

AGENDA

COMMITTEE ON FINANCE

Meeting: 2:00 p.m., Tuesday, September 19, 2000
Glenn S. Dumke Conference Center

William Hauck, Chair
Murray L. Galinson, Vice Chair
Neel I. Murarka
Dee Dee Myers
Frederick W. Pierce, IV
Ali C. Razi
Stanley T. Wang

Consent Items

Approval of Minutes of Meeting of July 19, 2000

Discussion Items

1. California State University 2001/2002 Support Budget, *Information*
2. The California State University Recommended Lottery Revenue Budget 2001/2002, *Information*
3. Approval of San Diego State University Parking Revenue Bonds Series B, *Action*
4. Development of a National Training Center and Sports Complex at CSU Dominguez Hills, *Action*
5. Approval for the Issuance of the California State Housing System Revenue Bonds, CSU San Bernardino, Apartment Complex, *Action*
6. California State University Tax Exempt Commercial Paper Program, *Information*
7. Joint Powers Authority at California State University, Stanislaus Stockton Center, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON FINANCE
Trustees of The California State University
401 Golden Shore
Long Beach, California 90802**

July 18, 2000

Members Present

William Hauck, Chair
Murray L. Galinson, Vice Chair
Laurence K. Gould, Jr., Chair of the Board, ex officio
Neel I. Murarka
Dee Dee Myers
Frederick W. Pierce IV
Ali C. Razi
Charles B. Reed, Chancellor, ex officio
Stanley T. Wang

Other Trustees Present

Roberta Achtenberg
William D. Campbell
Debra S. Farar
Martha C. Fallgatter
Bob Foster
Harold Goldwhite
Ralph R. Pesqueira

Chancellor's Office Staff

David S. Spence, Executive Vice Chancellor, Chief Academic Officer
Richard P. West, Executive Vice Chancellor, Chief Financial Officer
Christine Helwick, General Counsel
Douglas X. Patiño, Vice Chancellor, University Advancement

Chair Hauck called the meeting to order at 1:20 p.m.

Approval of Minutes

The minutes of May 9, 2000, were approved.

Status Report on the 2000/01 Support Budget

Chair Hauck introduced Mr. Richard P. West, executive vice chancellor and chief financial officer who presented the report.

Mr. West prefaced his remarks by noting that the 2000/2001-support budget is the largest increase ever received by the CSU. He referred to the handout distributed prior to the meeting that contained a comprehensive review of all budget activities leading to the final budget.

Mr. West encouraged the committee members to carefully review the report to compare priorities noting that significant additional funds had been received in excess of the original trustees' request. He then briefly reviewed highlights of the report.

Areas still in need of further discussion and consideration include; conversion of summer session fee and course issues, and permanent support for strategic academic programs (engineering, nursing, computer science).

One important issue discussed was regarding an initiative to work with the community college system in San Diego to create an off-campus center that would be jointly operated by San Diego State University and the local community college area. The initiative involved identifying funds for the improvement of facilities and acquisition of property. It has since been determined that a needs assessment study should be initiated to determine whether it is appropriate to proceed with the activity.

Chancellor Reed expressed his support for a joint project in the San Diego area and encouraged moving forward with the necessary steps to begin the process. Mr. West indicated it would be appropriate to indicate our support at this time, but cautioned that the governor will expect that the formal process for such projects be followed. Completion of a needs assessment study would be the first step in that process.

Trustee Galinson said he felt it was of critical importance to indicate support for the project in some form at this meeting, and then see what type of response we receive from the governor and the legislature.

Trustee Pierce added his support noting that timing is of critical importance on this issue due to the growing popularity of the San Diego area and the inevitable rise of land and building costs.

After a brief discussion, it was decided that a formal resolution be presented at the full board session encouraging support for more types of collaborative efforts similar to the proposed intersegmental project in San Diego.

Auxiliary Organization Tax-Exempt Financing at California State Polytechnic University, Pomona

Mr. Brad Wells, assistant vice chancellor, financial services, presented the item, which described a proposed tax-exempt borrowing by the California State Polytechnic University, Pomona Foundation. The proposed item is intended to finance a portion of the cost to construct the Center for Training, Technology and Incubation, at the Pomona campus in an amount not to exceed \$5.2 million.

Mr. Wells reviewed the details of the proposed project approved by the board at the November 1999 board meeting. He explained the financing transaction will not create any obligation of the state of California or the trustees and represents a significant opportunity for the campus.

Chair Hauck asked for clarification of the statement in the agenda item regarding the use of pledged corporation revenues. The item states that the pledged revenues consist of all of the unrestricted revenues, either existing, earned, or received by the foundation. He also inquired about the source of the revenues.

Mr. Wells explained that the revenues come from the foundation's operation of the campus bookstore, foodservice and conference center, as well as from various other means such as administration of research and grant activity. Mr. Hauck said he was doubtful that all of those revenues could be pledged. Mr. Wells agreed that some of them were indeed restricted, however those that are not, were pledged to the project.

