

BOARD OF GOVERNORS
June 17-19, 2015
CSU Mountain Campus

WEDNESDAY, June 17, 2015

Board of Governors Reception and Dinner (*Hotchkiss Lodge*) **6:00 p.m.**

THURSDAY, June 18, 2015

Board of Governors Breakfast (*Dining Hall*) **7:00 a.m. – 8:00 a.m.**

COMMENCE RETREAT – CALL TO ORDER (*Hotchkiss Lodge*) **3** **8:30 a.m. – 4:30 p.m.**

Board of Governors Reception and Dinner (*Hotchkiss Lodge*) **6:00 p.m.**

FRIDAY, June 19, 2015

Board of Governors Breakfast (*Dining Hall*) **7:00 a.m. – 8:00 a.m.**

BOARD OF GOVERNORS RETREAT (continued) (*Hotchkiss Lodge*) **8:30 a.m. – 10:00 a.m.**

COMMENCE BOARD MEETING **10:00 a.m. – 12:30 p.m.**

1. OATH OF OFFICE – NEW ADVISORY MEMBERS (*5 min.*) **10:00 a.m. – 10:05 a.m.**

2. PUBLIC COMMENT (*5 min.*) **10:05 a.m. – 10:10 a.m.**

3. BOARD CHAIR’S AGENDA (*10 min.*) **10:10 a.m. – 10:20 a.m.**

- Approval of FY 2015-16 and FY 2016-17 Meeting Calendars **48, 49**

4. EVALUATION COMMITTEE – Rico Munn, Chair (*15 min.*) (*executive session*) **10:20 a.m. – 10:35 a.m.**

5. EXECUTIVE SESSION (*15 min.*) **10:35 a.m. – 10:50 a.m.**

6. REAL ESTATE/FACILITIES COMMITTEE – Scott Johnson, Chair (*55 min.*) **10:50 a.m. – 11:45 p.m.**

- Executive Session (*40 min.*) **53**
- Approval of Program Plan for Alumni and Academic Space in New Multi-Purpose Stadium (*15 min.*) **54**

7. AUDIT AND FINANCE COMMITTEE – Joseph Zimlich, Vice Chair (*35 min.*) **58** **11:45 a.m. – 12:20 p.m.**

- Adoption of FY 2016-17 Capital Construction Prioritization List for State-Funded Projects **60, 67**
- CSU System Foundation Update **68**
- CSU System Treasury Update **69**
- Approval of the FY 2015-16 CSU Graduate Program Differential Tuition and Special Course and Program Fees **70, 71**

8. CONSENT AGENDA (*5 min.*) **12:20 p.m. – 12:25 p.m.**

A. Colorado State University System

- Minutes of the May 7-8, 2015 Board and Committee Meetings **84, 93**

9. BOARD MEETING EVALUATION (*5 min.*) **12:30 p.m. – 12:30 p.m.**

ADJOURNMENT **12:30 p.m.**

Next Board of Governors Board Meeting: August 6-7, 2015, Colorado State University-Pueblo

APPENDICES

- I. Board Correspondence **101**
- II. Construction Status Reports **109**

Board Retreat

Retreat Agenda

Strategy Background Information

Hyundai's Capabilities Play

BOARD OF GOVERNORS RETREAT AGENDA
June 18, 2015
CSU Mountain Campus

THURSDAY, June 18

Breakfast in Dining Hall 7:15 a.m. – 8:15 a.m.

COMMENCE RETREAT – CALL TO ORDER 8:30 a.m. – 4:30 p.m.

RETREAT OVERVIEW 8:30 a.m. – 9:00 a.m.

- Rationale for doing this strategic mapping process – Chair Bill Mosher
- Past strategies and ssefulness (or not) – Chancellor Frank
- Roadmap for the day – Bill Shuster, Facilitator

Outcomes:

- ♦ Base Level Expectations for Success – “The Floor” – Development of capabilities and accountability, weighting for value, alignment of values and future direction
- ♦ Top Level Expectations for Success– “The Ceiling” – Developing manageable goals and metrics that drive the system’s future (bullets, not cannonballs)
- ♦ ****Value of discussion and action will drive the agenda

ORGANIZATIONAL CAPABILITIES 9:00 a.m. – 10:30 a.m.

- Defining organizational capabilities
 - ♦ Activities/exercises
- Weighting capabilities for importance and integrate them via the four sources of value
- Aligning capabilities with system values/motivators

Break 10:30 a.m. – 10:50 a.m.

