

AGENDA

COMMITTEE ON FINANCE

Meeting: 3:15 p.m., Tuesday, July 14, 1998
Auditorium

James H. Gray, Chair
Anthony M. Vitti, Vice Chair
William D. Campbell
Jim Considine
Martha C. Fallgatter
Harold Goldwhite
Laurence K. Gould, Jr.
Eric C. Mitchell
Maridel Moulton
Joan Otomo-Corgel
Ali C. Razi
Michael D. Stennis
Stanley T. Wang

Consent Items

Approval of Minutes of Meeting of May 12, 1998

Discussion Items

1. Status Report on the 1998/99 Support Budget, *Information*
2. Financing for California Polytechnic State University, San Luis Obispo Student Union Sports Complex, *Action*
3. Auxiliary Organization Tax-Exempt Financing at San Francisco State University, *Action*
4. Application for Financial Assistance for the 404 Hazard Mitigation Grant Program and the 406 Disaster Assistance Program Designation of the CSU Authorized Agents, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON FINANCE**

**Trustees of The California State University
Glenn S. Dumke Conference Center
400 Golden Shore
Long Beach, California**

May 12, 1998

Members Present

Joan Otomo-Corgel, Chair
Stanley T. Wang, Vice Chair
Jim Considine
Martha C. Fallgatter, Chairman of the Board, ex officio
Harold Goldwhite
James H. Gray
William Hauck
Eric C. Mitchell
Ali C. Razi
Charles B. Reed, Chancellor, ex officio
Anthony M. Vitti

Members Absent

William D. Campbell
Laurence K. Gould, Jr.

Other Trustees Present

Robert G. Foster
Maridel Moulton
Alice S. Petrossian
Michael D. Stennis

Chancellor's Office Staff

June M. Cooper, Senior Vice Chancellor and Interim Chief of Staff
David S. Spence, Executive Vice Chancellor
Richard P. West, Senior Vice Chancellor, Business and Finance
Douglas X. Patiño, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Samuel A. Strafacci, Interim Senior Director, Human Resources

Presidential Liaisons

Ruben Armiñana, President, Sonoma State University, present
Dr. Albert K. Karnig, President, California State University, San Bernardino, present

Chair Otomo-Corgel called the meeting to order at 1:05 p.m.

Approval of Minutes

The minutes of March 17, 1998, were approved.

Approval for the Issuance of the California State Housing System Revenue Bonds, Sonoma State University Student Housing

Chair Otomo-Corgel asked Mr. Richard P. West, senior vice chancellor, business and finance, to present the item.

Mr. West summarized the item which was presented for information at the January 1998 meeting. The resolution calls for trustee authorization for the sale and issuance of an additional series of housing system revenue bonds to finance the construction of student apartments on the Sonoma campus.

Trustee Vitti asked about the status of current demand for housing. Mr. West replied that the demand is extremely high for this type of housing and is projected to increase in the future. Trustee Mitchell concurred and said the housing situation was critical.

Trustee Wang inquired about cost comparisons. Mr. West said the costs were on the high end but well within the parameters for such projects. He noted the room configurations and amenities were based on input from a student focus group to meet current market requirements.

Trustee Hauck asked about replacement cost considerations during the 30-year financing term. Dr. Ruben Armiñana, president, Sonoma State University, replied that a replacement schedule is included as part of the pro forma. Chair Otomo-Corgel inquired if the project fully addresses the housing shortage. President Armiñana noted it will address the present demand; however, since the demand for housing is so great in the Sonoma campus area, a second phase of the project will likely be proposed in the future.

The committee recommended approval of the proposed resolution (RFIN 05-98-06).

Approval for the Issuance of the California State University Housing System Revenue Bonds, California State University, Chico Student Housing

Mr. West explained that the campus proposes to purchase an existing facility. He explained that the item had been revised to lower the bond amount from \$6 million to \$4.7 million due to the removal of one of the original properties from the market by the owner.