Mr. Hauck then asked for assurance that there was sufficient revenue beyond what is required to continue normal operations. Mr. Wells replied that the Pomona foundation is one of the most successful in the system. Dr. Bob Suzuki, president, California State Polytechnic University, Pomona verified that the majority of the debt service would be paid back by the revenue generated by the campus' college of the extended university. Further, if that revenue resulted in a shortfall, the campus foundation is in a position to cover it.

Trustee Razi said he thought it was a terrific project and thanked president Suzuki and Mr. Wells for the update.

Auxiliary Organization Tax-Exempt Financing at San Diego State University

Mr. Wells presented the item noting it was being presented for information only at this time. The project involves the proposed acquisition by the San Diego State University foundation organization,

Fin.

(Aztec Shops Ltd.) of a 570-bed student housing facility and full-service cafeteria located immediately adjacent to the campus.

Mr. Wells explained the facility is currently privately owned, however it is marketed specifically to SDSU students and has experienced a historically strong occupancy rate. Aztec Shops is engaged in the process of completing a thorough due diligence analysis of the building's condition prior to entering into any final negotiations with the current owner. The acquisition will be financed with two series of bonds; a senior debt issue of approximately 24 million dollars and a subordinate series of bonds issued through private placement of approximately two million dollars. The bonds will be paid through a specific pledge of revenue and, they will not impose any obligation on the state of California or the trustees.

Chair Hauck asked why the 34-year-old building was being purchased. Mr. Wells explained that the primary reason is because the building is up for sale and exclusively houses university students. Due to those circumstances, purchasing the building would be in the campus' best interest for a number of reasons. Dr. Stephen L. Weber, president, San Diego State University, reinforced Mr. Wells' reply by adding that purchasing the building would serve to better integrate the student life programs in this facility with the rest of the student life programs on the campus. It would also avoid the potential disruption and displacement of a large number of the campus' student population.

State University House Trust

Mr. Wells introduced the action item and briefly reviewed the history of the trust agreement associated with the property. The terms of the trust require the trustees to review the spending roles associated with the trust every three years. In addition, Mr. West requested that the conditions of the trust be reviewed at this time, and that any recommendations be reported back to the board.

Based on the review, two modifications are proposed:

The first, calls for sufficient earnings to be reinvested in the endowment to counteract inflationary increases. The proposal calls for establishing a maximum spending rate of three percent of the endowment annually. Mr. West explained the formula used to reach the three percent figure, which would generate sufficient income to operate the facility, as well as provide for long-term maintenance and repair.

The second recommendation would stipulate that explicit recognition of depreciation be incorporated into the annual budget that is reviewed and approved by the chairman of the board. This would ensure accumulation of sufficient reserve funds for major scheduled and unscheduled repairs in the future.

Trustee Galinson asked why the university's investment policy precludes investment in equities. Mr. Wells explained that as a state agency, the university is prohibited from investing in the stock of any

company. Mr. West added that it is actually a constitutional prohibition and is one of the reasons why campus foundations were created as a means to provide for endowments.

Trustee Myers observed that the revised budget amount is less than the current amount and inquired if the new budget would be sufficient to run the house successfully. Mr. Wells responded that through a series of operational efficiencies, and a consolidation of event and activity efforts, the burden on the State University House will be greatly reduced. As a result of those measures, the new budget will be sufficient to maintain the state property.

The committee recommended approval of the proposed resolution RFIN 07-09-00.

Joint Powers Authority at California State University, Stanislaus Stockton Center

Mr. West informed the committee he had hoped to have the Joint Powers Authority (JPA) concluded in its negotiated form at the meeting. Due to delays in the process, he asked the board to consider the item for information only at this time and to bring it back for approval in September.

Mr. West briefly reviewed the history of the project including the results of the feasibility study that were covered in detail at a special session of the Ad-Hoc Committee on Off-Campus Facilities on April 5, 2000.

Since that time, negotiations have progressed in the formation of a Joint Powers Authority with the City of Stockton. A draft of the JPA was distributed as a handout for the committee's review. In the interim, Mr. West asked the committee to look carefully at the draft in preparation for a complete discussion at the September board meeting.

A brief discussion took place regarding the structure of the JPA board. Chair Hauck expressed concern that each entity currently has an equal number of members and how that composition could potentially affect the project if an impasse is ever reached between the university and the city. Mr. West acknowledged Chair Hauck's concern and said we are exploring a way to provide for that possibility that is acceptable to the CSU and to the city.

Meanwhile, work has begun on the engineering study in an attempt to reduce operating costs for the site, and development of the EIR has also been implemented.

The item will be brought back to the board for consideration at the September 2000 meeting.

The meeting adjourned at 1:59 p.m.