COLLECTIVE ADVANTAGES OF CSU SYSTEM 10:50 a.m. – 12:00 p.m.

- 2020 – In what direction are these capabilities utilized (collective advantages of the CSU System)?
 - ♦ Determine importance toward the organizational future
 - ♦ How should the system look in 2020?
 - ♦ Does this direction leverage capabilities?
- Develop collective advantages of the CSU System to provide a systemic strategy map

Lunch 12:00 p.m. – 1:00 p.m.

EXPECTATIONS AND GOALS 1:00 p.m. – 4:30 p.m.

- Base Level Expectations for Success – “The Floor”
 - ♦ Finish collective advantages of the CSU System to provide a systemic strategy map
 - ♦ Strategy Map establishment
 - ♦ Start establishment of goal: metrics and goals (Key Performance Indicators)
- Top Level Expectations for Success – “The Ceiling”
 - ♦ Strategy Map establishment
 - ♦ Establishment of goals – 2 major goals/capability
 - Timelines for goals
 - Metrics and ownership for established goals

Retreat Readings

Instructions

Instructions

Step 1 – Review the slides to get basic familiarity with the terminology and process. The day is set-up to focus on value, rather than terminology. This process will allow you to focus on the challenges and opportunities.

Step 2 – Read the case vignette on Hyundai. This will allow you to see how this process unfolds. I realize the automobile industry is not higher education. I also realize both of the aforementioned industries share less flexible work forces, a finite amount of capital for change, global market forces and a relatively transparent window to their constituent groups.

Step 3 – Prep for answers to the questions on Slide #5

Step 4 – Enjoy that the “readings” are a magazine article and a PowerPoint deck 😊.

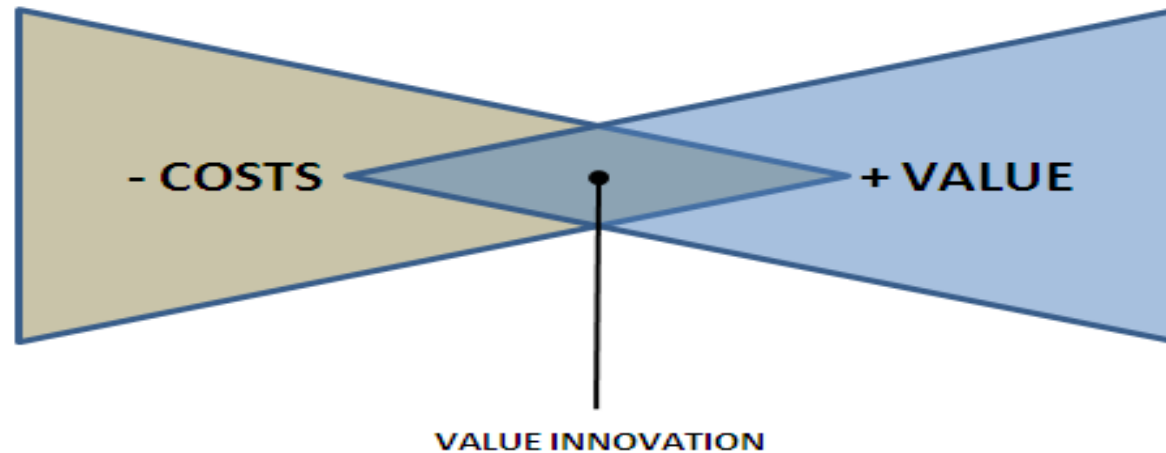
Questions to Ponder

Before the Retreat – Think of your Answers?

- What are the 5 brutal facts confronting higher education?
- How would you define the value of the CSU System?
- As a solution provider (President, Chancellor's Office, Board, Student), what specific value or insight can/will you contribute to the future of the system?

