

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS RETREAT
CSU-Global Campus, Greenwood Village, Colorado
February 4, 2015**

CALL TO ORDER

Chair Dorothy Horrell called the meeting to order at 10:06 a.m.

ROLL

Governors present: Dorothy Horrell, Chair; William Mosher, Vice Chair; Joseph Zimlich, Treasurer; Scott Johnson, Secretary; Dennis Flores; Demetri “Rico” Munn; Jane Robbe Rhodes; Nancy Tuor; Alexandra Bernasek, Faculty Representative, CSU; Robert Deemer, Faculty Representative, CSU-Global Campus; Samantha Guinn, Student Representative, CSU; Brad Schffelbein, Student Representative, CSU-Global Campus; Timothy Zercher, Student Representative, CSU-Pueblo.

Administrators present: Michael Martin, Chancellor, CSU System; Tony Frank, President, CSU; Lesley Di Mare, President, CSU-Pueblo; Becky Takeda-Tinker, President, CSU-Global Campus; Rick Miranda, Chief Academic Officer, CSU System, and CSU Provost and Executive Vice President; Allison Horn, Director of Internal Auditing, CSU System; Michael Nosler, General Counsel, CSU System; Rich Schweigert, Chief Financial Officer, CSU System.

System Staff present: Adam Fedrid, IT Manager; Melanie Geary, Executive Assistant to the Chancellor; Allen Sneesby, IT Technician; Sharon Teufel, Executive Assistant to the Board of Governors.

Guests present: Tom Biedscheid, Director of Student Financial Services, CSU; Charlie Brown, CSU Colorado Futures Center; Robin Brown, Vice President for Enrollment and Access, CSU; Jason Johnson, Deputy General Counsel, CSU; Lynn Johnson, CSU CFO; Rick Kreminski, Acting Director, Institutional Research and Analysis, CSU-Pueblo; Bridget Mullen, Director of Budget and Finance, CSU System; Paul Orscheln, Vice President of Enrollment and Student Services, CSU-Pueblo; Phyllis Resnick, CSU Colorado Futures Center; Karl Spiecker, Vice President, Finance and Administration, CSU-Pueblo; Pam Toney, Associate Vice President of Student Operations, CSU-Global Campus; Gerred Underwood, Director of Financial Aid Services, CSU-Global Campus.

Chair Horrell convened the meeting and reported Governor Gustafson would be arriving later in the day. Governor Mincic would not be present since he is out of town with a group of 16 students at a construction management competition. She explained that, at the June 2014 retreat, several issues were identified for more in-depth discussion including tuition, accessibility and affordability which would be the focus of the February retreat. Chancellor Martin was asked for his introductory remarks.

Chancellor Martin commented on the national issue of student debt and tuition increases, and noted that the whole complex higher education system is under continual change. For CSU and CSU-Pueblo, the 2014-15 budget included \$37 million and \$5 million, respectively, of institutionally-provided financial aid. In Colorado over half the students in higher education institutions receive some form of financial aid other than loans and a large portion are receiving loans.

Another national dynamic is the issue of Pell grants; 52% of students at CSU-Pueblo and 35% at CSU receive Pell grants. There have been discussions on a national rating system connecting the amount of the Pell grant a student receives to the rating of the institution. In order to make institutions affordable, it is important to not only pay attention to tuition and fees, but how to best utilize resources within the institutions' control and how to leverage those resources to give students the maximum opportunity to participate at the lowest possible cost with the least amount of debt.

Dr. Rick Miranda, Chief Academic Officer for the CSU System, reviewed the retreat agenda that would begin with a presentation on analysis of tuition and financial aid issues followed by a presentation on student debt issues.

NATIONAL, STATE AND PEER ANALYSIS OF AFFORDABILITY OF STUDENT DEBT

Bridget Mullen, Director of Budget and Finance, CSU System, remarked that her presentation would review trends from both state and national perspectives with respect to tuition, state funding and financial aid. The data source was the Colorado Department of Higher Education which is also the source used by the state's General Assembly.

Ms. Mullen explained that, during the past decade, declines in state support on an inflation adjusted basis have resulted in students and families paying two-thirds and the state contributing one-third of tuition cost. An overview for the past four decades shows that the percent of the state general fund for public higher education decreased from almost 25% in 1983 to the current 8% of the state's total general fund. Progress has been made with the 2015-16 state appropriation of general fund support for public universities equaling approximately the 2008 level.

Comparisons were provided to illustrate the amount of tuition by resident and non-resident, and the shift in resident tuition and the general fund from the state to the student. In FY 2008 during the economic recession, the CSU System was given a five-year authorization to increase tuition for both CSU and CSU-Pueblo under a financial accountability plan. The benchmarks and other obligations in the plan have been fulfilled. President Frank explained that, as part of the financial accountability plan, there was one year at CSU when tuition increased by 9% and the definition of a full-time student was changed to close the credit hour gap which was supported by ASCSU, the Student Fee Review Board, the Faculty Council leadership and the Board of Governors.

An historical tuition comparison for CSU-Pueblo was also provided. CSU-Global Campus, which does not receive state support, has not increased tuition while enrollment has significantly increased. The Board discussed planning for state defunding, particularly for research institutions, and the issue of overall declining support for public expenses; the positive outcome of declining state support resulting in more efficient operations and institutions exploring entrepreneurial opportunities; and the decreasing amount of support per student as enrollment or caseload increases.

Ms. Mullen reviewed state budgetary challenges and national trends with higher education costs outpacing inflation and declining financial aid that has not kept pace with tuition increases. Financial aid is essential to removing barriers to college for low and middle income families and more students than ever are receiving financial aid in Colorado. There is continued pressure on institutions to provide more aid to offset the rising costs coupled with the need to produce more degrees to meet the needs of the U.S. economy.

Students are taking on more debt and taking longer to graduate with outstanding loan debt nationally at almost \$1 trillion. The average cumulative loan debt at graduation for public four-year institutions ranges

from \$16,170 to \$31,783 with \$26,057 as the average for a baccalaureate graduate in 2013-14. There are concerns on the unemployment or underemployment rates for college graduates; however, over the course of a lifetime, generally a student graduating with a bachelor's degree will earn \$1 million more than someone without a degree. Comparisons on tuition and fees illustrated that overall public universities offer a good value and are worth the investment.

In Colorado there is a diversified financial aid program with state and federal funding, and institutional aid is the largest increasing cost of financial aid for both public and private institutions. With the financial aid, most students do not pay full tuition. In 2014, institutional aid for the state of Colorado was \$518 million. In 2015 need-based financial aid funded through the state general fund was \$112 million and merit aid was restored to \$5 million.

A breakdown by financial aid (excluding loans), institutional aid and other scholarships was provided for CSU and CSU-Pueblo. For CSU and CSU-Pueblo, 67% and 81% respectively of the students graduate with loan debt. Dr. Miranda commented on how low interest rates have had an effect on analyzing a family's assets to determine the expected family contribution (EFC) with parents often taking out loans to pay the EFC.

There was a request for comparative data, if available, on the growth of administrative vs. faculty positions for CSU and CSU-Pueblo, and administrative overhead vs. student-related administrative staff support. Chancellor Martin responded that IPEDS data reports the percentage of budget for administration vs. programs and the CSU System institutions are consistently below peers in the percentage of budget for non-academic programs.

INSTITUTIONAL PERSPECTIVES ON STUDENT DEBT

Phyllis Resnick, CSU Colorado Futures Center, acknowledged the work of Governor Bernasek and Charlie Brown, CSU Colorado Futures Center, in the preparation of the retreat presentation. She explained that built into the presentation are models to simulate scenarios to alternatively examine the impact of student loan debt, and the institutional ramifications on the whole higher education system and at CSU.

Nationally student loan debt was the only component of household debt that did not deleverage during the recession due to various reasons and has continued to rise with an impact on purchasing and discretionary debt. The number of students educated has increased; however, the debt per enrolled student has also increased and the debt is growing faster than inflation plus enrollment. Ms. Resnick commented on the lack of real wage growth over the last couple of decades even with a college degree.

Ms. Resnick reviewed two sets of simulations based on IPEDS data on overall year over year comparisons and lifetime ROI at the larger level and then for the average CSU student. According to U.S. Dept. of Education data, four-year public institutions have the lowest loan debt per borrower and four in ten students are able to attend a four-year public institution debt-free. Based on self-reported data from an IPEDS satisfaction survey based on the 2008 cohort (last data set available), graduates of public and private institution report the same level of satisfaction and public institution graduates report the degree was worth more.