BRIEF

Information Item

Agenda Item 1
September 19-20, 2000

COMMITTEE ON FINANCE

**California State University
2001/2002 Support Budget**

Presentation By

Richard P. West, Executive Vice Chancellor
and Chief Financial Officer

Summary

This item is being presented to the Board of Trustees at this meeting as an information item and is scheduled for adoption at the special October budget meeting. A draft budget outline has been prepared for discussion with the Executive Council, the System Budget Advisory Committee and other CSU constituencies, which will be used to form the detailed plan to be discussed at the September board meeting. This draft budget proposal will be developed consistent with the Partnership agreement reached with Governor Davis this past spring. The elements of this agreement are similar to the prior compact utilized with prior budgets. They include a four-percent General Fund increase, plus an additional one-percent for long-term, non-salary needs. Funding for enrollment increases, expected to be approximately four percent over what is anticipated for the current year, also will be provided. Further, General Fund revenue equivalent to what would be raised from a fee increase consistent with the increase in the California per capita personal income will also be added. Finally, a category for items above the Partnership agreement will be included to provide funding for important programs should sufficient General Fund resources be available to the state.

The Board will be provided with handout material for discussion.

BRIEF

Information Item

Agenda Item 2
September 19-20, 2000

COMMITTEE ON FINANCE

California State University Recommended Lottery Revenue Budget 2001/02

Presentation By

Richard P. West, Executive Vice Chancellor
And Chief Financial Officer

The recommended 2001/02 Lottery Revenue Budget is being presented to the Board of Trustees at this meeting as an information item and is scheduled for adoption at the special October budget meeting. The changes from previous budgets are a reduction in the beginning balance and an increase in projected lottery receipts.

A total of \$42.7 million is the proposed lottery budget for 2001/02. After deducting \$5 million for the systemwide reserve that is used for cash flow and as a hedge against potential downward fluctuations in revenue, \$37.7 million is recommended for programmatic use. Three system-designated programs remain and the rest of the dollars are recommended for campus-based programs.

ITEM

Agenda Item 2
September 19-20, 2000

COMMITTEE ON FINANCE

California State University Recommended Lottery Revenue Budget 2001/02

The recommended 2001/02 Lottery Revenue Budget is being presented to the Board of Trustees at this meeting as an information item and is scheduled for adoption at the special October budget meeting. The changes from previous budgets are a reduction in the beginning balance and an increase in projected lottery receipts.

Greater flexibility was given to the campuses in the current year whereby funds previously held centrally for system designated programs (Access and Academic Development, CSU Scholarship Program for Future Scholars and Teacher Recruitment) were retained but moved to campus-based programs. This flexibility is maintained in the 2001/02 budget proposal.

Systemwide program budgets continue to be designated for the Forgivable Loan/Doctoral Incentive Program, California Pre-Doctoral Program and CSU Summer Arts.

Increase in total budget

There continues to be enough sustained growth in quarterly lottery receipts to recommend an increase in the projected yearly budgeted receipts from approximately \$30 million to \$36 million.

In the current year, the increased lottery receipts will be allocated to campuses for a variety of one-time costs (such as technology/professional development). The result of these actions will be the reduced amount of funding available as a beginning balance in 2001/02. The systemwide reserve of \$5 million has been maintained and will continue in 2001/02. In future years, if the current level of lottery revenue continues, increases in the permanent lottery budgets for campuses will most likely be recommended.

In summary, a total of \$42.7 million is the proposed lottery budget for 2001/02. After deducting \$5 million for the systemwide reserve that is used for cash flow and as a hedge against potential downward fluctuations in revenue, \$37.7 million is recommended for programmatic use. Three system-designated programs remain and the rest of the dollars are recommended for campus-based programs.

DRAFT
2001/02
Recommended
Lottery Revenue Budget

	2000/01	2001/02
	Adopted Budget	Recommended Budget
<u>Sources of Funds</u>		
Beginning Balance	\$ 10,000,000	\$ 5,000,000
Receipts	30,000,000	36,000,000
Interest	1,700,000	1,700,000
Total Revenues	\$ 41,700,000	\$ 42,700,000
Less Systemwide Reserve	(5,000,000)	(5,000,000)
Total Available for Allocation	\$ 36,700,000	\$ 37,700,000
<u>Uses of Funds</u>		
Forgivable Loan/Doctoral Incentive Progr	\$ 3,000,000	\$ 3,000,000
California Pre-Doctoral Program	472,500	633,000
CSU Summer Arts Program	1,100,000	1,200,000
Campus Based Programs	31,786,500	32,526,000
Systemwide Implementation Costs	341,000	341,000
Total Uses of Funds	\$ 36,700,000	\$ 37,700,000

BRIEF

Action Item

Agenda Item 3
September 19-20, 2000

COMMITTEE ON FINANCE

Authorize the Issuance and Sale of the San Diego State University Parking System Revenue Bonds, Series B, and Related Matters

Presentation By

Bradley W. Wells, Assistant Vice Chancellor
Financial Services

Summary

This agenda item requests the Board of Trustees to authorize the sale and issuance of San Diego State University Parking System Revenue Bonds, Series B, in an aggregate principal amount not to exceed \$15,405,000 for the construction of a multi-level parking structure at San Diego State University.

Recommended Action

Adoption of the proposed resolutions.

