June 2014. This item provides an update to the preliminary recommendations presented to the board as an information item at the July 2014 meeting, including a new recommendation to delegate authority to the chancellor to determine which new revenues (under the new capital financing authorities) will be pledged to secure CSU debt and when those new revenues will be pledged. In order to assist the board in evaluating this new recommendation, this item provides information on the main revenue pledge options available under the new authorities and the potential impact of these options. Proposed revisions to the CSU Policy for Financing Activities (RFIN 03-02-02) reflecting these recommendations are provided in Attachment A.

In addition, a draft list of projects to be financed in 2014-2015 is provided in Attachment B. The trustees will be asked to approve the financing at a later date.

Background

At the July 2014 meeting, the board received information on new capital financing authorities approved by the State legislature in June 2014. These new authorities (Education Code Sections 89770-89774, 90083) include:

- a) Authority for the CSU to pledge, in addition to any of its other revenues, its annual general fund support budget appropriation, less the amount of that appropriation required by the State to meet State General Obligation and State Public Works Board debt service, to secure CSU debt issued pursuant to the State University Revenue Bond Act of 1947¹ ('47 Bond Act). The new authority also provides that the state will not restrict or impair the CSU's ability to pledge its annual general fund support budget appropriation, as long as any debt supported by the pledge remains outstanding.

Under this provision, no more than twelve percent of the annual general fund support budget appropriation may be used to: (a) fund debt service for capital expenditures; and (b) fund capital expenditures on a pay-as-you-go basis. With respect to this twelve percent limitation, capital expenditures generally means academic facilities, deferred maintenance, critical infrastructure, and any refinancing of State Public Works Board debt.

- b) Flexibility under the '47 Bond Act that allows the CSU to utilize the new authorities through its existing Systemwide Revenue Bond (SRB) program.
- c) Ability to refinance State Public Works Board bond debt with CSU debt.
- d) Streamlining of the project submittal process to the Department of Finance and the legislature.

At the July 2014 meeting, the board also heard preliminary recommendations on how to implement the new capital financing authorities, including recommendations on program structure and revisions to debt policy. These recommendations included the following:

- a) Utilize the new capital financing authorities by working through the CSU's existing SRB program, an established, well-rated, and well known debt program. By working through the SRB program, the costs and the speed of development will be less compared to the creation of a new, stand-alone debt program.

¹ The State University Revenue Bond Act of 1947 is the authority under which the CSU's Systemwide Revenue Bond program has been created.

- b) Given that the new revenue sources available to support debt under the new authorities will be limited (i.e. that portion of operating funds allocated by the board to support the financing of deferred maintenance and critical infrastructure needs), centrally manage the capital financing resource generated under the new authorities as a strategic resource with some flexibility to permit campuses to manage their own resources for individual projects in the future. With this approach in mind, the prioritization of campus projects eligible for financing under the new authorities will remain a function of the CSU Office of the Chancellor to evaluate campus needs and provide recommendations to the board on project priorities.
- c) Due to the varying nature (complexity, dollar amount, project type) of campus financed projects, allow campuses to make use of pay-as-you-go funds and/or reserves to reduce the amount of debt issued and speed project implementation.
- d) Refinance any State Public Works Board debt into the SRB program in accordance with existing CSU debt policy—i.e. when the refinancing generates net present value savings.
- e) Consistent with the existing CSU Policy for Financing Activities (RFIN 03-02-02), delegate authority to the chancellor to develop and establish other debt structure and policy changes (e.g. debt service coverage ratios) needed to utilize the new capital financing authorities through the SRB program.

Use of Operating Funds for Capital Outlay Program

As reported to the board earlier, the increase in capital financing authority provides the CSU with a tool to address its facilities infrastructure needs absent the availability of state capital financing. Of the \$142 million CSU general fund base budget increase in 2014-2015, \$10 million has been budgeted for deferred maintenance and critical infrastructure needs. It is estimated that the \$10 million could generate an estimated \$130 million in financing proceeds to address the backlog of needed improvements, repairs and renewal of buildings and utility systems.