Ms. Resnick explained how the model was built and drawn out ten years to look at ROI as the percent of income available after a graduate pays for student loan debt and basic daily expenditures. Baseline assumptions were provided and four-year public institutions had the highest ROI as defined in the model. Overall having a college degree was better than not having a degree. When the model was drawn out six

years from the baseline, a degree from a for-profit institution did not compare favorably to not receiving a degree. Drawn out ten years, attendance at a four-year public institution with debt also became questionable.

Governor Bernasek explained the model comparisons were made on 40-year earning profiles of gross annual income (without living expenses) for college graduates vs. graduating high school students without any college. The ROI for college graduates resulted in estimates of 66% higher earnings based on net present value calculations and thus college continues to be a good investment. The ROI for a four-year degree was higher than a two-year degree although there was value in the latter.

Governor Bernasek commented on the negative impact for students who attended college with no degree attainment who struggle with loan repayments, and the positive impact of graduating in four years rather than five or six years. Chancellor Martin noted that over the past four decades four-year graduation rates have declined nationally from 51% of starting freshmen to 34%. In Colorado, the average rate is 30% with a range of 5.7% to 44% with CSU at 37%.

Issues impacting declining four-year graduation rates identified include lack of college preparation, the need for remediation and institutional barriers. Chancellor Martin suggested incentives to graduate in four years could be built into financial aid packages. President Frank noted, for CSU's peer group, land grants and APLUs, the four-year graduation rates have actually increased during the past decade. Reasons identified for the improvement include greater selectivity in admissions and better college preparation.

In response to questions, Governor Bernasek and Ms. Resnick confirmed the institutional data utilized was for bachelor's degrees, not advanced degrees or dual degrees, and there were no comparisons by specific degree. Discussion followed on the potential negative impact of low mortgage interest rates coupled with student debt that cannot be discharged by bankruptcy; reduced consumption due to lack of discretionary assets; impact on retirement planning; and overall sustainability of fiscal systems. Governor Bernasek explained that a lifetime earning analysis does not take into account periods of unemployment and other accountability biases.

Ms. Resnick reviewed an institutional drilldown using EPI-reported data under different simulations with debt burden as the metric and provided average debt per student and graduation rate comparisons for CSU to peer institutions. Under the baseline assumptions, CSU and four-year public institutions still perform well but are vulnerable. Provided in the appendix of the presentation was *White House Scorecard Relationship* data for four-year degree granting institutions. Through a comparison of CSU to peers, the conclusion was a 1% increase in graduation rates could result in a 1% decrease in default rates.

The retreat recessed for lunch at 12:02 p.m. and reconvened at 12:42 p.m.

When asked if students are make decisions based on course load, time to graduate and impact on financial outcomes, President Frank explained how four-year plans are mapped out for freshmen with their advisors and the issue of unavailability of a specific course to graduate was extremely rare. Dr. Miranda added there is an increasing appreciation nationally by students for the value of graduating in four years. At CSU there is now more advising and instruction during orientation with a median number of credits per semester at 14.6 hours. President Di Mare explained how advisors work with students at CSU-Pueblo and there is an emphasis on summer courses, but students often need to work during the summer.

When asked about analysis on student debt related to field of study, differential tuition, and potential earnings, Ms. Resnick responded the next step would be research by field of study. Mr. Brown commented that one issue missing from the discussion on the real cost of education has been the cost of

education per student. Dr. Miranda explained the factors for determining differential tuition at CSU and noted CSU-Pueblo also has differential tuition.

Dr. Miranda summarized the two presentations as follows: state appropriations are going down although there has been progress; tuition is increasing; the universities' resources inflation-adjusted per student has been flat for decades; and student debt which is tied to tuition is increasing. A college degree is still a good investment although economic trends have had an impact and could degrade the ROI, and obtaining a degree in four years is positive financially.

INSTITUTIONAL FINANCIAL AID

Colorado State University: Dr. Miranda acknowledged Tom Biedscheid, Director of Student Financial Services, and Robin Brown, Vice President for Enrollment and Access, for their work in preparing the presentation. He explained how cost of attendance (nominal and real dollars) is calculated with tuition and fees, differential tuition, books, room and board (on and off-campus), and additional personal items, and illustrated how the cost has changed over the past 15 years. Sample budgets were provided for resident and non-resident undergraduate students with adjustments for living off-campus to determine a freshman base rate cost analysis.

Dr. Miranda described how financial aid is determined through analysis of total cost of attendance, a student's ability to pay, and the expected family contribution (EFC); and the amount of any gross unmet need is determined after financial aid is applied. Mr. Biedscheid explained that, while other resources such as savings are taken into consideration, the two factors that have the most impact on calculating EFC are adjusted gross income and household size.

Dr. Miranda explained the federal, state and institutional sources for resident need-based financial aid; the need-based and merit-based amounts distributed by sources over the past several years with institutional aid almost doubling in the past eight years; the distribution of \$40 million of need-based and merit-based institutional aid in FY14 for residents and non-residents which includes \$10 million in foundation scholarships; comparisons of financial aid by class levels; and a sample award package including loans for a resident freshman.

Dr. Miranda reviewed student demographics by Pell population; need-based grants by class level; average annual loans by class level; amount of freshman borrowers by EFC; and average annual parent loan by EFC. Aggregate statistics on student debt were provided for average debt at graduation for CSU, peer average debt comparisons, and peer institution cohort default rate comparisons. Chancellor Martin commented that research suggests one of the best forms of financial aid to enhance graduation is work study and yet the amount of work study funded is relatively small.

Colorado State University-Pueblo: President Di Mare asked Paul Orscheln, Vice President for Student Services and Enrollment Management, to make the presentation. Mr. Orscheln reviewed fall 2013 financial aid student demographics; cost of attendance (nominal and real dollars) by resident, WUE/T-Wolf (different tuition discount programs) and non-resident; and 2014-15 sample budgets by the three classifications. Need analysis is calculated similarly to CSU but, given the CSU-Pueblo student population, the EFC is more of a challenge for their families. Sources for resident need-based financial aid are similar to CSU, and CSU-Pueblo is looking for ways to assist middle income families who do not qualify for Pell.

Mr. Orscheln reviewed total financial aid disbursed by source and amounts of institutional aid for both need and merit-based aid. The freshman merit-based scholarship program has been enhanced to increase

the number and quality of students as well as attract more local students with an increase from 30% to 40% of the scholarships given to students from Pueblo. Other scholarships are offered with specific requirements. There are several programs available to reduce costs for non-resident students including an incentive to live on campus.

Mr. Orscheln reviewed a sample award package; the total Pell population during the past six years; average loan by class level; the number of freshmen borrowers by EFC; average amount of freshman loan by EFC; average annual parent loan by EFC; and average debt of graduates. Peer average debt at graduation and peer cohort default rate comparisons were provided.

Mr. Orscheln commented on how debt rates are closely monitored because if the rate is 15% or higher, there is an impact on when federal loans can be awarded to new incoming students. CSU-Pueblo is down from 15.5% with the previous cohort to 13.7%. President Di Mare explained how the SALT program was implemented to help students understand the importance of paying loan debt. Mr. Orscheln noted the high default rates of the feeder community colleges in southern Colorado and community colleges in general.

Mr. Orscheln explained that CSU-Pueblo has examined how financial aid, especially institutional aid, has been distributed and is in the process of implementing a new packaging strategy with five different academic bands which correlates with the merit scholarship program. Through this process the intent is to reallocate a portion of institutional aid to better assist middle income families and to improve retention and graduation rates.

Colorado State University-Global Campus: President Takeda-Tinker introduced Pam Toney, Associate Vice President of Student Operations, and Gerred Underwood, Director of Financial Aid Services. She explained her presentation would focus on where CSU-Global Campus is positioned in the industry; how students are assisted to obtain an affordable degree at CSU-Global Campus; and new program options that are being explored. CSU-Global Campus has not increased its tuition rate and students do not pay any fees.

President Takeda-Tinker reviewed the business model with tuition guarantees and tuition planning; transfer credits with articulation agreements; and alternative credit options. Average cost of attendance for CSU-Global Campus is \$18,700 living independently and \$14,400 living with a parent; and the average EFC is \$8,500.