ITEM

2

Agenda Item 3
September 19-20, 2000

COMMITTEE ON FINANCE

Authorize the Issuance and Sale of the San Diego State University Parking System Revenue Bonds, Series B, and Related Matters

Project Summary

This agenda item requests the Board of Trustees to adopt a resolution for the financing of a 2,508 space six-story parking structure and related improvements. The parking structure will be located adjacent to the existing Parking Structure 3 southeast of an existing student housing complex. The additional parking spaces will offset the loss of surface parking resulting from construction of a new residential suite and residential dining student housing facility as well as the four-year construction of the Mission Valley East extension of the Light Rail Transit (LRT) line. San Diego State University anticipates the project construction to be completed by August 2001.

The Trustees certified the requisite CEQA analysis and mitigation plan and approved schematic plans for Parking Structure 6 in May 1999 as part of the Aztec Walk Master Plan Environmental Impact Report. In January 2000, the 1999/2000 Nonstate Funded Capital Outlay Program was amended to include the project and the Trustees approved the public sector participation concept plan. At the time, estimated campus parking fee revenue was not adequate to support revenue bonds and an interim loan with the Metropolitan Transportation Development Board appeared to be the best method to provide interim funding until the structure was completed. The campus and financing team have performed further analysis and determined parking fee revenue is now sufficient to meet bond covenants thereby eliminating the need for the interim loan.

Parking Revenue Bonds of the Board of Trustees

In December 1998 the trustees issued bonds on behalf of the San Diego State University parking system to construct Parking Structure 5 located on the west side of the campus. The Board of Trustees is now being asked to issue a second series of bonds secured solely by parking fee revenue collected at San Diego State University. Pursuant to the State University Bond Act of 1947, the parking revenue bonds will be issued through the same process as the bonds of Series A and in a manner similar to the housing and student union bonds programs. Proceeds from the Series B bonds will be used to finance the construction of Parking Structure 6.

The following summarizes key information for the Series B parking revenue bonds:

Not-to-exceed amount:	\$15,405,000
Term:	25-year amortization
Estimated all-in TIC rate:	5.60%
June 30, 2000 estimated debt service coverage:	1.52 times
Estimated debt service coverage, First year of operations:	1.53 times
Bond insurance commitment:	Seeking insurance qualifications
Anticipated bond intrinsic rating before bond insurance:	A and A2 (Standard & Poor's and Moody's, respectively)

The not-to-exceed amount of the bonds includes a \$1.2 million debt service reserve funded from the proceeds of the bonds. In the event that a surety bond commitment is received the bond issuance will be reduced.

Trustee Resolutions

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

1. Authorize the sale and issuance of the San Diego State University Parking System Revenue Bonds, Series B, in an amount not to exceed \$15,405,000 and certain actions relating thereto including the approval of the forms of the Supplemental Indenture and Official Notice of Sale as presented to the board at this meeting.
2. Approve the form of the official statement prepared by Kelling, Northcross & Nobriga, financial advisor, and presented to the board at this meeting.
3. Provide a delegation to authorize the chancellor, the executive vice chancellor and chief financial officer, or the senior director of financing and treasury to take any and all necessary actions to execute documents for the sale and issuance of the bonds.

Recommended Action

The resolutions being prepared by bond counsel and the forms of the official statement, supplemental indenture, and notice of sale will be distributed at this meeting and presented for approval.

BRIEF

Action Item

Agenda Item 4
September 19-20, 2000

COMMITTEE ON FINANCE

Development of a National Training Center and Sports Complex at California State University, Dominguez Hills

Presentation By

James E. Lyons, Sr., President
California State University, Dominguez Hills

Bradley W. Wells, Assistant Vice Chancellor
Financial Services

Summary

This item requests the Board of Trustees take action to approve the economic framework for a proposed public/private partnership between Anschutz L.A. Soccer and California State University, Dominguez Hills for the development and operation of a National Training Center/Sports Complex at California State University, Dominguez Hills.

Recommended Action

Approval of the resolution

ITEM

2

Agenda Item 4

September 19-20, 2000

COMMITTEE ON FINANCE

Development of a National Training Center and Sports Complex at California State University, Dominguez Hills

Background

Since this project was brought to the Trustees at the May 2000 meeting, California State University, Dominguez Hills has made significant advances in the discussions with Anschutz L.A. Soccer (ALAS) regarding the possibility of entering into a public/private partnership for the development and operation of a National Training Center and Sports Complex (Complex) on the campus. The vision for the Complex features state-of-the-art venues that will serve as a primary training center for top amateur and professional athletes in soccer, tennis, track and field, cycling, basketball, volleyball, and women's field hockey. The Complex will also serve as home for several sports federations and their national and Olympic teams. Additionally, well-known sports figures will be invited to sponsor major camps and clinics for boys and girls' youth development including local, regional and national programs.

The Complex would encompass a National Sports Academy for world-renowned athletes and coaches, while providing a home to Major League Soccer's (MLS) Los Angeles Galaxy and the new Women's United Soccer Association (WUSA) team, putting soccer at the forefront of Southern California sports. The Complex will also be anchored by major tennis tournaments and track and field events. This unique and exciting complex would significantly enhance the California State University, Dominguez Hills campus and the City of Carson with upgraded athletics facilities and nationally recognized soccer, tennis, and track and field events.