As presented to, and discussed by the board at its March 2014 and May 2014 meetings, the level of new base funding provided by the state to address capital needs (the \$297 million to cover state general obligation and State Public Works Board bond debt service) is not adequate. In those meetings, analysis indicated that a minimum of \$100 million more in revenue would be needed to support enough debt issuance to reduce the deferred maintenance backlog. Absent the appropriate resourcing for facility needs, the CSU continues to work to secure one-time funding to address the deferred maintenance backlog so that we can safely operate our buildings and provide an environment conducive to learning.

In this context, long term capital planning will be critical to ensure that the new capital financing authorities address the CSU's needs. This planning will need to address multiple areas including

the prioritization of capital projects, risk identification and mitigation, impact on credit ratings, and the cost of capital. Most importantly, this planning will need to identify the sources of revenue (those to be generated by the CSU and/or those to be provided by the state in the future) that will be required to support debt at levels that prudently, but adequately, address the CSU's capital needs.

Delegation of Pledge Authority to the Chancellor and Discussion of Key Pledge Options

In order to maximize flexibility to the CSU in implementing the new capital financing authorities, staff recommends that the board delegate authority to the chancellor to determine which new revenues will be pledged to secure CSU debt and when those new revenues will be pledged. However, should the board wish to make decisions on which new revenues will be pledged and when, the main revenue pledge options and the implications of each choice are presented for consideration by the board.

Under the new capital financing authorities, the CSU presently has two main sources of revenue for consideration as possible pledge options: (1) the general fund support budget appropriation, less any amount required to meet State General Obligation and State Public Works Board debt service; or (2) student tuition fees under the authority allowing the CSU to pledge any of its other revenues.

Pledging the general fund support budget appropriation comes with certain restrictions and requirements that will limit the CSU's capital financing flexibility. First, only twelve percent of the general fund support budget appropriation, less any amount required to meet State General Obligation and State Public Works Board debt service, may be used to fund academic facilities as noted above. (The twelve percent restriction does not apply with respect to supporting debt service on revenue generating projects historically financed by the SRB program.) Initially, this restriction may not have a material impact on the CSU's ability to fund capital projects, since the amount of funds the board has earmarked in its budget for capital funding (\$10 million for 2014-2015) would be well within a twelve percent limit (approximately \$290 million for 2014-2015). However, overtime, as the CSU's capital funding needs grow and more amounts within future CSU budgets are earmarked for capital purposes, the twelve percent limit could impair the CSU's ability to fully address its capital needs.

Second, if the general fund support budget appropriation is pledged, projects would still need to be submitted to the Department of Finance and the legislature for approval, a process that could impair the timing of capital financing as well as restrict the types of project the CSU may wish to fund.

Third, the general fund is not a revenue source that the CSU controls and one that would continue to be subject to possible fluctuations based upon future budget decisions of the state legislature. The new capital financing legislation does provide that the state will not restrict or

impair the CSU's ability to pledge its annual general fund support budget appropriation, as long as any debt supported by the pledge remains outstanding, however, "restrict or impair" has not been defined further by the legislation and could be subject to interpretation.

The restrictions and requirements that come with pledging the general fund support budget appropriation would not apply if the CSU chose to pledge student tuition fees (or any other revenues), thus pledging student tuition fees would provide the CSU with more capital financing flexibility. The primary consideration with pledging student tuition fees would be possible political issues with the Department of Finance, the state legislature, and/or certain CSU constituencies such as faculty or students.

It is important to note that the CSU may also choose to pledge both the general fund support budget appropriation and student tuition fees. The CSU may also choose to forego pledging new revenues for some period of time, if the CSU is in a position to address capital needs without the need to immediately pledge new revenues. Also, an additional important consideration that applies to any source of revenue pledged to the repayment of CSU debt is that, once the pledge is made, it essentially cannot be rescinded.

The board may choose to restrict the chancellor to pledging a single fund source for capital debt financing such as either general funds or tuition. However given the factors outlined above and our inability to predict financial circumstances in the years ahead, staff recommends that the chancellor have the authority to pledge the appropriate sources of funds.