Trustee Razi asked why we were purchasing the buildings. Mr. West replied there were a number of factors, some of which included proximity to campus (within five blocks), projected future student enrollment growth, and input from parents and students who are interested in university supervised housing which provides structure and support, particularly to students who are first-time freshmen.

Trustee Mitchell asked about the need for renovations on the property. Mr. Jim Moon, associate vice president of student affairs at CSU Chico, replied that approximately \$1.5 million worth of renovations were needed to refurbish the buildings, most of which were cosmetic in nature, i.e., carpeting, roofing, and parking area improvements.

The committee recommended approval of the proposed resolution (RFIN 05-98-07).

1998/99 Lottery Revenue Budget

Mr. West noted the item was a follow-up to the March 1998 item. He referred back to Trustee Wang's question at the March meeting concerning the fund distribution formula.

He explained that the distribution to campuses does not change year by year. Trustee Hauck noted a November ballot measure related to Indian gaming which may potentially affect lottery revenue.

Trustee Goldwhite noted that the selection of programs funded by lottery revenue seems to have been invariant over the past several years and asked if there was any indication that this might be changed. Mr. West replied this issue is being reviewed with the System Budget Advisory Committee. The System Budget Advisory Committee has agreed to examine new ideas for the use of lottery funds and will make recommendations to the presidents and the chancellor.

The committee recommended approval of the proposed resolution (RFIN 05-98-08).

Proposed Revision of Title 5 Regulations on Minority, Women, and Disabled Veteran Owned Business Participation in CSU Contracts

Ms. Christine Helwick, general counsel, presented the item. Ms. Helwick said the item was simply an effort to bring our regulations in accord with the current law.

The committee recommended approval of the proposed resolution (RFIN 05-98-09).

Status Report on the 1998/99 Support Budget

Chair Otomo-Corgel asked Senior Vice Chancellor West to present the item. Mr. West explained the series of events leading to a very positive report on the current budget negotiation process. He noted that in addition to receiving the requested amount for our regular budget, it is anticipated that the CSU will receive an additional one-time augmentation of approximately \$85 million. This money would be used to offset deficiencies in the areas of deferred maintenance, equipment replacement, computer technology and library materials.

Additionally, a 1 percent salary increase for all employees is expected to be funded. Mr. West said we will propose to the legislative committees that an additional \$6 million be allocated to accelerate teacher preparation programs. An additional \$5 million in one-time funds will also be requested to seek assistance in the conversion of materials to expand distance learning program availability.

Chair Otomo-Corgel thanked Mr. West and his staff, Chancellor Reed, and Trustee Hauck for their hard work and dedication in implementing these requests.

Adjournment

The meeting adjourned at 1:34 p.m.

BRIEF

Information Item

Agenda Item 1
July 14-15, 1998

COMMITTEE ON FINANCE

Status Report on the 1998/99 Support Budget

Presentation By

Mr. Richard P. West, Senior Vice Chancellor
Business and Finance

Summary

The joint legislative conference committee is currently resolving differences between the Assembly and Senate versions of the 1998/99 state budget. Budget discussions are still under way and several issues of concern to CSU remain under consideration.

ITEM

2

Agenda Item 1
July 14-15, 1998

COMMITTEE ON FINANCE

Status Report on the 1998/99 Support Budget

The California State University 1998/99 Support Budget was presented at the November 1997 meeting of the Board of Trustees. The 1998/99 budget request totaled \$2.1 billion in general fund support and \$741.6 million to be collected as revenue and reimbursements. The general fund request was calculated in accordance with the governor's higher education funding compact and includes state funding to replace revenue lost as a result of a 5 percent reduction in the State University Fee rates for undergraduate students. Funding above compact levels was requested for final conveyance of the Camarillo Hospital site in Ventura County for use as an expanded CSU off-campus center and for an additional 3 percent enrollment growth above the compact commitment of 1 percent annual average growth.