This is a pivotal point in the process because a proposal must be submitted to the United States Soccer Federation (USSF) by September 30, 2000, in an effort to bring the USSF to this new sports complex. Some components of this project are predicated upon a successful bid proposal to the USSF.

Education Benefits and Synergies

In addition to providing a stadium venue that will be available for use by CSU Dominguez Hills for its major events such as commencement, this project would provide significant capital improvements to existing campus athletic facilities. The Complex will also contribute to student life on campus, enhance existing campus athletic programs and provide a national profile for both the campus and the city of

Carson. This project has the potential of attracting additional enrollment

for the campus and excellent business opportunities for the city of Carson. In addition, this partnership could lead to the development of new academic programs in areas such as sports medicine, sports marketing, events management along with associated student internship opportunities.

Economic Advantages and Benefits

The campus will receive \$250,000 per year for the first four years of operations in addition to a minimum guaranteed payment of \$200,000 per year, increased by changes in the CPI, from event ticket revenue as well as a share of net parking income. In addition, use of the new stadium for annual commencement will save \$100,000 because the campus will no longer need to rent bleachers and other seating for this purpose.

The enhancement to student life and the potential for enrollment growth provides significant financial advantages to the campus including the ability for the campus to host revenue-generating events in the stadiums. ALAS estimates the total design and construction costs of the Complex at \$100 million, with no commitment of campus funds to the project. This project will also include new parking lots that will save students, faculty, and staff the financial burden of funding the construction of these facilities.

Complex Components

The center piece of the Complex will include a 20,000 permanent seat soccer-specific stadium expandable to 29,000 seats to serve as the permanent home for the MLS Los Angeles Galaxy soccer team, and for games by the new women's WUSA soccer team, international matches, NCAA Collegiate Tournaments, American Youth Soccer Organization and California Youth Soccer Association youth tournaments and other top amateur league tournaments. The stadium will also host additional events including University commencement ceremonies, family shows and limited concerts, and provide space for year-round training camps and coaching clinics.

An 8,000 permanent-seat tennis stadium and academy, expandable to 13,000 seats, will be constructed for major tennis tournaments including the Association of Tennis Professionals men's event Mercedes Benz Cup currently held at UCLA, and the Women's Tennis Association tournament currently held at the Manhattan Beach Tennis Club. The tennis stadium is also expected to host approximately 36 events annually including two or three week tournaments during the summer months. The facility will utilize 12 existing and 18 new practice courts including one show court with up to 3,000 seats adjacent to the stadium and other facilities to support a tennis academy to be developed and operated through a partnership with Pete Sampras for youth development and training programs.

4

Fin.

Agenda Item 4

September 19-20, 2000

Six new grass fields, one synthetic turf field and additional support facilities will be developed for the United States Soccer Federation's (USSF) National Training Academy. The academy will provide a home for the USSF national men and women's teams and under-20 teams, as well as amateur tournaments, training camps, coaching clinics and other events. USSF will also utilize additional facilities including soccer fields, locker rooms, weight and training rooms, offices, coaches and referees areas, video rooms, gymnasium, pool, track and probable offsite residential accommodations capable of housing up to 240 people.

The Complex will also include a new state-of-the-art facility to serve as the permanent home to USA Track and Field and a new annual tournament, including an 8-lane NCAA/Olympic track, field areas for pole vault, high jump, long and triple jumps, shot put and discus throw. The facilities that will accommodate CSUDH – NCAA competition meets and tournaments as well as California high school championships and will include up to 6,000 permanent seats expandable to 15,000 seats for U.S. National and Olympic trials and qualifying meets.

A new Olympic-standard velodrome facility is proposed that would be home to U.S. Cycling and could accommodate major cycling events and local club use. Although no permanent seating would be provided, up to 5,000 temporary seats could be installed for a small number of major cycling tournaments or Olympic trials.

To support the expanded athletic uses on the site, the complex will include a state-of-the-art wellness center of approximately 15,000 sq. ft. for treatment and therapy for sports-related injuries as well as physical fitness, sports medicine, rehabilitation programs that could tie into new University academic curricula.

In addition, ALAS and the University plan to upgrade the Toro Dome gymnasium floor and facilities to create additional sports opportunities including a premier basketball academy for young men and women, a possible permanent training facility for the L.A. Clippers, a home to the NBA summer league, and a volleyball academy involving camps and clinics for Southern California's top volleyball athletes. The upgrades of existing athletic facilities combined with the newly developed USSF Academy and related facilities would allow the development of a national sports training academy for various youth athletic training camps, clinics and competitions as well as enhance the athletic programs and facilities for CSUDH students.

Infrastructure improvements will also be constructed as part of the Complex including approximately 2,500 new paved parking spaces supplemented by about 4,000 spaces already available on site, provisions for additional turf parking of up to 1,000 spaces for overflow parking needs, and the development of a 3-mile jogging trail around the Complex with up to 12 exercise stations for athletes,

university and community use.

5
Fin.
Agenda Item 4
September 19-20, 2000

Agreement Terms

The contractual arrangement with ALAS contemplates a 25-year ground lease with three 10-year options for approximately 85 acres of University property and an operating agreement for the use of Academy facilities all at \$1 per year rent.