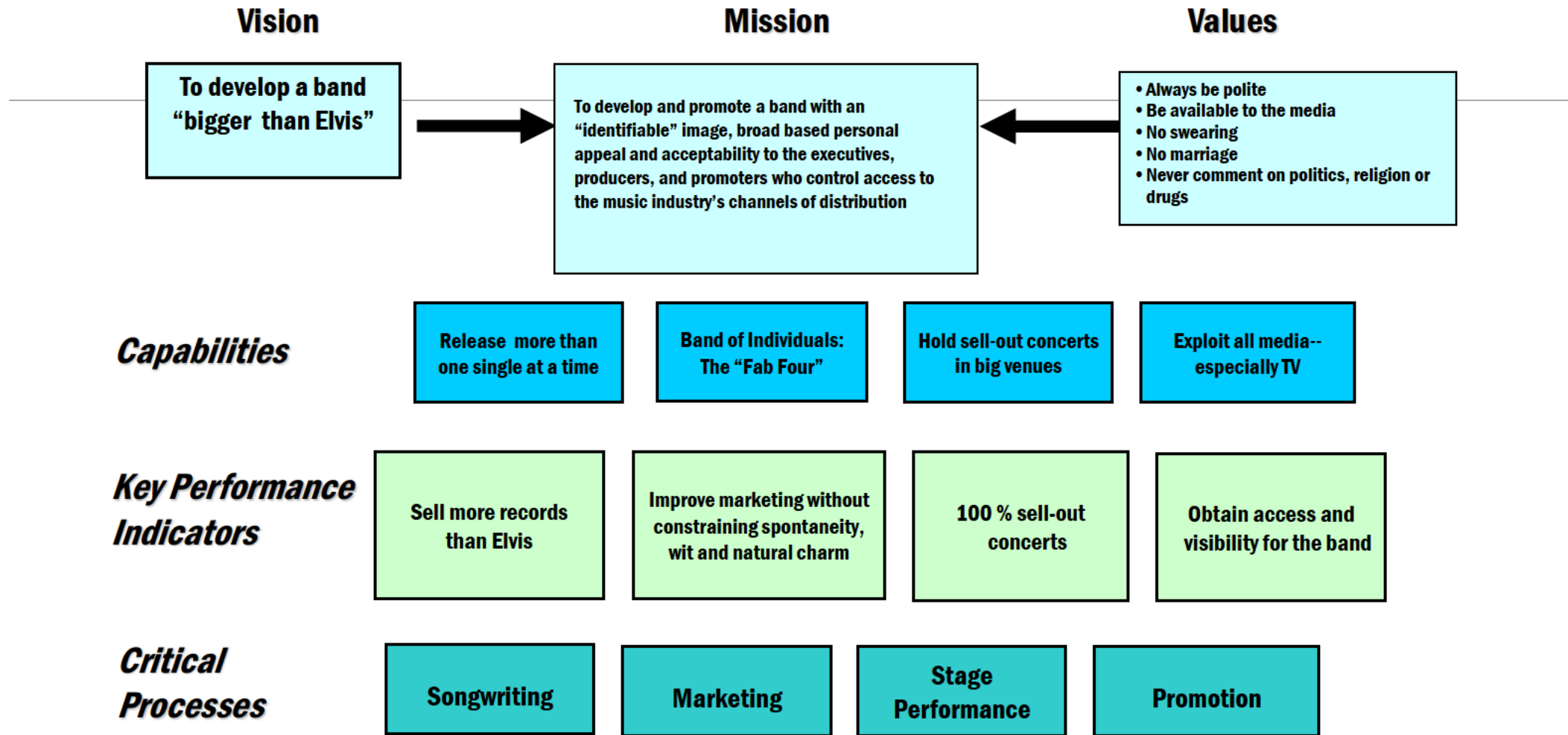
The Essential Advantage: The Road map for Strategic Management

How to create Value Innovation?



Goals

- ❑ See map on next slide for guide
- ❑ Define and weight system-wide capabilities (capabilities)
- ❑ Integrate the capabilities via the four sources of value (capabilities)
- ❑ Determine importance toward the organizational future (vision)
- ❑ Cross check against current system-wide values and mission (values and mission)
- ❑ Develop metrics and goals (Key Performance Indicators) – bullets not cannonballs?



How ? and Why ?