President Takeda-Tinker reviewed federal financial aid data and average student debt on graduation or departure. First to third year retention is 80-85% and re-engagement efforts have been undertaken. Overall and FFA recipient undergraduate student demographics were provided. President Takeda-Tinker reviewed the assistance provided to students to manage debt; the various financial aid programs; CSU-Global Campus' commitment to Colorado with full transfer of AA and AS degree credit from Colorado community colleges; and program options to increase affordability.

In response to questions, President Takeda-Tinker reviewed the current criteria for enrollment with one year of work experience; confirmed 23 as the age for new first time freshman who would be expected to have work experience; and explained the percentage comparison to COF that is calculated into tuition and financial aid. She concluded her presentation by recapping the mission of CSU-Global Campus and the programs to assist students.

BREAKOUT GROUPS

Dr. Miranda explained there would be three separate breakout groups with each group to discuss issues for one of the CSU System institutions. Chair Horrell indicated overarching questions had been identified and asked the presidents to facilitate. The Board broke into groups at 2:39 p.m. and reconvened as a whole at 3:21 p.m. with each group asked to report on the discussions.

CSU-Global Campus: Governor Munn and President Takeda-Tinker explained two concepts were discussed for which proposals could be developed and presented at the June retreat. The first concept was a funding mechanism such as social impact bonds to assist with faster degree completion. The second concept was for a mechanism to assist students that have 90 credits who may have been out of school three to five years complete their degrees.

Colorado State University: President Frank explained the group identified decreasing time to degree completion as a critical initiative with further investments needed for student success and graduation, and pathway counseling with informed decisions on potential employment and financial choices. The initiative would ensure students stay on-track to graduate in four years and are registered for appropriate courses with considerations including differential tuition and incentives. Another initiative would be to alter the financial aid package to address the gap for middle income families who are not Pell eligible.

Colorado State University-Pueblo: Governor Tuor and President Di Mare explained the group focused on issues relative to a four-year comprehensive competitive model. The first area identified was greater collaboration with Pueblo Community College. Other issues and opportunities identified included upgrading the IT infrastructure which will help increase enrollment; better utilization of residence halls; leveraging CSU-Pueblo as part of the System, i.e., more 2+2 programs with CSU and more collaboration with CSU-Global Campus; more international enrollment and INTO collaboration with CSU; greater utilization of extended studies; repackage financial aid to attract more students which has already begun with more scholarships; and creative marketing and utilizing the CSU brand.

The question was asked that, if the funding requested from the CDC was received, would the funding be adequate to upgrade the IT infrastructure? President Di Mare responded the funds would allow the upgrades to be phased-in and additional funding could potentially be requested in two to three years after demonstrating the progress made.

Dr. Miranda summarized the day's work that was focused on affordability, access, financial aid and student debt. Chair Horrell asked Board members to share observations from the discussions. The suggestion was made to develop three to four talking points for each of the campuses and the System. Another response was the request for more conversation on the national discussion of the loss of the middle class, the effect on the CSU System, and how to assist students in this socioeconomic segment.

Governor Munn, as the Superintendent for the Aurora School District, provided an overview of the socioeconomic composition of District 28J and commented on the work of the Denver Scholarship Foundation that provides wraparound services to attract and connect students with campuses and to help with retention. Other suggestions were for more analysis of the underemployment issue, particularly for first generation students, and pathways.

EVALUATION COMMITTEE

Chair Horrell indicated the Evaluation Committee, comprised of the voting members, would convene. General Counsel Nosler read the meeting into the executive session for the purpose of discussing and

evaluating public officials and professional staff as set forth in the meeting notice. **Motion/Action:** Governor Rhodes moved to convene in executive session; Governor Flores seconded; and the motion carried unanimously. The meeting convened in executive session at 4:02 p.m. and adjourned at 4:55 p.m.

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS MEETING
CSU-Global Campus, Greenwood Village, Colorado
February 5, 2015**

CALL TO ORDER

Chair Dorothy Horrell called the meeting to order at 8:34 a.m.

ROLL

Governors present: Dorothy Horrell, Chair; William Mosher, Vice Chair; Joseph Zimlich, Treasurer; Scott Johnson, Secretary; Dennis Flores; Mark Gustafson; Jane Robbe Rhodes; Nancy Tuor; Alexandra Bernasek, CSU Faculty Representative; Samantha Guinn, CSU Student Representative; Brad Schiffelbein, CSU-Global Campus Student Representative; Timothy Zercher, CSU-Pueblo Student Representative.

Administrators present: Michael Martin, Chancellor, CSU System; Tony Frank, President, CSU; Lesley Di Mare, President, CSU-Pueblo; Becky Takeda-Tinker, President, CSU-Global Campus; Rick Miranda, Chief Academic Officer, CSU System, and Provost and Executive Vice President, CSU; Allison Horn, Director of Internal Auditing, CSU System; Michael Nosler, General Counsel, CSU System; Rich Schweigert, Chief Financial Officer, CSU System.

System Staff present: Adam Fedrid, IT Manager; Melanie Geary, Executive Assistant to the Chancellor; Allen Sneesby, IT Technician; Sharon Teufel, Executive Assistant to the Board of Governors.

Guests present: J.J. Ament, Royal Bank of Canada; Dan Belkard, Producer, *Coloradoan*; Jon Bellum, Provost, CSU-Global Campus; Doug Brobst; Stephanie Chichester, North Slope Financial Advisors; Johnna Doyle, Deputy General Counsel, CSU-Pueblo; Mark Gills, Chief of Staff, CSU; Steve Hultin, Executive Director, CSU Facilities; Jason Johnson, Deputy General Counsel, CSU; Lynn Johnson, CSU CFO; Richard Kaufman, Chair, CCHE; Rick Kreminski, Acting Director, Institutional Research and Analysis, CSU-Pueblo; Kelly Lyell, Reporter, *Coloradoan*; John Moellenberg, Royal Bank of Canada; Amy Parsons, Vice President of Operations, CSU; Ryan Poulsen, Associate, Wells Fargo; Mike Pruznick, SOSH; Karl Spiecker, Vice President of Finance and Administration, CSU-Pueblo; Nick Taylor, North Slope; Bob Vangermeersch, SOSH; Linda Vrooman.

Chair Horrell recounted the work of the previous day's retreat and indicated the retreat would conclude with a presentation by Richard Kaufman, Chair of the Colorado Commission on Higher Education (CCHE). Chancellor Martin explained that the CCHE was the overarching coordinating board for higher education across the state. Mr. Kaufman was invited to make a presentation to assist the Board in understanding the work of the CCHE and the relationship to the CSU System. Governor Munn explained how the CCHE coordinates with the Governor's office, the legislature and the Colorado Dept. of Higher Education to oversee higher education policy for the state and then he introduced Mr. Kaufman.

Mr. Kaufman remarked that the role of the CCHE is to coordinate overall policy and not for oversight of the day-to-day operations. He reviewed the CCHE membership, responsibilities, mission, the number and enrollment of public and private schools, and the programs under the direction of the CCHE.

Mr. Kaufman explained higher education challenges for Colorado include meeting workforce needs; improving the K-12 education pipeline; addressing completion education gaps particularly for Hispanic

and other underserved populations; and the shifting burden for the cost of college from the state to students and families with Colorado ranked 47th nationally in state investment in higher education. CCHE goals include improving student success and reducing the attainment gaps with a target of 66% of Coloradoans having postsecondary credentials.

Mr. Kaufman described how the HB-1319 funding model works with COF stipends, role and mission factors and performance metrics. He commented on the potential for new legislation on tuition policies with concerns on rising costs and explained the role of the CCHE in approving the capital construction list.

Discussion followed on President Obama's proposal for community colleges; financial challenges with limited oversight by the CCHE on proprietary schools and the state and federal role in addressing those challenges; development of a CCHE ranking system to understand costs as well as education requirements and job prospects; providing assistance rather than defunding for failure to meet performance standards; and the challenges and important role of four-year regional comprehensive institutions.

Chair Horrell commented on the positive partnership with CCHE and the possibility of future collaboration to communicate to the public the importance of investing in higher education. Mr. Kaufman suggested utilizing alumni associations and employees as pipelines to contact legislators. Chair Horrell indicated the retreat was now concluded and the Board would move into the business portion of the meeting.