Restructuring of State Public Works Board Debt

Current CSU policy provides that the refinancing of debt should generate net present value savings and, as noted above with respect to State Public Works Board debt that may be refinanced with CSU debt, this has been presented as a preliminary recommendation of staff. However, in the context of long term capital planning and the need to look for ways to generate resources to meet capital needs, a more comprehensive restructuring of the State Public Works Board bond debt may be appropriate. Such a restructuring would defer existing debt service and free up cash flow to meet critical near term needs. Staff will continue to evaluate restructuring options with the goal of returning to the board at a future meeting with recommendations for financing approval.

All other preliminary recommendations presented to the board at the July 2014 meeting remain unchanged.

Revisions to Debt Policy and Future Action by the Board

Attachment A is a version of the existing CSU Policy for Financing Activities (RFIN 03-02-02), amended to reflect revisions made in accordance with the recommendations outlined above,

using *italics* for proposed new language and ~~strikethroughs~~ for deletions. *Italics* and ~~strikethroughs~~ in black reflect changes presented to the board at the July meeting. *Italics* and ~~strikethroughs~~ in blue reflect changes presented to the board at this meeting, as well as refinements made since the July 2014 meeting.

Based upon input from the board, staff would propose to return to the board at a future meeting for action on program structure, including pledge authority, and policy.

2014-2015 Capital Projects to be Financed Using Operating Funds

Attachment B, on page 1 of 2, includes the State Funded Capital Outlay Program 2014/2015 Priority List totaling \$456.4 million as approved by the board in November 2013. A column has been added to identify the projects proposed to be financed from equipment lease financing and the new CSU capital financing authority using \$10 million in operating funds. The list of projects totals \$133.7 million.

The projects proposed to be funded from the new financing authority are listed on page 2 of Attachment B, and comprise the Systemwide Infrastructure Improvements program (as noted on page 1, Rank Order 2), that totals \$103.7 million of the total \$133.7 million program.

As the capital program was previously approved by the board, this list is provided for information on the projects that are proposed for financing using operating funds. At a future date (perhaps January 2015), it is anticipated the board will be asked to consider for approval the financing of the Systemwide Infrastructure Improvement program using the new authority.

**California State University Policy for Financing
Activities Board of Trustees' Resolution**

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) and *Education Code Sections 89770-89774 (EC 89770-89774)* provides the Board of Trustees with the ability to acquire, construct, *finance*, or refinance projects funded with debt instruments repaid from various revenue sources.

1.2 The long-term debt programs of the Board of Trustees established pursuant to the Bond Act *and EC 89770-89774* shall be managed by the Chancellor to credit rating standards in the "A" category, *at minimum*.

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

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

1.5 The Trustees' programs shall be designed to improve efficiency of access to the capital markets by consolidating ~~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 *state and non-state funded* 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 Programs

2.1 To use the limited debt capacity of CSU in the most cost effective and prudent manner, all on-campus student, faculty, and staff rental housing, parking, student union, health center, and continuing education capital projects will be financed by the Trustees using a broad systemwide multi-source revenue pledge under the authority of the Bond Act *and EC 89770-89774* in conjunction with the respective authority of the Trustees to collect and pledge revenues.

Other ~~revenue-based~~ on-campus and off-campus projects, *including academic and infrastructure support projects*, will also be financed through this ~~program~~ *and structure under the authority of the Bond Act and EC 89770-89774*, unless there are compelling reasons why a project could not or should not be financed through this ~~program~~ *structure* (see Section 3 below).

2.2 The Chancellor is hereby authorized to determine which revenues may be added to the broad systemwide multi-source revenue pledge under the authority of the Bond Act and EC 89770-89774 and to determine when such revenues may be added.

2.23 The Chancellor shall establish minimum debt service coverage and other requirements for Bond Act *and EC 89770-89774* 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.