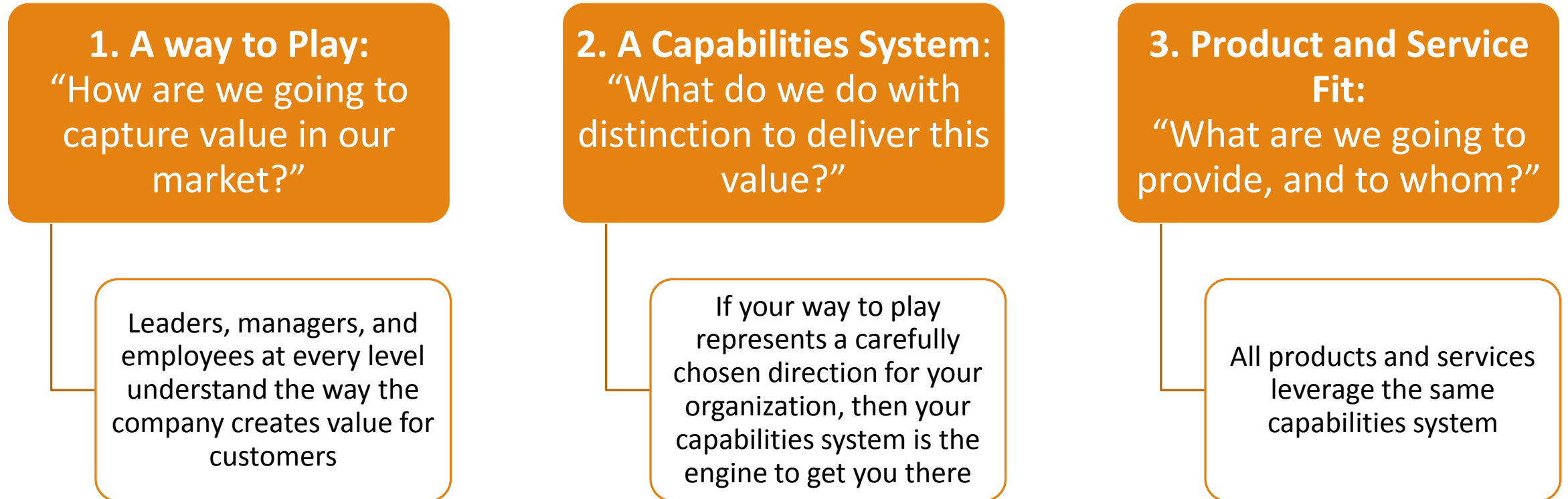
A Glossary of the Essential Advantage

| Term | Definition |
|--------------------|--|
| Coherence | A resolute, clear-minded focus on an organization's three critical elements: its way to play, its most distinctive capabilities, and its lineup of products and services. The better aligned these three elements, the more coherent the company. Coherence can be estimated by assessing the extent to which an organization's products and services share the same distinctive capabilities |
| Relative Coherence | Your organization's degree of coherence compared with competitors', and a strong indicator of higher performance and comparative success. |
| Capability | The ability to reliably and consistently deliver a specified outcome, relevant to your industry. This capability is ensured through the right combination of processes, tools, knowledge, skills, and organization, all focused on meeting the desired result. The most important capabilities are distinctive: each of them represents an extraordinary competence that few others can master |

A Glossary of the Essential Advantage

| Term | Definition |
|------------------------------|--|
| Capabilities-driven strategy | A pragmatic series of choices that is designed to lead you to increasing levels of coherence and thus creates an essential advantage for your organization over time |
| Way to play | A considered approach for creating and capturing value in a particular market, in a way that differentiates an organization |
| Capabilities System | A group of 3-6 mutually reinforcing distinctive capabilities, organized to support a particular way to play |
| Product and Service Fit | The degree to which your lineup of products and services is supported by your unique capabilities system and aligned with your way to play |
| Value | The enterprise value of an organization, reflecting the ongoing willingness of customers to purchase the products and services the company offers. Coherence provides an organization with reliable and sustainable ways of generating value |

Why Coherence Matters



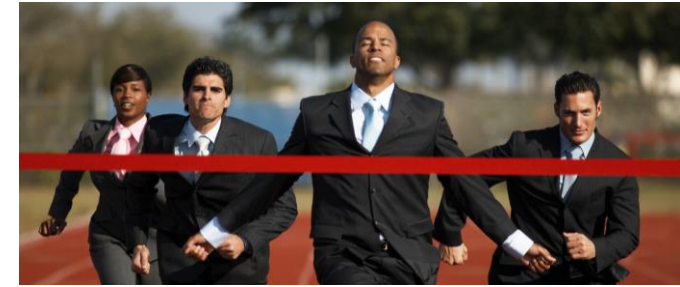
→ Right to win: when the three are in sync