PUBLIC COMMENT

Chair Horrell explained 20 minutes was allocated for public comment and each of the individuals who signed-in would have five minutes to address the Board. Bob Vangermeersch, Mike Pruznick, Linda Vrooman and Doug Brobst commented in opposition to the new on-campus stadium.

REAL ESTATE/FACILITIES COMMITTEE

Governor Tuor, Committee Chair; Governor Flores, Committee Vice Chair; Deputy General Counsel Johnson, assigned staff

Committee Chair Tuor convened the meeting at 10:00 a.m. and asked Ms. Parsons to begin with the CSU master plan presentation.

Master plan: Ms. Parsons recounted that an overview of the master plan process was presented at the December meeting. Since that meeting, Committee Chair Tuor toured the campus and worked with staff on an extensive review of the master plan which is a living document that is continually updated. There is a large Master Plan Committee that convenes monthly to address new opportunities and challenges, and various stakeholders, including the City of Fort Collins and Larimer County, are engaged in the process. By statute, CSU is required to submit the master plan every ten years to the State of Colorado and, accordingly, the CSU master plan will be presented this year.

Ms. Parsons provided an overview of the CSU properties and explained the master plan is constituted with sub-area plans including three campus plans. She reviewed the overall guiding principles and the implications, current composition and layout for each of the campus plans. When asked about the airfield on the Foothills Campus, Steve Hultin, CSU Director of Facilities, responded the airfield is not designated as an airport of use or active airport and is used for emergency landings or incident response.

Ms. Parsons recounted that the CSU 2020 Plan is a financial stress test for the physical master plan that looks at the cost of growth over time. Not all of the growth will be supported with new buildings and a space utilization test is being conducted by Ayers Saint Gross to ensure existing space is utilized in the most efficient manner.

The directions set forth from the Board in 2004 were to ensure the university was developed in a unified, cohesive manner in compliance with aesthetic guidelines and good design standards. When asked about the current Board's directions to anticipate needs or to reinforce what was set forth ten years ago, Committee Chair Tuor explained the guiding principles reflect that CSU is mindful of future growth and impacts on tuition with limited and targeted acquisition. There is an intent to create a physical environment that is inviting with a sense of community while recognizing the need for flexibility. Investments will be made to maintain current assets and accommodate evolving teaching methodologies.

Ms. Parsons commented on designing the campus for the future and explained experimentation with flipped classrooms. Professors are being asked to evaluate the flipped classrooms in terms of teaching and students through the University Facilities Advisory Board are being asked to consider investing more in the flipped classrooms.

President Frank commented that the university, since 2007-08, has utilized state funding supplemented with emergency funding from the university for deferred maintenance. In 2009, two cross-pledged \$1 million reserve accounts were established with one reserve for enrollment shortfalls and the other reserve for deferred maintenance. There continues to be shortfalls in deferred maintenance funding. Bond issuances for substantial renovations and deferred maintenance may need to be considered in the future.

When asked about cost savings through green initiatives, President Frank explained CSU has been able to operate during the past few years within the existing utilities budgets with rising utilities costs offset by the initiatives. Ms. Parsons and Mr. Hultin explained how the new buildings and retrofitting of existing buildings have resulted in significant savings. With a 25% growth in square footage, utility consumption has only increased 9% or, stated another way, there has been a 20% decrease in electrical use per square foot. Overall the campus has done well and is close to obtaining a platinum level rating from the Sustainability Tracking, Assessment and Reporting System (STARS) which is a complete analysis of the university's environmental and sustainable efforts.

A suggestion was made for the guiding principles to codify the Board's directions from ten years ago to ensure those are also carried forward. Another suggestion was to connect, align and reinforce in the master plan the research contributions and advances made by the university and the concept of the campus as a living-learning experience. A third suggestion was to more strongly reflect the commitment to working partnerships with the local community.

Committee Chair Tour noted the guiding principles were developed for the presentation and were not part of the master plan that has been prepared for submission to the state. She suggested approval of the action item authorizing submittal of the master plan. The guiding principles will be revised and brought back to the Board with integration of the suggestions. **Motion/Action:** Governor Horrell made the motion; Governor Johnson seconded; and the motion was unanimously approved.

Approval of Two-Year Cash List Amendment #1: Ms. Parsons explained that a two-year cash list of projects to be funded by the university, not the state, is maintained with the State of Colorado. New projects being added to the list are two parking projects; a medical center building; an addition to the Anatomy-Zoology building; the on-stadium campus; and four projects related to the South Campus and Veterinary Teaching Hospital with new donor commitments. **Motion/Action:** Governor Flores made the motion; Governor Robbe Rhodes seconded; and the motion carried unanimously.

Approval of Program Plans

Medical Center Building: Ms. Parsons reviewed the location, size, occupants, programs and services to be provided in the proposed new medical center that would be available to the community and would be beneficial to the university's employees. Funding for the project will come from a combination of sources. An approximate timeline would be to bring a plan of finance for approval this spring with an 18-month construction schedule. Informal discussions on the project have been held with the City of Fort Collins. **Motion/Action:** Governor Zimlich moved to approve the program plan; Governor Robbe Rhodes seconded; and the motion carried unanimously.

Anatomy-Zoology Building Addition: Ms. Parsons explained the new state-of-the art addition would benefit the Biology, Biomedical Sciences and Professional Veterinary Medicine departments and would not add to the footprint of the campus. Dr. Miranda explained the gross anatomy labs are used for both human and animal anatomy. The expectation is there will be increased enrollment in health-related fields, particularly with the new neuroscience major in the College of Natural Sciences. Current capacity has been maximized and there is concern that graduations may be delayed in the future due to the lack of availability of a required anatomy course. **Motion/Action:** Governor Horrell moved to approve; Governor Robbe Rhodes seconded; and the motion carried unanimously.

University Square Parking Structure and South Campus Parking Lot: Ms. Parsons explained the two projects will address both immediate and some of the medium to long-term parking needs. She reviewed the locations, costs, capacity and benefits of each project. When asked about the opposition to the parking master plan by different constituency groups, Ms. Parsons commented on the issues of parking permit rates and locations. Governor Bernasek remarked on the concerns from an employee standpoint on the allocation of the permits, the organization of the parking, and the issue of cost for lower-income employees with a suggestion for a sliding scale. President Frank added there were observations on safety issues for low-paid employees who had to park in the lots further from the campus. Discussions will be held with various constituency groups to work through these issues.

Motion/Action: Governor Gustafson moved to approve the University Square parking structure program plan. Governor Zimlich seconded and the motion carried unanimously. **Motion/Action:** Governor Johnson moved to approve the program plan for the South Campus parking lot. Governor Robbe Rhodes seconded and the motion carried unanimously.

Colorado State University Naming Policy and Guidelines: President Frank explained the naming policy and guidelines contained language that indicated a naming would remain in place unless the Board decided to take action to change the name. Since the donor agreements contain clauses that would allow removal of a name, the recommendation is to modify the guidelines to mirror the gift agreements. In response to a question, Mr. Hultin confirmed there were provisions in place to memorialize a gift if a building was torn down or repurposed. **Motion/Action:** Governor Robbe Rhodes moved to approve the revised naming policy and guidelines. Governor Gustafson seconded and the motion was carried unanimously.

With no further business to come before the committee, the Real Estate/Facilities Committee meeting was adjourned and the Board recessed for lunch at 11:12 p.m. The Board meeting was reconvened at 12:17 p.m.

AUDIT AND FINANCE COMMITTEE

Governor Zimlich, Committee Chair; Governor Munn, Committee Vice Chair; Rich Schweigert, Chief Financial Officer, CSU System, and Allison Horn, Director of Internal Auditing, CSU System, assigned staff

Committee Chair Zimlich convened the committee meeting and explained there would be two agenda items related to the stadium.

CSU Stadium Project Review and Plan of Finance: Mr. Schweigert explained the Board would first be asked to take action on the stadium project review. Following presentation of the plan of finance, the Board would then be asked to approve the 9th supplemental resolution for the sale of bonds. He asked Ms. Parsons to present the project review.

Ms. Parsons reported the complete stadium project is posted on the CSU Facilities website. She reviewed the highlights of the project review including size, cost and location. **Motion/Action:** Governor Johnson made the motion to approve the stadium project review; Governor Tuor seconded; and the motion carried unanimously.