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

2.45 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the ~~Senior Director of Financing and Treasury~~ *Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management*, and each of them (collectively, "Authorized Representatives of the Trustees"), are hereby authorized and directed, for and in

the name and on behalf of the trustees, to take any and all actions necessary to refinance any existing bonds issued pursuant to the Bond Act of 1947 *and/or EC 89770-89774* 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, *with the advice of the General Counsel*, are authorized to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, all bond resolutions, bond indentures, official statements and all other documents, certificates, agreements and information necessary to accomplish such refinancing transactions.

Section 3. Other Financing Programs

3.1 The Board recognizes that there may be projects, or components of projects, that a campus wishes to construct that are not advantaged by, or financing is not possible, or is inappropriate for ~~the~~ a Bond Act *and/or EC 89770-89774* 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~~ a Bond Act *and/or EC 89770-89774* financing program.

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

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

3.1.3 If a project is approved by the Trustees, the Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the ~~Senior Director of Financing and~~

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

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

Section 4. State Public Works Board Lease Revenue Financing Program

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

4.2 The Chancellor, the Executive Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor Financial Services, the ~~Senior Director of Financing and Treasury~~ *Deputy Assistant Vice Chancellor for Financing, Treasury, and Risk Management*, and *Assistant Vice Chancellor for Capital Planning, Design and Construction* each of them (collectively, "Authorized Representatives of the Trustees") are hereby authorized and directed, for and in

the name and on behalf of the Trustees, to execute, acknowledge and deliver, and to prepare and review, as each of them deems appropriate, any and all construction agreements, equipment agreements, equipment leases, site leases, facility leases and other documents and agreements with such insertions and changes therein as such Authorized Representatives of the Trustees, with the advice of the General Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, in order to provide for the planning, design, acquisition, construction, improvement, financing, and refinancing of the projects.

Section 5. Credit of the State of California

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

Section 6. Tax Law Requirement for Reimbursement of Project Costs

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

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

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

Section 7. Effective Date and Implementation

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

7.2 This resolution supersedes RFIN ~~11-98-18~~ 03-02-02 and shall take effect immediately. ~~However, the Chancellor shall have the authority to authorize on an 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.~~

FINAL CSU/State Funded Capital Outlay Program 2014/15 Priority List

Cost Estimates are at Engineering News Record California Construction Cost Index 6151 and Equipment Price Index 3202