Achieving coherence with one, or even two, of these elements is not enough

The Coherence Test

| Can We State it? | Do We Live it? |
|--|--|
| Way to play | |
| Are we clear about how we choose to create value in the marketplace? | Are we investing in the capabilities that really matter to our way to play? |
| Capabilities System | |
| Can we articulate the three to six capabilities that describe what we do uniquely better than anyone else? Have we defined how they work together in a system? | Do all our organizations draw on this superior capabilities system? Do our organizational structure and operating model support and exploit it? Does our performance management system reinforce it? |
| Product & Service Fit | |
| Have we specified our product and service “sweet spot”? Do we understand how to leverage the capabilities system in new or unexpected areas? | Do most of the products and services we sell fit with our capabilities system? Are new products and acquisitions evaluated on the basis of their fit with the way to play and capabilities system? |

“Do we have the right to win in this business”



BIG PICTURE QUESTIONS TO ASK WHEN CONSIDERING A NEW STRATEGY

- What makes you sure that your organization can compete effectively?
- Have you chosen the right game to play?
- Do you have the right capabilities to deliver?

YOU MUST BRIDGE ANY GAPS IN CAPABILITIES

- What other capabilities-new and existing- will they need to support it?

Problems with Incoherence

- Management either:
 - distributes their limited investment and resources
 - or requests new investment to help them respond to new requests

→ Incoherence Penalty

Examples of the frustrations of the incoherence penalty by leaders:

- “I could do so much more if senior management stopped meddling and let me make more decisions”
- “I could deliver so much more if everybody sat down and agreed to set priorities”

Four Sources of Value

1) Effectiveness

- You become more effective where it matters most
- Because your capabilities reinforce one another in a system, they improve more rapidly than those of your more scattered competitors

2) Efficiency

- As you apply your capabilities more broadly across more products and services, you get more value out of them.
- Costs of building capabilities are amortized across your entire portfolio

Four Sources of Value

3) Focused investment

- A coherent system makes the most efficient use of your resources, attention and time
- You spend the most where you need the most

4) Alignment

- When you commit to a strategy and articulate it clearly, then everyone has a common basis for the day-to-day decisions they make
 - Throughout your organization, people in different businesses and different geographic areas are attuned to the same capabilities and way to play
- ➔ All four of the sources of value reinforce one another
- Before too long, your organization can deliver value at a faster pace, and at a lower cost, than it ever could before

Puretone Ways to Play

- You can generally start thinking about your company's way to play by looking at common, generic ways of creating value
 - These are what we call puretone ways to play
 - They may not fully capture your business
 - When you mix a few puretone ways to play in a well-defined way, you might end up with a more precise strategy
- In reality, few companies have only one puretone way to play
- Most successful ways to play are combinations of several puretones
- Looking at puretones can help you see the differentiation in an industry

Examples of Puretone Ways to Play

| Puretone Way to Play | Value Proposition | Business Example |
|----------------------|---|---|
| Aggregator | Provides the convenience of a one-stop solution | <ul style="list-style-type: none"> Ebay Grainger |
| Category Leader | Maintains top market share in a category and uses that position to shape and influence down-stream channels as well as upstream supply markets | <ul style="list-style-type: none"> Coca-Cola Phillip Morris Intel L'Oreal |
| Consolidator | Dominates an industry through acquisition to provide either a value benefit to consumers or access to a platform with products and services that otherwise would not be possible | <ul style="list-style-type: none"> Cisco Systems Microsoft |
| Customizer | Leverages insight and market intelligence to offer tailored products or services | <ul style="list-style-type: none"> Dell Burger King |
| Disintermediator | Helps customers bypass unreachable or more expensive distribution channels and parts of the value chain, thereby providing access to otherwise inaccessible services and products | <ul style="list-style-type: none"> NAPA Auto Parts Priceline 3PLs |


Amazon Example

Winning way to play

- Represents an ingenious application of the economic concept of increasing returns
- Takes account of the reasons people shop in the first place

Utilize a system of 5 key integrated capabilities

1. Retail interface design
2. Back-end supply chain
3. Merchandising
4. Customer-relationship management
5. Technological innovation