Mr. Schweigert described the composition of the financing team that has been monitoring the progress of the stadium project for the past two+ years. Senior underwriters and attorneys have also assisted in vetting the project to bring forward the best financing structure. Meetings will be held with Moody's Investor Services and Standard and Poor's Rating Services with the goal of retaining the System's current ratings. Mr. Schweigert asked Stephanie Chichester, the System's financial advisor from North Slope Capital, and John Moellenberg, a senior underwriter from the Royal Bank of Canada, to review the plan of finance.

Ms. Chichester provided a brief overview of the System's current debt service and an interest rate history for taxable and tax-exempt long-term rates. The stadium financing structure has three components: taxable bonds that provide flexibility for private use, i.e., sponsorships, naming rights, private retail and concession; and tax-exempt bonds split between fixed and variable rate. Principal payments would begin in 2021 after the stadium opens and stabilization occurs. Mr. Moellenberg provided a comparison of fixed rate and variable rate debt with an explanation on the difference in process between a bank direct purchase and the formal bond process.

Ms. Chichester reviewed the stadium financing scenarios and recommended financing plan by source or type of bonds, amounts and the use of the funds. With current interest rates at historic lows, the total debt repayment is \$65 million less than if the bond sale were completed the previous year. When asked about the length for such a bond issuance, Ms. Chichester confirmed that the useful life of an asset is matched with the term of the debt and 35-40 years is appropriate for the stadium project. She explained the net reoffering premium or discount in the financing scenarios.

Ms. Chichester provided a comparison of the recommended financing plan to a 100% fixed rate; a comparison of repayment sources; and an internal debt service coverage ratio chart with the ratio estimated to be at 139% which exceeds requirements for coverage required by Board policy of 1.25%. Committee Chair Zimlich clarified that the issuance of \$242 million in bonds for a \$220 million project is done in order to fund payments prior to generating revenue.

Mr. Moellenberg explained that periodically conversations are held to discuss refinancing opportunities with current market conditions to determine any potential savings by issuing refunding bonds. Testing indicates that \$95 million of existing bonds could be refinanced for present value savings of \$6.5 million.

Committee Chair Zimlich noted the current 9th supplemental resolution includes the issuance of the new 2015 bonds for the stadium which is outside of the State's intercept program and identifies the refinancing which is within the State's intercept program. Mr. Schweigert explained how the original master resolution was approved in 2007 and the parameters the Board provides to investors are defined in the original and supplemental resolutions.

Motion: Governor Mosher moved to approve the 9th supplemental resolution and Governor Flores seconded. Committee Chair Zimlich explained that, while he believes this financing structure makes sense if one determines to take on more debt, he continues to have concerns about the potential long-term impact of debt on students. President Frank commented on the non-general fund buffers available to the university and on the overall success in the university's fundraising efforts. He reiterated the commitment to use philanthropy and revenue bonds and not tuition, fees or state support for the stadium. **Action:** Committee Chair Zimlich called for the vote which passed eight to one with Committee Chair Zimlich opposed.

Reimbursement Resolution for PERC and Parking: Mr. Schweigert explained the resolution is to authorize initiating two projects, the relocation of the PERC greenhouses and the Research Drive parking lot, at an estimated cost of \$13.4 million with reimbursement of expenditures from project proceeds once bonds are issued. The resolution authorizes the reimbursements in compliance with IRS requirements and has been drafted by bond attorneys to meet all IRS parameters. President Frank explained that, prior to determining a location of the new on-campus stadium, the faculty wrote a letter supporting relocating PERC and building new greenhouses regardless of the outcome of the stadium project. **Motion/Action:** Governor Horrell moved to approve; Governor Flores seconded; and the motion carried unanimously.

Treasury Discussion: Mr. Schweigert recounted that, in 2008, the CSU System was granted permission from the General Assembly to manage its own funds. Other than the University of Colorado and Mesa University, funds of all other public higher education institutions are managed by the state under restrictive parameters in statute. Currently the System investments are managed by the state treasury and, after several years of low returns, there is internal agreement that, based upon performances by other institutions, the time is appropriate to move forward with forming a System Treasury Committee. By statute, at a minimum the committee would have five members including the System Treasurer (currently Mr. Schweigert), at least one board member (more could be appointed), and three individuals from the business community with financial knowledge.

Mr. Schweigert reviewed comparisons of annual, average and cumulative rates of return for the State/CSU, the University of Colorado, the CU Foundation and Mesa University. Upon Board approval, a committee would be formulated to begin working on the policies, procedures and protections in order to begin withdrawing System funds from the state treasurer. Following several questions on governance, structure and investment strategies, action was tabled until after the executive session was held the following day in order to receive legal advice from General Counsel Nosler.

Semester at Sea Contract: Mr. Schweigert asked Dr. Miranda for his comments. Dr. Miranda provided an overview of the Semester at Sea program that has been operated by the Institute for Shipboard Education (SE) in partnership with various universities to deliver the curriculum and faculty. He explained how CSU has participated in the program both with faculty and students. The expectations are there will not be out-of-pocket expenses for CSU and there is the potential to generate resources that would be utilized to incentivize faculty and for small scholarships for students to participate in the program. The resolution is to authorize CSU to engage in negotiations to potentially lead to a contract.

Dr. Miranda explained there have been teams reviewing various issues, such as safety protocols and insurance, which will be addressed during the contract negotiations; the SE is seeking a new partner to be

more of an academic partner rather than an academic service provider; and accreditation would be under CSU as the academic provider. When asked about fit with the university's strategic plan, the response was the program would fit within CSU's aspirations and accomplishments in internationalization; provide students with an additional international education abroad opportunity and international experience for faculty; marketing the program will add to the university's recruitment efforts; and the program would add capacity and not be a financial burden for the institution. **Motion/Action:** Governor Tuor made the motion to approve; Governor Gustafson seconded and the motion carried unanimously.

Review of Financial Issues for CSU-Pueblo: Mr. Schweigert explained the information on System support for CSU-Pueblo was provided in response to a Board request at the previous meeting and there is general agreement that there are advantages to be part of a system.

CSU-Global Campus NewCo Discussion: President Takeda-Tinker reported a name has been selected and submitted to be trademarked and will be shared when that has been completed. The fundamental purpose of NewCo is to be a tech transfer enterprise to leverage and monetize CSU-Global Campus' intellectual properties and technologies. President Takeda-Tinker recapped the benefits, types of services and customer base for NewCo. Business plan highlights were shared for three years on both low and high case scenarios. NewCo is projected to be positive from the first year of operation and will assume management of the CSU-Global Campus' client businesses to allow the university to focus on its core mission of serving degree-seeking students. Legal matters related to NewCo would be discussed the following day during the executive session.

2015 2nd Quarter Financials: Mr. Schweigert indicated each of the campus chief financial officers would be asked to present their financials.

Colorado State University: Ms. Johnson reviewed the layout of the financial report and reported the campus is on-track for 2015. There was a 2.3% increase in tuition revenue; however, enrollment growth is not budgeted until the following year. Another variance is the Veterinary Teaching Hospital is exceeding anticipated revenues. When asked about the tuition revenue increase, Ms. Johnson responded the majority of the growth is attributable to the increased non-resident enrollment. President Frank added that the university has maintained essentially its market position with Colorado residents but, for several years, there has been a decline in the number of Colorado high school graduates that has now reached a point where that decline will be reversed.

Colorado State University-Pueblo: Mr. Spiecker reported operating revenues were higher than anticipated for the fall primarily due to the change in the mix of non-resident/resident student enrollment and a 15% increase in the freshmen class, largely attributable to the enrollment initiatives that were implemented. When asked about the second semester, Mr. Spiecker responded the final census has not been received. Initial indications are spring enrollment is slightly below what was budgeted which is offset by the fall surplus and thus the university is anticipated to be on-track for remainder of the year.

When asked about the decrease in the net position, Mr. Spiecker explained the consolidated income statement includes payments for interest on debt service for the residence halls, depreciation and non-cash payments, and capital construction expenses that have not yet been reimbursed by the foundation. The E&G budget is in balance with the approved budget. When asked about the debt service on the residence halls, Mr. Spiecker explained there is a sufficient balance in auxiliary funds for debt service payments for the current and next year, and alternatives for additional occupancy in the residence halls are being explored. The suggestion was made to have the alternatives brought to the May meeting for discussion. When asked if the bond refinancing included the CSU-Pueblo residence halls, Mr. Schweigert responded the bond refinancing for the residence halls had already been completed recently.