The governor's proposed 1998/99 budget, issued January 9, 1998, included the CSU requested funding and \$6.5 million for three additional initiatives: teacher preparation, a federal GOALS 2000 reimbursement for teacher recruitment, and CSU participation in the development of the California Virtual University. The governor's budget request includes \$160.7 million in new general fund support, \$19.4 million to backfill revenue lost as a result of the 5 percent reduction in undergraduate State University Fee rates, and \$18.1 million in new State University Fee revenue resulting from the 10,320 full-time equivalent students (FTES) targeted increase in CSU enrollments. It is anticipated that CSU 1998/99 enrollment growth will increase by an additional 600 FTES once the \$5 million teacher preparation plan is implemented.

The Legislative Analyst's Office published an analysis of the 1998/99 budget bill on February 18, 1998. The analyst made several recommendations to delete or redirect funding in the CSU Support Budget. The analyst proposed that the \$39.6 million provided for additional enrollment growth be redirected to facilities maintenance and the creation of an extra teaching incentive fund. The analyst also recommended that the legislature delete the \$5.2 million funding for the Camarillo Hospital site conveyance and that \$3.3 million of the funding provided for teacher preparation be redirected to the state's Cal Grant program for scholarships to students pursuing the multiple subject teaching credential. The analyst also urged the legislature to review the new federal tuition tax credits for possible general fund savings in the state's financial aid programs. CSU prepared a detailed response opposing the analyst's recommendations and presented those responses to the appropriate legislative committees.

Legislative hearings in the Assembly and Senate have concluded. Actions taken by both houses are summarized in the table below.

	Governor's Budget	May Revise	Assembly Action	Senate Action
1997/98 Adjusted General Fund Budget	\$1,879,965,000	\$1,879,965,000	\$1,879,965,000	\$1,879,965,000
1. Compact Funding				
4% General Fund Increase	73,051,000	73,051,000	73,051,000	73,051,000
10% Fee Backfill	31,365,000	31,365,000	31,365,000	31,365,000
Lease Bond Payments ¹	5,141,000	4,019,000	4,019,000	4,019,000
Dental Annuitants	409,000	1,243,000	1,243,000	1,243,000
2. Permanent Funding Over Compact				
5% Undergrad Fee Reduction	19,400,000	19,400,000	19,400,000	19,400,000
3% Enrollment Growth	39,559,000	39,559,000	39,559,000	39,559,000
Camarillo State Hospital Conveyance	5,200,000	5,200,000	5,200,000	5,200,000
Teacher Preparation*	5,000,000	11,000,000	13,000,000	11,000,000
California Virtual University*	1,000,000	1,000,000	500,000	0
Teacher Recruitment-Center for Teaching Careers		2,000,000	2,000,000	0
1% Compensation Pool Increase		17,800,000	17,800,000	17,800,000
3. Permanent Funding Above May Revise				
State-Funded Summer Session Teacher Preparation			20,000,000	
5% Undergraduate and Graduate Fee Reduction*			23,000,000	
Precollegiate Academic Development Program*			2,600,000	
Educational Opportunity Program*			1,500,000	
Center for California Studies 10% Stipend Increase*			130,000	
On-Going Maintenance			17,800,000	17,800,000
Subtotal, 1998/99 Permanent General Fund Budget	\$2,060,090,000	\$2,085,602,000	\$2,152,132,000	\$2,100,402,000
4. One-Time Funding for 1998/99				
Deferred Maintenance		25,000,000	25,000,000	25,000,000
Instructional Equipment Replacement		25,000,000	25,000,000	25,000,000
Academic Technology		25,000,000	25,000,000	25,000,000
Library Materials		10,000,000	10,000,000	10,000,000
Distance Learning (British Open University Model)		5,000,000	5,000,000	5,000,000
Center for California Studies Outreach*			20,000	
San Diego-South Bay Higher Ed Center*			1,000,000	
Pomona-Engineers Teaching Cred. Pilot Project*			360,000	
Teacher Recruitment-Center for Teaching Careers				2,000,000
SLO Space Systems Club-O'Connell Request				200,000
Total, 1998/99 General Fund Budget	\$2,060,090,000	\$2,175,602,000	\$2,243,512,000	\$2,192,602,000
Increase over Governor's Budget		\$115,512,000	\$183,422,000	\$132,512,000