ALAS, as master developer of the Complex, will raise funding for development of soccer and tennis stadiums with no financial obligation on the part of the University. If awarded the USSF bid, ALAS will also raise funding for training academy facilities and University facility upgrades.

The University would be the lead agency for preparing and certifying an Environmental Impact Report (EIR) to comply with California Environmental Quality Act (CEQA) requirements with all costs of preparing the EIR paid by ALAS.

The University President will commit to play a lead advocacy role on behalf of the project in the local community. ALAS is committed to working with the University and an advisory committee comprised of residents from the surrounding community on curfew hours, decibel levels, light and glare concerns from surrounding residential land uses, as well as to provide the University and the neighborhood with ongoing input and approval. ALAS and the University will also jointly seek support from the city of Carson and Los Angeles County to reallocate the annual possessory interest tax or in lieu real estate taxes to the University and to the City. The University and ALAS will be joint applicants to the USSF Request for Proposal (RFP) for the National Training Center. ALAS will pay all consultant costs associated with the preparation and filing of the RFP.

The University will continue to operate the gymnasium, the swimming pool and the weight room, and pay all costs of operating and maintaining these facilities to be used primarily by students of the University in accordance with its past practices. The University will make such facilities available to ALAS for reasonable periods, particularly when the University is not in session. The use of such facilities by ALAS will include an appropriate sharing of operating costs.

ALAS will maintain the existing (and upgraded) tennis courts, the existing and upgraded soccer fields and the track and field facilities and pay all costs of operating and maintaining the facilities at a level to meet collegiate and professional standards.

ALAS will control and operate the soccer stadium, the tennis stadium, the new soccer fields and the

new tennis courts, and pay all costs of operating and maintaining the facilities at a level to meet collegiate and professional standards. These facilities will be used by ALAS except for commencement services when the University will use the soccer stadium, and at times when the facilities are not otherwise being used by ALAS.

6

Fin.

Agenda Item 4

September 19-20, 2000

Summary

This proposal offers numerous advantages to the University including at least \$550,000 per year for the first four years of the arrangement and at least \$350,000 thereafter. In addition, intangible benefits will be derived through enhanced image and prestige associated with professional sports venues, national training academies, and potential future Olympic venues. These facilities could distinguish CSUDH as one of the nation's top institutions for university curricula focused on sports, sports marketing, coaching, training as well as attract new and improved athletic programs.

The Complex brings significant immediate investment of benefit the University. These investments include additional parking, roadway, lighting, landscaping and utility infrastructure improvements and significant savings for facility utilization/equipment rental for special functions and commencement exercises. If the USSF bid is successful, additional benefits will include upgrades to existing facilities and new fields and practice facilities for shared University uses. Together these investments are valued at \$7 million that will directly benefit the University.

This agenda item is being presented to provide the Trustees with the economic framework for a public/private partnership between California State University, Dominguez Hills and Anschutz L.A. Soccer for the development and operation of a National Training Center and Sports Complex. It will feature state-of-the-art venues that will serve as a primary training center for top amateur and professional athletes in soccer, tennis, track and field, cycling, basketball, volleyball, and women's field hockey. The campus has started the Environmental Impact Report process. At a later date, if this project moves forward, the Trustees will be asked to approve the related master plan revisions, any proposed schematic plans and the required environmental documents. The following resolution is recommended for approval:

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

Approve the economic framework of the public/private partnership for the construction of a National Training Center and Sports Complex at California State University, Dominguez Hills as set forth in this item.

BRIEF

Action Item

Agenda Item 5
September 19-20, 2000

COMMITTEE ON FINANCE

**Approval for the Issuance of the California State Housing System Revenue Bonds,
California State University San Bernardino, Apartment Complex**

Presentation By

Bradley W. Wells, Assistant Vice Chancellor
Financial Services

Summary

This item requests the Board of Trustees to authorize the sale and issuance of California State University Housing System Revenue Bonds in an aggregate principal amount not to exceed \$13,815,000 to finance the construction of a student apartment complex at California State University, San Bernardino.

Recommend Action

Adoption of the proposed resolutions.

ITEM

2

Agenda Item 5
September 19-20, 2000

COMMITTEE ON FINANCE

Approval for the Issuance of the California State Housing System Revenue Bonds, California State University San Bernardino, Apartment Complex

Background

This item requests that the Board of Trustees authorize the sale and issuance of an additional series of California State University Housing System Revenue Bonds in an amount not to exceed \$13,815,000 to finance the construction of the Coyote Apartments, Phase I at California State University, San Bernardino. The sale of bonds will provide approximately \$12,014,000 for project construction after accounting for cost of issuance, capitalized interest during construction and interest earnings on construction funds. Planning costs for the project have been paid from housing reserves.

The campus has developed a comprehensive multi-year financial plan supporting the project. The debt service for the proposed bonds will be paid from revenue generated from all university student housing facilities, which includes existing residence halls with no outstanding indebtedness. Housing revenues from the systemwide dormitory revenue bond program will secure the new debt. The Housing Proposal Review Committee reviewed the housing plan in July 2000 and provided a positive recommendation for the project to the chancellor and the president of the university.