CSU-Global Campus: President Takeda-Tinker reported the December financials are actuals with 50% of revenues and 50% expenses, and CSU-Global Campus was on-track with the budget at the end of December. Enrollment for January and February is below projections and the budget has been re-forecasted. Restructuring has occurred in the enrollment department along with the addition of strong professional managers. CSU-Global Campus is now back on-track with the projected net operating income and expenses.

CSU System Budget: Mr. Schweigert reported the System Office is on-track with the budget.

Status of FY 2014-15 Audit Plan: Ms. Horn reported six reports have been issued this year and three more have been completed and are awaiting responses. Those reports will be issued with no red flag issues for CSU Extension (in three counties), the CSU Admissions Office and the CSU Office of Sponsored Programs Cost Transfers. The work completed for the extension offices is different and more in-depth than previous audits and, due to the limited number of auditors, Ms. Horn will be working on the extension audits going forward. President Frank commented on the challenges of auditing the extension offices who work in partnership with the local county and some employees are paid by the county operating under different policies than extension employees employed by CSU.

Ms. Horn reported two entrance conferences have been scheduled and there are five audits in field work. Additionally work is being done on a special project and another special project is in the planning stages. New technology to assist with continuous auditing will be implemented before the end of the year. Other new technologies implemented during the past year include a data analytics tools and an automated audit work paper system.

Presentation of Audits Completed Since Last Meeting: Ms. Horn reported one report was issued since the previous meeting on tuition revenue at CSU-Pueblo. The executive summary was provided in the meeting materials. Internal controls were deemed to be generally adequate; there were nine recommendations with one repeat recommendation on ghost students that has been addressed; and there were no red flags.

Overdue Audit Recommendations: Ms. Horn reported there were three recommendations for the Warner College of Natural Resources that were delayed to allow time to partner with the new dean. There was also one overdue recommendation for Continuing Education at CSU-Pueblo where new systems are to be implemented by summer 2015. There were no red flag issues for the overdue audit recommendations.

With no further business to be addressed, the committee meeting was adjourned and the Board recessed for a break at 2:10 p.m.

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

Mark Gustafson, Committee Chair; Jane Robbe Rhodes, Vice Chair; Rick Miranda, CSU System Chief Academic Officer and CSU Executive Vice President and Provost, assigned staff

Committee Chair Gustafson called the meeting to order at 2:30 p.m. and asked Dr. Miranda to report on the first agenda item.

CSU 2013-14 Sabbatical Leave Report: Dr. Miranda explained the report summarizes the scope of activities and progress made by faculty on sabbatical leave from the previous year. Sabbaticals allow for the revitalization of faculty that occurs while making significant research progress.

CSU New Special Academic Unit – School of Biomedical Engineering: Dr. Miranda explained the creation of a special academic unit is a formal construct that has been in place for several years to transition existing interdisciplinary degree programs. The School of Biomedical Engineering has been in place for eight years. Four deans along with an oversight committee and the Dean of Graduate School will oversee the Masters and Ph.D. programs which are not new degree programs. The action is to codify the School of Biomedical Engineering graduate programs as a special academic unit. **Motion/Action:** Governor Robbe Rhodes moved to approve; Governor Schiffelbein seconded; and the motion carried unanimously.

CSU-Pueblo 2013-14 Sabbatical Leave Report: President Di Mare explained faculty is expected to be engaged in teaching, research and scholarship, and community service in their discipline or profession. There were nine sabbaticals the past year that resulted in a wide range of practical and applied research. When asked if there is follow-up or tracking of the research in a systematic way, President Di Mare explained faculty is expected to provide reports on the progress achieved during sabbaticals. Dr. Kreminski provided two examples that illustrated how knowledge and new laboratory techniques were institutionalized at CSU-Pueblo for the benefit of students and the university.

With no additional agenda items to discuss, the Academic and Student Affairs Committee meeting concluded at 2:40 p.m.

FACULTY REPORTS

CSU-Global Campus: Governor Deemer explained how CSU-Global Campus changed from Blackboard to Schoology for the learning management system. Students have responded positively to the change; significantly less time is required by the faculty to set up classrooms and instruction process; there is better interaction and communication with students; and there are opportunities for collaboration. While there are a few issues to be resolved, overall the change has been positive. CSU-Global Campus is the first four-year institution to utilize Schoology.

CSU-Pueblo: Chair Horrell explained that Governor Mincic was currently out of town with students at a competition and his written report was provided in the meeting book.

Colorado State University: Governor Bernasek commented on the challenges of Blackboard and noted CSU has moved to Consortium Canvas which has great capabilities and adaptability. The Faculty Council at its last meeting had a presentation by Ms. Parsons and Ms. Johnson on Public Private Partnerships (P3s) which provided an opportunity to learn more about the subject. In December, a presentation was made by Dan Bush, Vice Provost for Faculty Affairs, and Jen Eberle, Chair of the Non-Tenure Faculty Committee, who explained the contributions made by the non-tenure faculty that are among the lowest paid faculty, comprise 40% of the faculty, and teach 60% of the undergraduate courses. The Faculty Council will be examining ways to support the non-tenure faculty.

Colorado State University received a \$50,000 gift from a private donor for the *Ripple Effect* to fund projects that would make CSU a better place for women to work. While not all of the 47 proposals received could be funded, there were numerous good ideas from people, many of whom had never applied for a grant. Governor Bernasek described the various proposals that she generally categorized as engaging and inspirational, health and fitness-related, practical basic life assistance or leadership/mentorship. A synopsis of the proposals will be posted on the President's Commission on Women and Gender Equity website.

Other updates include a campus climate survey was conducted that has generated discussion with positive momentum and Deputy Counsel Jason Johnson will be working on an anti-bully policy as part of the

response to the survey. President Frank commended the Faculty Council for their work in addressing the challenges and issues for adjunct faculty.

EVALUATION COMMITTEE

Chair Horrell indicated that the Evaluation Committee would convene and Committee Chair Mosher called the meeting to order. General Counsel Nosler read the meeting into the executive session for the purpose of discussing and evaluating public officials and professional staff as set forth in the meeting notice. **Motion/Action:** Governor Robbe Rhodes moved to convene in executive session. Governor Munn seconded and the motion carried unanimously. The meeting convened in executive session at 3:00 p.m. and adjourned at 4:50 p.m.

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS MEETING
CSU-Global Campus, Greenwood Village, Colorado
February 6, 2015**

CALL TO ORDER

Chair Dorothy Horrell called the meeting to order at 9:08 a.m.

ROLL

Governors present: Dorothy Horrell, Chair; William Mosher, Vice Chair; Joseph Zimlich, Treasurer; Scott Johnson, Secretary; Dennis Flores; Mark Gustafson; Jane Robbe Rhodes; Nancy Tuor; Alexandra Bernasek, CSU Faculty Representative; Samantha Guinn, CSU Student Representative; Brad Schiffelbein, CSU-Global Campus Student Representative; Timothy Zercher, CSU-Pueblo Student Representative.

Administrators present: Michael Martin, Chancellor, CSU System; Tony Frank, President, CSU; Lesley Di Mare, President, CSU-Pueblo; Becky Takeda-Tinker, President, CSU-Global Campus; Rick Miranda, Chief Academic Officer, CSU System, and Provost and Executive Vice President, CSU; Allison Horn, Director of Internal Auditing, CSU System; Michael Nosler, General Counsel, CSU System; Rich Schweigert, Chief Financial Officer, CSU System.

System Staff present: Adam Fedrid, IT Manager; Melanie Geary, Executive Assistant to the Chancellor; Allen Sneesby, IT Technician; Sharon Teufel, Executive Assistant to the Board of Governors.

Guests present: Johnna Doyle, Deputy General Counsel, CSU-Pueblo; Jason Johnson, Deputy General Counsel, CSU; Rick Kreminski, Acting Director, Institutional Research and Analysis, CSU-Pueblo; Tom Milligan, Vice President of External Relations, CSU; Kathay Rennels, Associate Vice President for Engagement, CSU; Ron Sega, College of Engineering, CSU; Lou Swanson, Vice President for Engagement, CSU.

Chair Horrell convened the meeting and reported the Board had the opportunity during breakfast to meet with the Deans and other staff of CSU-Global Campus to learn more about CSU-Global Campus' programs and services, and the faculty management system. She then recapped the previous day's work.