* PENDING CONFERENCE COMMITTEE ACTION

¹: Lease Bond change reflects shift in fund sources. Change will have no fiscal impact on CSU budget.

Budget bill provisions and supplemental report language have been proposed by both the Assembly and Senate. A joint conference committee is currently resolving differences between the Assembly and Senate versions of the budget. Final numbers and actual budget bill and supplemental report language will be reported to the board in the status report on the 1998/99 final budget when the budget bill has been passed by the legislature and signed by the governor.

BRIEF

Action Item

Agenda Item 2
July 14-15, 1998

COMMITTEE ON FINANCE

Financing for California Polytechnic State University, San Luis Obispo Student Union Sports Complex

Presentation By

Richard P. West, Senior Vice Chancellor
Business and Finance

Summary

This agenda item requests the Board of Trustees to (1) adopt resolutions to issue and sell California State University Student Union Series B Revenue Bonds in an aggregate principal amount not to exceed \$4.9 million, and (2) adopt a resolution enabling a recognized auxiliary organization of the California State University to borrow up to \$3.9 million on a tax-exempt basis. Proceeds from the revenue bonds and the loan will be used to construct the California Polytechnic State University, San Luis Obispo student union sports complex project. However, each of the borrowings is a separate transaction with a separate borrower and a distinct source of repayment.

Action by the trustees is necessary on both transactions. The trustees must approve the sale and issuance of the state university student union revenue bonds, and must approve a resolution to permit the auxiliary organization to qualify its borrowing as tax-exempt. The auxiliary organization's financing transaction will not create any obligation of the State of California, the Trustees of the California State University, or California Polytechnic State University, San Luis Obispo, and the action will not pledge any credit of the state, the trustees, or the university.

A separate item is before the trustees' Committee on Campus Planning, Buildings and Grounds at this meeting requesting the trustees to amend the Campus Nonstate Capital Outlay Program for the construction phase of the project.

Recommended Action

Adoption of the proposed resolutions.

ITEM

2

Agenda Item 2
July 14-15, 1998

COMMITTEE ON FINANCE

Financing for California Polytechnic State University, San Luis Obispo Student Union Sports Complex

Project Summary

The sports complex project (the "Project") consists of six lighted multipurpose athletic fields, a 600-seat baseball stadium, a 300-seat softball stadium, and a small parking area all on university property. The major reason for the Project is to replace fields that have been lost as a result of past and current construction of academic and support buildings on campus. In March 1997, the planning and working drawing phases of the Project were approved by the trustees for inclusion in the 1996/97 Nonstate Funded Capital Outlay Program, an environmental review was completed, and the Project was included in the Campus Master Plan Revision Site Plan.

The total cost of the Project is expected to be approximately \$9.4 million. Approximately \$0.6 million in up-front expenditures has been funded from private donations and existing student union reserves. A portion of the Project consisting of the baseball and softball stadiums will be financed with a tax-exempt loan not to exceed \$3.9 million to be borrowed by the California Polytechnic State University Foundation (the "Corporation") from a banking institution. The balance of the Project, consisting of a recreation facility portion including six lighted multipurpose athletic fields, will be funded by the issuance of approximately \$4.9 million of student union revenue bonds issued by the Board of Trustees.