The following summarizes key information on the proposed housing system financing:

Not-to-exceed amount:	\$13,815,000
Term:	30-year amortization
Estimated all-in TIC rate:	5.65%
June 30, 2001 debt service coverage	1.73 times
Projected debt service coverage, first year of operations:	1.89 times
Bond insurance commitment:	Seeking insurance qualification
Bond intrinsic rating before bond insurance:	A+

The proposed bond sale amount includes a small contingency because of market changes in what

has been a somewhat uncertain interest rate environment over the last several months. The amount of bonds sold will be adjusted to account for market conditions at the time of the sale and will pay for costs of issuance and capitalized interest, and will provide the approximately \$12,014,000 needed for construction. The proposed not-to-exceed bond sale amount is consistent with the campus budget for repayment of debt service.

Campus Housing Program

The campus currently has 406 spaces in operation financed through the Dormitory Revenue Fund. The Coyote Apartments, Phase I will add an additional 312 spaces to meet the demand for campus housing that has exceeded available spaces for the past two years. A market study performed in 1998 by Ira Fink and Associates, an independent consultant, determined that there is considerable unmet demand for suite and apartment style student housing on the campus. The study used a conservative FTE target of 9,600 for academic year 2001/02, which will be exceeded by approximately 1,400 FTE in the current academic year. As the new housing spaces are absorbed, the campus intends to develop Phase II of the apartment project, which will provide an additional 262 bed spaces plus additional space for recreation, service and administration.

Proposed Facility

The Coyote Apartment Phase I project consists of two-bedroom, two-bath and four-bedroom, two-bath apartment units. The fully furnished apartments also include areas for living and dining plus a complete kitchen. Each room will be equipped with data, telephone and cable TV. The development will be constructed on seven acres directly south of the existing Serrano Village housing complex. The project also includes 75 parking spaces conveniently located nearby. The design of the two 2- and 3-story buildings will be compatible with existing campus architecture. The new buildings will be concrete slabs on grade construction, wood frame, exterior stucco with a durable and attractive tile roof. Open plazas, aesthetically pleasing exterior designs, and landscaping will provide a welcoming and attractive village environment. Each of the buildings will have an ADA elevator and accessible units will be distributed throughout all three floors. The existing pool will be enhanced with a courtyard.

Trustee Resolutions

Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing resolutions to be presented at the meeting that will achieve the following:

- (1) Authorize the sale and issuance of the California State University Housing System Revenue Bonds, in an amount not to exceed \$13,815,000 and certain actions relating thereto including the approval of the form of the Notice of Sale as presented to

4

Fin.

Agenda Item 5

September 19-20, 2000

the board at this meeting.

(2) Approve the form of the official statement prepared by Kelling, Northcross & Nobriga, financial advisor, as presented to the board at this meeting.

(3) Provide for a delegation to authorize the chancellor, the executive vice chancellor and chief financial officer, and their designees to take any and all necessary actions to execute documents for the sale and issuance.

Recommended Action

The resolutions being presented by bond counsel and the form of the official statement will be distributed to the trustees at the meeting and are recommended for approval.

BRIEF

Information Item

Agenda Item 6
September 19-20, 2000

COMMITTEE ON FINANCE

California State University Tax-Exempt Commercial Paper

Presentation By

Bradley W. Wells, Assistant Vice Chancellor
Financial Services

Summary

This agenda item provides information to the Board of Trustees on an initiative to further explore and develop a commercial paper program for the CSU that would lower aggregate borrowing costs for the fee-based revenue bond financing programs that are administered by and under the control of the Board of Trustees. If the outcome of the developmental effort is favorable, an item would be presented to the Board of Trustees at a future date to authorize the implementation of the program.

ITEM

2

Agenda Item 6
September 19-20, 2000

COMMITTEE ON FINANCE

California State University Tax Exempt Commercial Paper Program

Staff has reviewed the benefits of a tax-exempt commercial paper program for the CSU and determined that such a program could significantly reduce financing costs. Commercial paper is a form of short-term variable rate debt that on average bears interest at a rate that is 2% lower than long-term fixed rates. Presently, the CSU must issue long-term debt to provide construction financing for each revenue bond project approved by the Board of Trustees. Replacing this long-term debt with short-term commercial paper during the construction phase of the projects will result in more efficient debt management by aggregating debt issuance and reduce overall borrowing costs.

The CSU does not currently have direct statutory authority to issue tax-exempt commercial paper. However, an auxiliary organization could assist the CSU by issuing tax-exempt commercial paper on behalf of the CSU to provide funds during a portion of the construction phase for particular CSU projects. The CSU Institute, an auxiliary organization in good standing administered from the chancellor's office with a governing board composed of the chancellor, and the two executive vice chancellors, has the authority to issue commercial paper for the benefit of the CSU. Commercial paper could be used to provide construction financing for housing, student union and parking projects, with permanent financing provided by long-term bonds that would repay the commercial paper. There may also be other projects that could be funded with the commercial paper program.