EVALUATION COMMITTEE

Chair Horrell asked Governor Mosher, Chair of the Evaluation Committee, to present the action item discussed during the previous day's committee meeting. Committee Chair Mosher asked for a motion to approve the resolution to create an ad hoc Board committee to review an appeal of a grievance decision from Colorado State University-Pueblo. Further, Committee Chair Mosher indicated the Evaluation Committee recommended that Governor Munn serve as Chair of the ad hoc committee and Governors Robbe Rhodes and Tuor serve as the additional members. **Motion/Action:** Governor Gustafson made the motion, Governor Zimlich seconded, and the motion carried unanimously.

BOARD CHAIR'S AGENDA

Chair Horrell congratulated the CSU Rams on their football bowl appearance and the CSU-Pueblo ThunderWolves for their Division II football championship. She shared highlights from the celebration held in Pueblo for the ThunderWolves. Governors Robbe Rhodes, Johnson and Zercher added their appreciation for the positive support from the Pueblo community. Chancellor Martin remarked on a second celebration that was held during a recent basketball game.

Chair Horrell commented on the positive recognition of CSU and the System at the National Western Stock Show. The Senate Education Committee confirmation hearing for Governors Flores and Gustafson will be held on February 19th. Governor Zimlich has agreed to serve as the liaison on a group to work on town and gown issues between the Fort Collins community and CSU.

STUDENT REPORTS

CSU-Global Campus: Governor Schifflbein reported he has completed one class under Schoology and the change from Blackboard has been a positive transition. CSU-Global Campus has created a new blog called Global Broadcast where anyone affiliated with the university can post items which helps increase transparency. Governor Schifflbein concluded his report by commenting on how CSU-Global Campus is focused on the students and has high quality faculty and students.

CSU-Pueblo: Governor Zercher explained his written report highlights five projects the ASG is working on with the expectation to either finish or have the projects running before the April student elections. Updates include CSU-Pueblo will be hosting the Colorado Student Governments Coalition at its next meeting on February 21st; the design team for the Wolfie clock will be selecting an architectural firm the following week with the intent to break ground during the summer; and the students are still focused on the technology issue. He concluded his report by commenting on the campus pride that continues to be exhibited after the ThunderWolves football championship.

Colorado State University: Governor Guinn explained her report is similar to the previous report since several projects have been undertaken but limited progress has been made. The date for the Day at the Capitol has been changed to February 24th with the possibility of 60 to 65 students participating. The anti-stigma campaign posters have been approved and will be distributed after spring break. Distribution of the resources card is slightly behind schedule and hopefully the turnaround process will be easier for the next administration. Governor Guinn thanked Dr. Miranda for the opportunity to present on the safety app during the budget hearings and the Board will be apprised as progress is made with the safety app.

CSU SYSTEM ADMINISTRATIVE PROFESSIONALS HANDBOOK

Chair Horrell reported General Counsel Nosler has updated the handbook to ensure conformity with the recently revised Board policies. General Counsel Nosler explained that the bylaws, policies and now the handbook have been updated and the modifications were highlighted in the resolution. The revised handbook will be made available to all System employees. **Motion/Action:** Governor Munn moved to approved; Governor Flores seconded; and the motion carried unanimously.

CONSENT AGENDA

Chair Horrell reported the items for approval on the consent agenda are the minutes from the December 4-5, 2014 Board and committee meetings. **Motion/Action:** Governor Robbe Rhodes moved to approve; Governor Zimlich seconded; and the motion carried unanimously.

EVALUATION COMMITTEE AND EXECUTIVE SESSION

Chair Horrell indicated the Evaluation Committee would convene to be followed by the executive session wherein the nonvoting members would rejoin the meeting. General Counsel Nosler read the meeting into executive session for the purpose of discussing and evaluating public officials and for the purposes of receiving the litigation report, all confidential as set forth in the meeting notice. **Motion/Action:** Governor Flores moved to convene in executive session; Governor Munn seconded; and the motion carried unanimously. The executive session was convened at 9:40 a.m. and the meeting was recessed for lunch at 11:50 a.m.

TREASURY COMMITTEE ACTION

Chair Horrell reconvened the meeting in open session at 12:17 p.m. and reported the first item would be the Treasury Committee action item that was referred out of the Audit and Finance Committee meeting. General Counsel Nosler read the resolution to authorize the formation of the CSU System Treasury Committee and explained that an internal exploratory committee under the direction of Mr. Schweigert will bring to the Board recommendations for the appointment of the advisory committee, the Treasurer and an investment firm. By statute the Board has the authority to start a System treasury. **Motion/Action:** Governor Gustafson moved to approve; Governor Schiffelbein seconded; and the motion carried unanimously.

PRESIDENTS' REPORTS

CSU-Global Campus: President Takeda-Tinker followed up on a retreat question on comparison of CSU-Global Campus' costs with peers by explaining that the data from IPEDS is two years old and does not include grants and scholarships. CSU-Global Campus has a one-rate tuition with upfront discounts and no student fees to assist students with tuition planning and the tuition cost is in line with peers. Also, CSU-Global Campus has students in 63 of the 64 Colorado counties with Kiowa as the remaining county and has a scholarship available for a student from that county.

President Takeda-Tinker reported CSU-Global Campus has been ranked #7 in *U.S. News & World Report* for best online bachelor's degrees, and the education and business Masters degrees are ranked in the top 100 at #85 and #53 respectively. Work has been completed on the alternative teacher licensure program designed to recruit and prepare secondary math and science teachers. The program is designed to bridge academic coursework with realistic experience inside of a K-12 classroom with a comprehensive year-long internship requirement. Dr. Norm Augustine has reviewed the program and provided feedback that will be incorporated with the expectation to launch in spring 2016.

By the May meeting the first cohort of the new Bachelor of Science in Construction Management program will be launched on behalf of CSU-Pueblo. Work on the next CSU-Global Campus strategic plan entitled "Reinvention" will begin in April with campus-wide involvement and will be presented at a future Board meeting. The current strategic plan will finish at the end of December 2016 in anticipation of the HLC site visit in February 2017.

CSU-Pueblo: President Di Mare reported the ten-year HLC reaffirmation site visit will occur February 13-14, 2017. The strategic plan has been dovetailed with the experimental education initiative and the 49 assumed best practices that the HLC will be examining. In the future the budget will be tied to these three items which will also be reviewed by the HLC liaison who will be visiting the campus in April to ensure CSU-Pueblo is on-track for the reaffirmation. There are 17 subcommittees working on the 49 assumed best practices to ensure everything is being accomplished in an integrated fashion.

President Di Mare acknowledged CSU-Global Campus for their work with CSU-Pueblo to launch the first totally online degree program for Construction Management. The next online degree to be launched will be the RN to BSN nursing degree that will hopefully be followed by two to three more programs in the future.

CSU-Pueblo has recently launched a virtual tour on its website which is an important flexible recruitment tool that can be modified as needed. The CSU-Pueblo Foundation has asked for submission of applications for funding recruitment and retention initiatives. Through new enrollment initiatives and the work of Royall & Company, over 8,000 applications have been received for the fall 2016 semester compared to the 3,000+ received last fall. Recruitment efforts also continue for international students and out-of-state students.

Classes are being scheduled in the new academic building which will be completed by the fall semester. The renovation of the Occhiato University Student Center will break ground in May or June. The capital campaign has now raised \$11.5 million with \$15 million of the \$25 million goal designated for student scholarships.

President Di Mare asked Deputy General Counsel Doyle to report on the new CSU-Pueblo email and acceptable use for electronic resources policies. Deputy General Counsel Doyle reported a policy that is in compliance with Board Policy 127 was developed to allow mass communications with regulated distribution groups through the President's office to ensure the communications are official business. There are mechanisms within the policy that allow for requests to develop distribution groups within different colleges or departments. General Counsel Nosler confirmed there was no action needed by the Board on the policies and noted that Deputy General Counsel Doyle will be assisting President Di Mare and her administration with the development and coordination of various policies at the university.

Colorado State University: President Frank asked Tom Mulligan, CSU Vice President for External Relations, to provide a presentation on the university's brand. Mr. Mulligan commented on the capability to keep connected through social media networks which requires more attention to institutional branding and concise messaging. He shared three short videos with the first video focused on the brand platform for the institution that is used as a touchstone; the second video centered on student recruitment; and the third focused on the CSU effect on what the institution can do for students and the value provided.