Student Union Revenue Bonds of the Board of Trustees

The university will develop the play field complex through the self supporting student union program. The student union revenue bonds issued pursuant to the State University Bond Act of 1947 are obligations of the Board of Trustees and will be fully supported by student union fees. When the project is completed, fees for the student union revenue bond program at the university are expected to generate a coverage ratio of 6.6 times annual revenue to estimated maximum annual debt service on all campus student union bonds before operating costs. Funds for operations are paid from net revenues available on a year-to-year basis after meeting all bond repayment and bond revenue requirements. The Board of Trustees' student union revenue bonds will not secure any part of the Corporation's obligations for repayment of the bank loan.

Tax-Exempt Borrowing of the Auxiliary Organization

The Corporation will develop the athletic stadium complex on ground leased to it by the university. The Corporation will be using corporate assets other than the leasehold as security for the tax-exempt loan. The Corporation intends on contracting with the university for the construction of its portion of the Project.

The trustees' approval is being requested to satisfy requirements of federal tax law permitting certain nonprofit entities, including auxiliary organizations, to use this financing approach under IRS Revenue Procedure 82-26. The Corporation will, however, be solely obligated to repay the loan. The financing transaction will not create any obligation of the State of California, the Trustees of the California State University, or California Polytechnic State University, San Luis Obispo, and

the action will not pledge any credit of the state, the trustees, or the university. The corporation's bank loan will not secure any part of the trustees' obligation for repayment of the student union revenue bonds.

The Corporation is seeking to qualify for a tax-exempt loan by requesting adoption of a resolution that: approves of the purpose and activities of the Corporation; approves the borrowing by the Corporation on behalf of the trustees on a tax-exempt basis; agrees that the trustees will accept title to that portion of the Project improvements financed by the loan upon retirement of the loan; and makes a determination that the Project has a substantial connection with the CSU.

Financial Plan

At the time this agenda item was prepared, construction bids for the project exceeded the available budget. As a result, the campus is undergoing a review of the project scope to ensure that the project can be constructed within the resources identified in the financial plan. The sale of the bonds and the tax-exempt borrowing will not occur until the campus has identified all sources of funds for the Project and certified the overall Project financial plan.

Furthermore, the resolution approving the sale of student union revenue bonds (which are obligations of the Board of Trustees) will not become effective until the chancellor or the senior vice chancellor for business and finance executes a certificate approving a revised financial plan that identifies all resources necessary to adequately fund the Project.

Resolutions for the Student Union Revenue Bonds of the Board of Trustees

Orrick, Herrington & Sutcliffe LLP as bond counsel for the trustees is preparing resolutions for the sale and issuance of revenue bonds to be presented for approval at this meeting that will achieve the following:

1. Authorize the sale and issuance of the California Polytechnic State University, San Luis Obispo Student Union Revenue Bonds, Series B, in an amount not to exceed \$4.9 million and certain actions relating thereto including the approval of the form of the Notice of Sale as presented to the board at this meeting.
2. Approve the form of the official statement prepared by Sutter Securities, financial advisor, and presented to the board at this meeting.
3. Provide a delegation to authorize the chancellor, the executive vice chancellor, the senior vice chancellor for business and finance, and the director of financing and risk management to take any and all necessary actions to execute documents for the sale and issuance of the bonds.
4. Make the resolution to sell bonds effective upon the execution of a certificate by the chancellor or the senior vice chancellor for business and finance confirming that he has approved a revised financial plan that identifies all resources necessary to adequately fund the project.

Resolution for the Tax-Exempt Borrowing of the Auxiliary Organization

A resolution regarding the auxiliary organization borrowing is presented below for approval.