Rank Order	Category	Campus	Project Title	FTE		Total Request	Funds to Complete	Cumulative Amount	Enacted 2014/15 State Budget	Proposed CSU Funding
1	IA	Fresno	Electrical Infrastructure Upgrade	N/A	wC	30,000,000	0	30,000,000		30,000,000
2	IA	Statewide	Infrastructure Improvements	0	PWC	300,000,000	0	330,000,000		103,674,000
3	IA	Statewide	Minor Capital Outlay	0	PWC	50,000,000	0	380,000,000		
4	IA	Statewide	Mitigation of Off-Campus Impacts	0	PWC	1,400,000	0	381,400,000		
5	II	Monterey Bay	Academic Building II	N/A	E	1,965,000	0	383,365,000	1,965,000	
6	II	Chico	Taylor II Replacement Building	N/A	E	2,740,000	0	386,105,000	2,740,000	
7	IA	East Bay	Warren Hall Replacement Building	N/A	E	1,061,000	0	387,166,000	1,061,000	
8	IA	Humboldt	Seismic Upgrade, Library	N/A	PWC	5,136,000	0	392,302,000		
9	IA	Los Angeles	Seismic Upgrade, State Playhouse Theatre	N/A	PWC	1,156,000	0	393,458,000		
10	IA	Humboldt	Seismic Upgrade, Van Duzer Theatre	N/A	PWC	7,604,000	0	401,062,000		
11	IB	Los Angeles	Utilities Infrastructure	N/A	P	1,097,000	29,831,000	402,159,000		
12	IB	Long Beach	Utilities Infrastructure Improvements ◊	N/A	P	860,000	26,823,000	403,019,000		
13	IB	San Diego	Utilities Upgrade, Phase IA	N/A	P	1,728,000	50,520,000	404,747,000		
14	IB	San Bernardino	Utilities Infrastructure	N/A	PW	2,325,000	30,953,000	407,072,000		
15	IB	Bakersfield	Faculty Towers Replacement Building (Seismic)	350	P	610,000	20,708,000	407,682,000		
16	IB	Monterey Bay	Infrastructure Improvements, Phase II	N/A	PW	1,919,000	34,813,000	409,601,000		
17	IB	San Francisco	Creative Arts Replacement Building ◊	1,296	P	1,704,000	42,652,000	411,305,000		
18	IB	Sacramento	Science II Replacement Bldg, Phase II ◊	-1,583	PW	4,558,000	82,445,000	415,863,000		
19	IB	San Diego	IVC North Classroom Building Renovation	N/A	PWC	1,306,000	0	417,169,000		
20	IB	Dominguez Hills	Cain Library Renovation (Seismic)	N/A	P	1,420,000	40,001,000	418,589,000		
21	IB	Fullerton	Physical Services Complex Replacement	N/A	P	761,000	28,634,000	419,350,000		
22	IB	Humboldt	Jenkins Hall Renovation	15	P	312,000	9,188,000	419,662,000		
23	II	Channel Islands	Chaparral Hall Art Classrooms/Laboratory	294	P	899,000	24,548,000	420,561,000		
24	IB	East Bay	Library Renovation (Seismic)	N/A	P	1,584,000	49,802,000	422,145,000		
25	IB	Chico	Siskiyou II Science Replacement Building	31	P	2,445,000	79,068,000	424,590,000		
26	II	Sonoma	Professional Schools Building	513	P	1,081,000	38,893,000	425,671,000		
27	II	Maritime	Learning Commons/Library Addition	N/A	P	779,000	24,606,000	426,450,000		
28	IB	San José	Nursing Building Renovation	155	P	456,000	15,594,000	426,906,000		
29	II	San Luis Obispo	Academic Center/Library ◊	401	P	1,683,000	92,476,000	428,589,000		
30	IB	Stanislaus	Library Renovation (Seismic)	-15	P	1,432,000	48,237,000	430,021,000		
31	IB	Northridge	Sierra Hall Renovation	N/A	PW	3,998,000	60,091,000	434,019,000		
32	IB	Pomona	Electrical Upgrade	N/A	PWC	22,369,000	0	456,388,000		
Total				1,457		\$ 456,388,000	\$ 829,883,000	\$ 456,388,000	\$ 5,766,000	\$ 133,674,000

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

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

P = Preliminary plans W = Working drawings C = Construction E = Equipment

PROPOSED CSU Financed Infrastructure Improvements Capital Outlay Program 2014/15

Cost Estimates are at Engineering News Record California Construction Cost Index 6151 and Equipment Price Index 3202