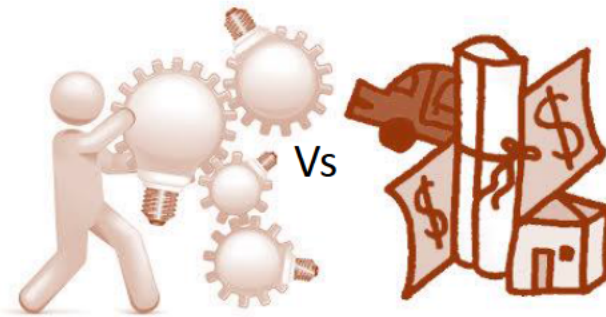
The strength of these capabilities is most powerful in the way they come together as a system



amazon.com®

The Distinctive Capability

- Determine core competency : “bundle of skills and technologies that enables an organization to provide a particular benefit to its customers”
- Capabilities vs Assets
 - That is shortsighted. If assets were the primary factor underlying success, then any company could win by adopting the same strategy as long as they had the capital to buy the necessary assets
 - A capability, by contrast, is yours. It can't be stolen or easily bought by competitors



The Capabilities System

- Consists of the 3-6 capabilities that distinguish a company and that the company invests in
- These capabilities reinforce one another in the service of the company's way to play
- In a coherent company, a capabilities system is the chosen vehicle for channeling investment
 - Serves as a natural way to align people's thinking
 - Must be well matched to your way to play
 - Examples) Zara, Frito-Lay
- Closing the capabilities gap
 - What could you do better than anyone else? What capabilities are you not using fully? Who will lead you're the new design- do you have the talent internally or externally?

Before Beginning the Journey

Question #1: Scope and Scale

- Will you target the full-enterprise or a specific part of the company?
 - Starting in a specific business unit allows you to test the waters (fire bullets and then cannonballs)

Question #2: Buy-In

- Who do you have on board?
 - You need commitment from both the Board of Directors and Universities

Integration Stage

Evaluate each of your capabilities and performance indicators using four lenses

- 1) Its fit with your capabilities system
- 2) The way it positions you against competitors
- 3) Its financial prospects
- 4) The risks you would be taking in its pursuit
 - Revise each as you find gaps and opportunities
 - Conduct interviews within different functional areas in your company to learn what it might take to implement such a hypothesis
 - Right to Win Exercise (<http://www.theessentialadvantage.com>)

Transformation Stage

Create a plan of how you expect to build the capabilities you need, design your organizational structure and adjust your product portfolio

- What are your first steps?
- Who is involved in each part of the transformation?

Expect some push back as many will not be receptive to change, but the less you bend as a leader the more commitment you will gain from others

Description of Capable Leadership

- Provides employees and stakeholders with a framework with which to make better choices on an ongoing basis
 - Says “no” to incoherent requests
 - Makes sure everyone knows where the organization is going and **WHY**
 - Generates excitement and inspiration in a world of ruthless choice
 - Uses clear and direct statements that cannot be misinterpreted
-
- Examples: A.G. Lafley (Proctor & Gamble) and John Barth (Johnson Controls, Inc.)

ISSUE 70 SPRING 2013

Hyundai's Capabilities Play

The Korean automaker's explosive growth in the last few years—achieved through better quality, stylish design, and clever marketing—has made it a dynamic player in the U.S. auto industry.

BY WILLIAM J. HOLSTEIN

HYUNDAI'S CAPABILITY PLAY



IES

The Korean automaker's explosive growth in the last few years—achieved through better quality, stylish design, and clever marketing—has made it a dynamic player in the U.S. auto industry.

BY WILLIAM J. HOLSTEIN

William J. Holstein

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Previous spread and above: The Hyundai manufacturing plant in Montgomery, Ala., opened in 2005.

Anyone looking for an explanation of the Hyundai Motor Company's approach to the U.S. market—which has brought it from a near collapse in sales in 1998 to controlling 5 percent of the market today—might start with the third door on the Veloster hatchback. This sporty car, aimed at people under age 35, sells for a starting price of around US\$20,000. It's an idiosyncratic car, with the look of a sleek, friendly shark; it also has a single door on the driver's side, but two doors on the right.

The third door, whose purpose was to improve access to the back seat for passengers or cargo, was originally conceived as a purely pragmatic feature. Then, as part of an internal face-off, two design teams—one at Hyundai's design and engineering center in Ann Arbor, Mich., and the other at Hyundai Motor America headquarters near Los Angeles—were assigned to build prototypes. The Michigan team proposed two doors on the same side opening in opposite directions—an otherworldly, appealing design. But as the California team pointed out, a passenger stepping out of the car would not see traffic coming up behind the door. The Californians bestowed the nickname "suicide doors" on their rivals' offering, and suggested instead a more conventional parallel design, but one that placed the handle in an unusual corner position, which enhanced the car's funkiness and flair.