WHEREAS, The California Polytechnic State University Foundation (the “Corporation”) is organized under the California Nonprofit Public Benefit Corporation Law and under the Corporation’s Articles of Incorporation as an entity not organized for profit; and

WHEREAS, The Corporation is an auxiliary organization of the California State University, and is authorized to act pursuant to California Education Code Sections 89900 et seq.; and

WHEREAS, The Articles of Incorporation of the Corporation provide that corporation income will not inure to the benefit of any private person; and

WHEREAS, The Corporation desires to borrow through a tax-exempt loan (“Loan”) on behalf of the Board of Trustees (“Board”) of The California State University to fund the construction of a portion of a Sports Complex in furtherance of its corporate purposes; and

WHEREAS, The Board may lease any property of a state university for the purpose of constructing new facilities pursuant to California Education Code Sections 89036 and 89046; and

WHEREAS, Proceeds of the Loan will be used to pay for the construction of a portion of the Sports Complex, therefore, be it

RESOLVED, By the Trustees of the California State University, as follows:

Section 1. The Board hereby approves the purposes and activities of the Corporation.

Section 2. The Board hereby approves the Corporation borrowing through a tax-exempt Loan in an aggregate principal amount not to exceed three million, nine hundred thousand dollars (\$3,900,000); provided that this resolution shall not constitute or authorize an indebtedness of the State of California, the Board, the California Polytechnic State University, or any officers or employees of any of the entities, and no lending or pledging of the credit of any of these entities is intended or authorized by the resolution.

Section 3. The Board hereby agrees, without demand or further obligation on behalf of the Board, to accept unencumbered fee title to all property financed by the Loan, including any additions to said property, upon retirement of the Loan.

Section 4. The property to be financed by the Loan is hereby determined to be located within the geographic boundaries of property owned and operated by the Board and has a substantial connection with the Board.

Section 5. The chancellor, the executive vice chancellor, the senior vice chancellor, business and finance, and their designees are hereby authorized and directed, jointly and severally, to take any and all actions and execute and deliver any and all certificates, agreements, and related documents which they, or any of them, may deem necessary or advisable in order to facilitate the approval of the Loan as described above.

Section 6. This resolution shall take effect immediately upon its adoption.

BRIEF

Action Item

Agenda Item 3
July 14-15, 1998

COMMITTEE ON FINANCE

Auxiliary Organization Tax-Exempt Financing at San Francisco State University

Presentation By

Robert A. Corrigan, President
San Francisco State University

Richard P. West, Senior Vice Chancellor
Business and Finance

Summary

This agenda item requests the Board of Trustees to adopt a resolution enabling a recognized auxiliary organization of The California State University to borrow funds on a tax-exempt basis. The San Francisco State University Foundation Inc., a CSU auxiliary organization in good standing, is seeking to fund the costs of renovating and remodeling the old Corporate Yard on the San Francisco State University campus. The total cost of the project is expected to be approximately \$2 million.

Action of the trustees is necessary to permit the auxiliary organization to qualify its borrowing as tax-exempt. The auxiliary organization's financing transaction will not create any obligation of the State of California, the Trustees of The California State University, or San Francisco State University, and the action will not pledge any credit of the state, the trustees, or the university.

Recommended Action

Adoption of the proposed resolution.

ITEM

2

Agenda Item 3
July 14-15, 1998

COMMITTEE ON FINANCE

Auxiliary Organization Tax-Exempt Financing at San Francisco State University

This agenda item requests the Board of Trustees to adopt a resolution enabling a recognized auxiliary organization of The California State University to borrow funds on a tax-exempt basis. The San Francisco State University Foundation Inc., a CSU auxiliary organization in good standing (the "Corporation"), is seeking to fund the costs of renovating and remodeling the old Corporate Yard on the San Francisco State University campus. The total cost of the project is expected to be approximately \$2 million and will be financed by a tax-exempt lease with a lease financing credit corporation (the "Leasing Company"). The assets of the auxiliary organization, including a letter of credit from a U.S. banking institution, will secure this lease.

The project will consist of the renovation of two buildings totaling approximately 23,000 square feet, and five modular buildings totaling approximately 9,500 gross square feet. The project includes the interior renovation of existing office spaces and shop areas, exterior site development, and landscaping. Interior renovation includes ceiling and lighting systems, wall and floor finishes, electrical, plumbing and mechanical and telecommunication systems. The renovation will bring together in one contiguous space all student services-related functions under the vice president for student affairs.