To highlight work from both the Athletics Department and the Office of Diversity, President Frank reported CSU was selected this year for the 2015 Award for Diversity and Inclusion by the NCAA and the Minority Opportunities Athletics Association. A video developed for the award presentation was shared with the Board.

CHANCELLOR'S REPORT

Chancellor Martin acknowledged the staff, in particular Rich Schweigert, Bridget Mullen and Rick Miranda, for their work on the HB1319 process. At the request of the Dept. of Higher Education, the System has begun discussions with several Colorado regional institutions and a junior college to identify collaborative efforts to improve performance.

Chancellor Martin reported Venture Capital Fund updates were included in the meeting materials. One project funded was a joint venture between the Colorado Futures Center and the CSU Regional Economics Institute who have been working on larger statewide and regional economic forecasting and are interested in utilizing their capabilities to serve municipalities. A case study pilot project is being

launched in Pueblo to assist the local leadership to better understand their economy and public policies. Governor Flores was asked for his comments.

Governor Flores commented on the need for a public policy institute in Pueblo to assist with economic development, education and to address poverty and, secondly, to assist with leadership roles for young people. Based upon the model and work that Ms. Resnick of the CSU Colorado Futures Center has done for the state of Colorado, Ms. Resnick was asked to meet with local leadership to make a presentation on how declining sales revenues are affecting the Pueblo community. Ms. Resnick's presentation was well received and Ms. Resnick is going to conduct a study for Pueblo. Conversations have been held with President Di Mare regarding the study and on developing a permanent way through the university and other partnerships to drive public policy in Pueblo.

21st Century Land Grant System: Chancellor Martin recalled that, at the August meeting, discussions began on how to develop a 21st Century Land Grant System. Kathay Rennels, CSU Associate Vice President for Engagement, and Lou Swanson, CSU Vice President for Engagement, were asked to provide an update.

Ms. Rennels recounted how the concept of a hub model evolved out of the previous discussions on e-centers; sector data has been gathered; and work is being done with manufacturers. She described the concept of CSU System-branded regional hubs that connect learning opportunities and options with engagement of the community through partnerships. The hubs will provide collaborative support with economic, workforce and community development and have an engagement component. Examples of resources and services that could be provided for a Pueblo, Urban (Denver), Grand Junction (Western Slope) and Sterling (Eastern Plains) hubs were provided. Work will continue on how to move forward to create these hubs.

Denver South Initiative: Chancellor Martin asked Ron Sega, CSU College of Engineering, to report on the progress made with the Systems Engineering program at Denver South. Mr. Sega provided an overview of the accomplishments achieved on core systems engineering classes and distance delivery for Denver South. He reviewed the industry needs for system engineering; the development of the systems engineering program at CSU; the guest speakers at the classes; the composition and work of the executive advisory board; the addition of industry experts; and conclusions and recommendations the managers' forum has presented on the format and delivery of the courses. New opportunities, courses and options, such as short courses, will continue to be explored. Faculty will be added in Fort Collins and Denver South. The concept of regional and national centers is also being explored.

BOARD MEETING EVALUATION

When asked for feedback on the retreat and meetings, positive responses were received on the educational opportunities.

The next meeting will be held at Colorado State University in Fort Collins, May 7-8, 2015. With no further business to come before the Board, the meeting adjourned at 1:26 p.m.

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS SPECIAL MEETING
Via Conference Call
February 12, 2015**

CALL TO ORDER

Chair Dorothy Horrell called the meeting to order at 4:02 p.m.

Governors present: Dorothy Horrell, Chair; William Mosher, Vice Chair; Joseph Zimlich, Treasurer; Scott Johnson, Secretary; Dennis Flores; Mark Gustafson; Jane Robbe Rhodes; Nancy Tuor; Brad Schiffelbein, CSU-Global Campus Student Representative; Timothy Zercher, CSU-Pueblo Student, Representative.

Administrators present: Tony Frank, President, CSU; Becky Takeda-Tinker, President, CSU-Global Campus; Rick Miranda, Chief Academic Officer, CSU System, and Provost and Executive Vice President, CSU; Michael Nosler, General Counsel, CSU System.

System Staff present: Adam Fedrid, IT Manager; Sharon Teufel, Executive Assistant to the Board of Governors.

Guest: Tom Milligan, CSU Vice President for External Relations

Chair Horrell convened the meeting and asked Ms. Teufel to conduct the roll call.

Chair Horrell explained Chancellor Martin will be stepping down as chancellor on March 1, 2015, and by statute the Board is obligated to appoint a chancellor and CEO of the System. There are a number of statutory responsibilities as well as administrative responsibilities which require participation of the System CEO and therefore the purpose of the meeting is to consider how to staff this leadership function for the System as of March 1st.

At the February meeting the Board had the opportunity to discuss options and to receive input from the sitting chancellor and the three presidents regarding the leadership and structure of the System. As a result of those discussions, Chair Horrell stated the System and its institutions would best be served by the appointment of an interim chancellor for the next few months with the interim time period utilized to finalize the permanent leadership structure of the System with a focus on building upon the momentum the System institutions have, individually and collectively.

Chair Horrell indicated that the best person to put into the interim position is President Tony Frank who would continue as the President of CSU with the dual role of interim chancellor. This structure has historical precedent and existed during the administrations of Phil Austin, Al Yates and Larry Penley. President Frank is a highly respected leader in higher education in Colorado and nationally; is well known to the Board; has been a valued colleague to his fellow presidents; and brings a deep commitment to excellence.

The suggested term as Interim Chancellor would begin March 1, 2015 through May 31, 2015, which will give the Board time to consider the permanent System leadership structure with the intent to evaluate the position at the May meeting. The expectation is the reporting relationships of the presidents and the System staff will remain as they currently are; the presidents will continue to have a dual reporting

relationship to the chancellor and to the Board; and the General Counsel and Internal Auditor would continue with the direct reporting relationship to the Board.

Chair Horrell indicated at this point a motion and a second for said action would be considered with discussion before the vote. **Motion:** Governor Robbe Rhodes made the motion and Governor Johnson seconded. The meeting was then opened for discussion.

Vice Chair Mosher endorsed the motion and the intent to move forward as quickly as possible with the interim appointment that would provide a fairly seamless transition. He expressed confidence in President Frank's abilities to align and assign staff as required and to perform the functions of the position. Vice Chair Mosher noted there may some be additional expenses and travel for President Frank and other staff. He reiterated there would be no permanent position or salary changes until a full plan for moving forward is reviewed at the May meeting.

In response to a question, Chair Horrell clarified that the conclusion from the discussion at the February meeting was there no longer existed a need to have a stand-alone full-time chancellor position and the interim period between March 1st and the May meeting would allow time to evaluate any issues that may arise before a permanent appointment is made.

Vice Chair Mosher asked President Frank if he would be willing to accept the interim chancellor position.

President Frank thanked the Board for expressing confidence in his abilities and recounted that serving the role and mission of CSU for the past 23 years has been a great privilege. During the past 15 years he has had the opportunity to work and learn from two presidents who were also chancellors and two stand-alone chancellors.

President Frank remarked on his intent to ensure the presidents and their institutions are fully supported; that there is continuity at the System office; that the System is functioning efficiently and speaking with one voice on legislative issues; and that the Board is fully engaged and informed. There would be no permanent changes in positions or salaries during the interim period and the Board leadership would be consulted if any interim changes were needed.

President Frank commented on the challenges that face American public education and expressed confidence that the CSU System, its institutions and the campus presidents can be a part of solving those challenges. He expressed his enthusiasm and willingness to serve in the interim position.

Chair Horrell asked if there were any other comments or questions. Hearing none, she asked General Counsel Nosler to read the resolution. General Counsel Nosler read the matter for action to appoint President Frank as the interim chancellor. Chair Horrell indicated there was a motion and a second to enact that resolution and called for the vote. **Action:** At the direction of Chair Horrell, Ms. Teufel conducted the roll call vote and the motion passed unanimously.

Chair Horrell congratulated President Frank on the appointment. A press release would be issued and the Governor and Lt. Governor would be notified. General Counsel Nosler indicated that, in the physical absence of the Board Secretary, the resolution would be executed by Chair Horrell. With no further business to come before the Board, the meeting was adjourned at 4:21 p.m.