Rank Order	Campus	Project Title	Phase	CSU Funded	Funds to Complete	Cumulative Amount
1	Bakersfield	PE Building HVAC/Roof Replacement	C	389,000	0	389,000
2	Bakersfield	Nursing Building HVAC Replacement	PWC	1,100,000	0	1,489,000
3	Channel Islands	Steam Heating System Replacement	PWC	240,000	0	1,729,000
4	Channel Islands	Electrical Panel Upgrades	PWC	301,000	0	2,030,000
5	Channel Islands	Napa Hall Roof Replacement	PWC	315,000	0	2,345,000
6	Channel Islands	Lindero Hall Roof Replacement	PWC	500,000	0	2,845,000
7	Chico	Boiler Replacement, Ph. 1	PWc	3,383,000	1,621,000	6,228,000
8	Dominguez Hills	Central Plant Cooling Tower Replacement, Ph. 1	PWc	1,859,000	191,000	8,087,000
9	East Bay	Electrical Infrastructure Upgrade, Ph. 2B	PWC	2,121,000	1,960,000	10,208,000
10	Fresno	Gas, Sewer, and Storm Line Upgrade	PW	283,000	3,696,000	10,491,000
11	Fullerton	Chilled and Heating Hot Water Line Replacement	PWC	2,582,000	0	13,073,000
12	Fullerton	Central Plant Chiller Upgrade, Ph. 1	PWc	1,689,000	3,947,000	14,762,000
13	Fullerton	Library (Seismic)	PWC	6,000,000	0	20,762,000
14	Humboldt	Switchgear Replacement	PWC	1,500,000	0	22,262,000
15	Humboldt	Fire Suppression Systems Replacement	PWC	250,000	0	22,512,000
16	Humboldt	Substation Replacement	PWC	687,000	0	23,199,000
17	Long Beach	Hot Water Piping Replacement, Ph. 1	PWc	3,560,000	5,013,000	26,759,000
18	Long Beach	Electrical Substations and Switches Replacement	PWC	1,865,000	0	28,624,000
19	Los Angeles	Electrical Distribution Replacement, Ph. 1	PWC	4,818,000	2,937,000	33,442,000
20	Los Angeles	Physical Sciences (Seismic)	PWC	10,000,000	10,000,000	43,442,000
21	Maritime	Emergency Generator, Sim/Data Center	PWC	246,000	0	43,688,000
22	Maritime	Fire Alarm Upgrade	PWC	89,000	0	43,777,000
23	Maritime	Boiler Replacement, Ph. 1	PWC	170,000	467,000	43,947,000
24	Monterey Bay	Demolition, Ph. 1	PWC	10,000,000	20,000,000	53,947,000
25	Northridge	Heating System Replacement	PWc	4,469,000	3,536,000	58,416,000
26	Northridge	Building Electrical System Replacement	P	242,000	1,500,000	58,658,000
27	Northridge	Redundant Substation Upgrade	P	198,000	1,500,000	58,856,000
28	Pomona	Fire Alarm System Upgrade	PWC	2,933,000	0	61,789,000
29	Pomona	Domestic Water Line Upgrades, Ph. 1	PWc	1,367,000	1,579,000	63,156,000
30	Sacramento	Underground Power Lines	PWC	772,000	0	63,928,000
31	Sacramento	Fire Alarm Systems Upgrades, Ph. 1	PWC	2,718,000	0	66,646,000
32	Sacramento	Elevator Cylinder Replacements, Ph. 1	PWC	510,000	0	67,156,000
33	Sacramento	Chiller Main Switch Replacements	PWC	420,000	0	67,576,000
34	San Bernardino	Performing Arts HVAC Replacement	PWC	2,881,000	0	70,457,000
35	San Diego	Engineering Roof/HVAC Replacement	PWC	1,100,000	0	71,557,000
36	San Diego	Love Library Roof/Elevator Replacement	PWC	1,966,000	0	73,523,000
37	San Diego	HVAC Controls Upgrade	PWC	2,817,000	0	76,340,000
38	San Francisco	Electrical Substation Replacement	PW	500,000	3,780,000	76,840,000
39	San Francisco	Science Building Repairs	PWC	8,115,000	0	84,955,000
40	San José	Duncan Hall Roof Replacement	PWC	1,990,000	0	86,945,000
41	San José	Duncan Hall Steam Line Upgrades	PWC	691,000	0	87,636,000
42	San José	Utilities Infrastructure, Ph. 1A	PWc	2,545,000	4,830,000	90,181,000
43	San Luis Obispo	Utilidor Access Upgrade	PWC	500,000	0	90,681,000
44	San Luis Obispo	Central Heating and Chilled Water System Repairs, Ph. 1	PWc	4,965,000	5,050,000	95,646,000
45	San Marcos	Central Heating and Cooling Lines Upgrades	PWC	1,646,000	0	97,292,000
46	Sonoma	Domestic Water Tank Replacement, Ph. 1	PWc	1,798,000	1,661,000	99,090,000
47	Stanislaus	PE Gym Cooling Infrastructure	PWC	3,000,000	0	102,090,000
48	Stanislaus	PE Pool Repair and Infrastructure Upgrade, Ph. 1	PWc	1,584,000	464,000	103,674,000
Total				\$ 103,674,000	\$ 73,732,000	\$ 103,674,000

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