The California door won the approval of top management; the Veloster sold out soon after launch in January 2012, and remained sold out during most of the year, bolstering Hyundai's reputation for fashion-forward, inexpensive automobiles. A more powerful turbo version was introduced in September. "There's

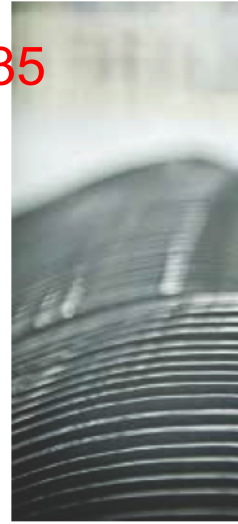
an acknowledgment by many designers right now that Hyundai has the hottest design in the industry," says Joe Philippi, president of AutoTrends Consulting LLC of Short Hills, N.J.

Hyundai's prowess in design, product launch, and consumer awareness is part of a distinctive model of product management that this \$66 billion, family-owned and -run car company has only recently brought to fruition. The Korea-based enterprise, regarded in the 1990s as a purveyor of cheap, low-quality cars and in the 2000s as a "me-too" follower of Toyota and Honda, has since become the fastest-growing automotive brand in the United States. In 2011, according to the consultancy Interbrand, the only companies that improved their brand recognition more were Google, Apple, Amazon, and Samsung. Hyundai sustained an impressive performance in Interbrand's 2012 evaluations. And a jury of 50 automotive journalists named Hyundai's Elantra sedan the 2012 North American Car of the Year, beating out Volkswagen's Passat and Ford Motor's Focus. Other Hyundai offerings, such as the Genesis Coupe and Sonata Hybrid (an angular car with two panoramic sunroofs) have had similarly positive receptions.

Hyundai has been able to step out from behind its larger Japanese competitors and stake a claim to style leadership in part because of the culture of creativity that it has fostered, in which U.S. employees and Korean executives innovate together. "Hyundai doesn't cede as much control to the Americans as Toyota does," says Ed Kim, who worked at Hyundai for four years and is now vice president of industry analysis for AutoPacific Inc. in Tustin, Calif. "The Koreans remain very much in control."

But at the same time, Hyundai has learned how to

Working at “Hyundai speed” has enabled the company to release 21 new North American models in five years.



encourage local teams—in this case, U.S. teams—to go out on a limb and compete in search of ambitious and unconventional solutions. The combination of central control and local responsiveness has given the company an ability, now embedded in its culture, to pick up local signals and rapidly turn them into product designs. Managers speak of working at “Hyundai speed.” This has enabled the company to release 21 new North American models in five years, including a new luxury sedan called the Equus.

Hyundai is also recognized for its ability to spread design features among its product lines. It routinely moves technological features from high-end luxury automobiles into much less expensive vehicles. Push-button ignition, rear-vision video monitors, and automatic headlights—features that once appeared only in high-end marques such as Mercedes and Cadillac—are now widespread on Hyundai vehicles costing \$20,000 to \$30,000. This means, of course, that the company has to keep improving its more expensive cars or their sales will be cannibalized. And even though the company is pouring such expensive “content” into its vehicles, it enjoys an estimated 9 to 10 percent profit margin, which is considered high in the auto industry. The company achieves those margins partly because it limits promotional discounts for buyers in the industry; the cars are sufficiently in demand that the company doesn’t currently need incentives to persuade buyers. It also boasts the best fleet fuel efficiency, according to the U.S. Environmental Protection Agency, and the best ownership repurchasing rates, a key test of loyalty, according to J.D. Power and Associates. “We’ve got the whole package right now,” says executive vice president Frank Ferrara at Hyundai Motor’s North American sales head-

quarters in Costa Mesa, Calif.

Some observers suspect that Hyundai’s recent successes may be anomalies, abetted by the difficulties that the company’s U.S. and Japanese competitors faced after the global economic crisis, the rise in the yen’s value, Toyota’s wave of recalls, and the 2011 earthquake and tsunami in Japan and Fukushima nuclear disaster. Others say that the company’s highly protected home market has enabled its growth, allowing Hyundai to establish a global presence while its domestic competitors restrict themselves to tiny slivers of the Korean market.