Development of a CSU tax-exempt commercial paper program requires consultation with financial advisors, bond counsel and others to prepare detailed terms and conditions for the program. Other preliminary activities would include soliciting proposals from, and selecting, other program participants including: a bank, insurance company or similar financial institution to serve as the credit facility provider; an investment banking firm to serve as the dealer; and a corporate trust department of a major bank to serve as the trustee, issuing and paying agent.

On August 11, 2000, the CSU Institute's board of directors approved the expenditure of \$75,000 for professional advice regarding the development of a CSU commercial paper program. Once the proposed structure of the program has been completed and approved by the CSU Institute's governing board, the program would be presented to the Board of Trustees for final authorization and approval. Current estimates are to bring such an item to the Board of Trustees in January 2001.

BRIEF

Action Item

Agenda Item 7
September 19-20, 2000

COMMITTEE ON FINANCE

Joint Powers Authority at California State University, Stanislaus Stockton Center

Presentation By

Richard P. West, Executive Vice Chancellor
and Chief Financial Officer

Summary

This item requests approval of the formation of a joint powers authority with the City of Stockton to provide an appropriate governance structure to oversee the development, operation, maintenance, and financing of that portion of the California State University, Stanislaus Stockton Center not needed by the university for educational purposes. The proposed joint powers authority is in response to recommendations contained in the feasibility study for the development of California State University, Stanislaus Stockton Center dated April 1, 2000.

Recommended Action

Approval of the resolution.

ITEM

2

Agenda Item 7
September 19-20, 2000

COMMITTEE ON FINANCE

Joint Powers Authority at California State University, Stanislaus Stockton Center

On May 10, 2000, the Board of Trustees received an update report on the California State University, Stanislaus Stockton Center. One of the recommendations of the feasibility study that was authorized pursuant to SB 679 was the creation of a separate joint powers agency established pursuant to the Joint Exercise of Powers Act of California. The proposed joint powers authority, known as the "Stockton Center Site Authority", will be responsible for the development, operation, management, and financing for that portion of the California State University, Stanislaus Stockton Center not required for educational use by the university.

The Proposed JPA

The joint powers agency would be formed through a Joint Exercise of Powers Agreement between the Trustees of the California State University and the City of Stockton.

The governing board of the Stockton Center Site Authority will be composed of seven members comprised of three members of the Stockton City Council appointed by the City, three members appointed by the Chancellor, and one member jointly appointed by the Mayor of Stockton and the Chancellor. The annual budget for operating the site, which serves as the basis for cost sharing among the members of the Authority, requires the approval of at least five members of the Authority board. Issuing and financing external debt requires the approval of both parties to the agreement.

The Stockton Center Site Authority will have the power to assist the trustees by participating in financing or refinancing of public and private facilities at the site that are within the Stockton Center Site Authority development. Powers of the Authority will include planning and implementing a development plan, also approved by the trustees, as well as management and operation of the site. The Stockton Center Site Authority would also have the power to issue revenue bonds and special tax bonds to acquire, finance, construct, equip, maintain, operate, and lease buildings and other improvements for the site. The Trustees will provide management services to the Stockton Center Site Authority and will follow the trustee policies and procedures in the exercise of powers on behalf of the Stockton Center Site Authority.

The Executive Vice Chancellor and Chief Financial Officer will serve as the Treasurer of the Stockton Center Site Authority. The Assistant Vice Chancellor for Capital Planning, Design, and Construction will serve as the executive director of the Stockton Center Site Authority and will provide day-to-day management oversight.

The formation of a joint powers authority for the California State University Stanislaus, Stockton Center will enable us to proceed with the planning, development and financial planning activities for the site as contemplated in the feasibility study.

The following resolution is recommended for approval:

WHEREAS, Pursuant to the laws of the State of California, including the Joint Exercise of Powers Act (Sections 6500 and following of the Government Code of the State of California) (the “Law”) the City of Stockton (the “City”) and the Trustees of the California State University (the “Trustees”) desire to create a joint exercise of powers entity to be known as the Stockton Center Site Authority (the “Site Authority”) to develop and manage that portion of the California State University, Stanislaus Stockton Center not required for educational use by the Trustees;

WHEREAS, Pursuant to the Law, the Trustees and the City shall create the Site Authority by entering into the Stockton Center Site Authority Agreement, dated as of September 19, 2000, in substantially the form presented to this meeting (the “JPA Agreement”);

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

Section 1. The JPA Agreement is hereby approved. The Chancellor or his designee is hereby authorized and directed, for and in the name and on behalf of the Trustees, to execute and deliver the JPA Agreement with such changes therein as such officer determines are necessary and appropriate, and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the JPA Agreement.

Section 2. The Treasurer, the officers of the Board, the Chancellor or the Executive Vice Chancellor and Chief Financial Officer or the Assistant Vice Chancellor, Campus Planning, Design, and Construction, are each hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to assist the City and the Site Authority with the development, operation, maintenance, and financing for the Stockton Center Site.

Section 3. This resolution shall take effect from and after its passage and approval.