The university and the Corporation have reviewed the financing options for the project. The Corporation, with the support of the university, has decided to fund the project with the lease proceeds. The university will lease to the Corporation the old Corporate Yard property. The Corporation will lease the existing buildings on the property to the Leasing Company and lease back the buildings with the improvements resulting from renovation and remodeling. The Leasing Company will advance the project costs upon execution of the leases and will be repaid from rental payments made by the Corporation and secured in part by a letter of credit issued by a U.S. banking institution. The ground lease will not serve as security for the tax-exempt borrowing through the Lease. The Corporation is also contracting with the university for the construction of the project.

The Corporation is requesting approval by the trustees to fund the project cost from the proceeds of a tax-exempt, general obligation lease, not to exceed two million dollars (\$2,000,000). The approval is requested to satisfy requirements of federal tax law that permit certain nonprofit entities, including auxiliary organizations, to use this financing approach under IRS Revenue Procedure 82-26. The Corporation will, however, be solely obligated to repay the lease transaction.

The Corporation is seeking to qualify for a tax-exempt lease by requesting from the trustees approval of: the purpose and activities of the Corporation; the borrowing by the Corporation on behalf of the trustees on a tax-exempt basis; acceptance of title to the project improvements financed by the lease upon termination of the lease; and a determination that the project has a substantial connection with the CSU.

Additionally, a separate item will be presented to the trustees' Committee on Campus Planning, Buildings and Grounds at this meeting requesting the trustees to amend the Campus Nonstate Capital Outlay Program for the design and construction of the project.

The following resolution is recommended for adoption:

WHEREAS, The San Francisco State University Foundation Inc. (the “Corporation”) is organized under the California Nonprofit Public Benefit Corporation Law and under the Corporation’s Articles of Incorporation as an entity not organized for profit; and

WHEREAS, The Corporation is an auxiliary organization of the California State University, and is authorized to act pursuant to California Education Code Sections 89900 *et seq.*; and

WHEREAS, The Articles of Incorporation of the Corporation provide that corporation income will not inure to the benefit of any private person; and

WHEREAS, The Corporation desires to enter into a tax-exempt lease (the “Lease”) on behalf of the Board of Trustees (“Board”) of The California State University to fund the costs of renovating and remodeling the old Corporate Yard in furtherance of its corporate purposes; and

WHEREAS, The Board may lease any property of a state university for the purpose of constructing new facilities pursuant to California Education Code Section 89036 and 89046; and

WHEREAS, Proceeds of the Lease will be used to pay for the costs of renovating and remodeling the old Corporate Yard; therefore, be it

RESOLVED, By the Trustees of The California State University, as follows:

Section 1. The Board hereby approves the purposes and activities of the Corporation.

Section 2. The Board hereby approves the Corporation entering into a tax-exempt Lease in an aggregate principal amount not to exceed two million dollars (\$2,000,000); provided that this resolution shall not constitute or authorize an indebtedness of the State of California, the Board, the San Francisco State University, or any officers or employees of any of the entities, and no lending or pledging of the credit of any of these entities is intended or authorized by the resolution.

Section 3. The Board hereby agrees, without demand or further obligation on behalf of the Board, to accept unencumbered fee title to all property financed by the Lease, including any additions to said property, upon termination of the Lease.

Section 4. The property to be financed by the Lease is hereby determined to be located within the geographic boundaries of property owned and operated by the Board and has a substantial connection with the Board.

4
Finance
Agenda Item 3
July 14-15, 1998

Section 5. The chancellor, the executive vice chancellor, the senior vice chancellor, business and finance, and their designees are hereby authorized and directed, jointly and severally, to take any and all actions and execute and deliver any and all certificates, agreements, and related documents which they, or any of them, may deem necessary or advisable in order to facilitate the approval of the Lease as described above.

Section 6. This resolution shall take effect immediately upon its adoption.

BRIEF

Action Item

Agenda Item 4
July 14-15, 1998

COMMITTEE ON FINANCE

Application for Financial Assistance for the 404 Hazard Mitigation Grant Program and the 406 Disaster Assistance Program Designation of the CSU Authorized Agents

Presentation By

Richard P. West, Senior Vice Chancellor
Business and Finance

Summary

The Federal Emergency Management Agency (FEMA) has changed its policy on the designation of an applicant's authorized agent for disaster funding requiring the Board of Trustees to adopt a new resolution.

Recommended Action

Approval of the resolution.

ITEM

2

Agenda Item 4
July 14-15, 1998

COMMITTEE ON FINANCE

Application for Financial Assistance for the 404 Hazard Mitigation Grant Program and the 406 Disaster Assistance Program Designation of the CSU Authorized Agents

The Federal Emergency Management Agency (FEMA) changes from time to time its definition of the applicant's authorized agent(s) for disaster funding. That change has gone from a single agency applicant (*e.g.*, the entire CSU) to each campus being a separate applicant. CSU and the University of California have objected to the single-applicant policy and have informed the California Office of Emergency Services that individual campuses are separated by great geographical distances, and handle disaster recovery operations with minimal oversight by the central offices. CSU informed FEMA that individual CSU campuses are often applicants for and receive other types of federal grant funds. FEMA indicated in response that they will allow each CSU campus to be a separate applicant. In light of the history of this issue, and other recent FEMA policy changes, the following resolution has been prepared so that the CSU can respond appropriately, depending on the particular FEMA policy in effect and the type of funding requested for all current and future disasters.

The following resolution is recommended for approval:

WHEREAS, The California State University provides quality education for the people of California; and,

WHEREAS, Pursuant to the Federal Emergency Management Agency authority under Section 404 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act, as amended, 42 U.S.C. 5121, et seq., provision under the 404 Hazard Mitigation Grant Program application administered by the California Office of Emergency Services requires a governing board resolution to fully delegate hazard mitigation projects and to complete the application requirements; and,

WHEREAS, Pursuant to the Federal Emergency Management Agency authority under Section 406 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act, as amended, 42 U.S.C. 5121, et seq., provision under the 406 Repair, Restoration, and Replacement of Damaged Facilities Program application administered by the California Office of Emergency Services requires a governing board resolution to fully delegate repair, restoration, and replacement of damaged facilities projects and to complete the application requirements; now, therefore, be it

RESOLVED, By the Board of Trustees of The California State University, that the presidents at each of the California State University campuses and the vice chancellor for business and finance at the Office of the Chancellor, or their designees, respectively, have primary responsibility to act as the authorized agents on behalf of each campus and the Office of the Chancellor, respectively, as applicants for the hazard mitigation projects associated with the 404 Hazard Mitigation Grant Program and are hereby designated as the authorized agents to act for and on behalf of each campus or the Office of the

Chancellor, respectively, as the applicant in all matters associated with application for and receipt of federal financial assistance under Section 404 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act, as amended, 42 U.S.C. 5121, et seq.; and, be it further

RESOLVED, That the presidents at each of the California State University campuses and the vice chancellor for business and finance at the Office of the Chancellor, or their designees, respectively, have primary responsibility to act as the authorized agents on behalf of each campus and the Office of the Chancellor, respectively, as applicants for the repair, restoration, and replacement of damaged facilities projects associated with the 406 Repair, Restoration, and Replacement of Damaged Facilities Program and are hereby designated as the authorized agents to act for and on behalf of each campus and the Office of the Chancellor, respectively, as the applicant in all matters associated with application for and receipt of federal financial assistance under Section 406 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act, as amended, 42 U.S.C. 5121, et seq.