But the single factor that has made the most difference is the company’s own interest in building world-class capabilities. Starting in 1998, Hyundai’s leaders set out to develop the kind of prowess the company would need to become a global automobile powerhouse, able to hold its own in the United States and other fiercely competitive markets. Early on, that meant offering a comprehensive warranty and taking specific steps to dramatically improve its quality ratings. Once customers were convinced of the brand’s reliability, Hyundai added other capabilities, such as design, which led to a more diversified product line and more stylish features. Meanwhile, it developed a knack for getting the word out through clever, consistent marketing.

The result is a coherent mix of quality improvement, design, and marketing that gives Hyundai a clear advantage over its industry competitors. Although these are required capabilities at all automakers, Hyundai has excelled at combining them over the past decade, and its sales numbers reflect this success. The company’s effort to become a world-class automaker is beginning to pay off, and it’s far enough along that its story can be credibly told.

The Quality Edge

No matter how big and global it becomes, Hyundai will always rightfully be seen as a Korean company in its business culture and operating style. The company's founding brothers, Chung Ju-Yung and Chung Se-Yung, endured the devastation of the Korean War after fleeing to South Korea from North Korea in 1947. They began their career by forming a construction firm; in the 1960s they expanded, opening first a repair shop and then a machine shop. All along, the Chungs were determined to build a chaebol, or industrial consortium of allied companies. (Patterned in part on the Japanese *keiretsu* model, these family-owned consortia are dominant in the South Korean economy.) The Chungs soon revved up companies in steel, shipbuilding, and construction. They started Hyundai Motor Company in 1967 and launched their first car, the Cortina, in 1968.

Hyundai Motor confined itself to Asian markets until 1986, when it released its first U.S. model, the Excel subcompact. At first, thanks in part to cheap Korean currency and technology borrowed from the Mitsubishi Motors Corporation, the car sold well; Hyundai still holds the industry record for most U.S. sales (186,000) during its first year of business. The low price of its cars and the company's marketing savvy overcame local unfamiliarity, as well as the fact that potential U.S. customers struggled to pronounce the company's name. (The company eventually told customers that Hyundai, which means "modernity" or "technology" in Korean, rhymes with the English word "Sunday," even though the Korean pronunciation is considerably different.)

But the company's mentality was still focused on

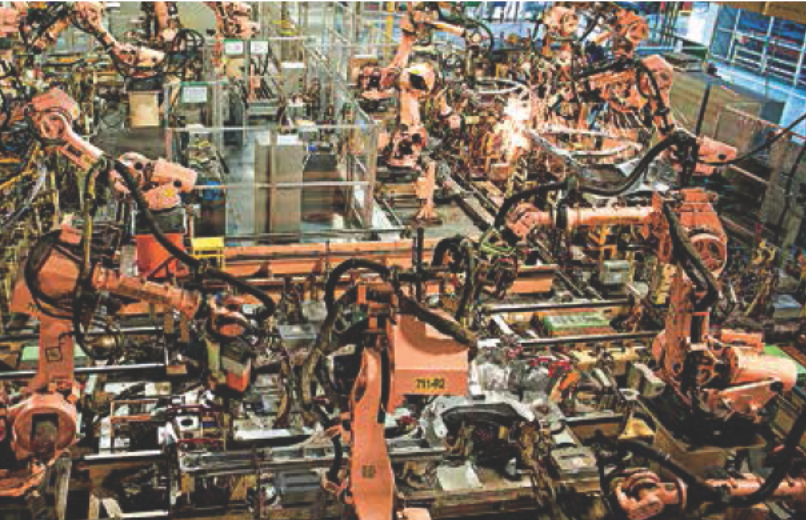
pounding out units and increasing sales volume. Hyundai's purchase of Kia Motors Corporation in 1997 and the Asian currency crisis in 1998 gave new urgency to the need to shrink expenses, and the company cut back on quality efforts. Sales dropped dramatically, and in May 1998, only 4,200 Hyundai cars were sold in the United States. "Many of us were pretty sure we were about to go out of business," recalls Ferrara, who was then vice president for parts.

The solution turned out to be a new focus on quality—starting not with manufacturing, but with a marketing initiative. As the company recounts it, in 1998, facing the huge drop in sales, Hyundai's U.S. executive leaders commissioned a bout of desperate consumer research. They discovered a highly positive reaction to the prospect of a three-part warranty deal—10-year and 100,000-mile powertrain protection, five-year/60,000-mile bumper-to-bumper coverage, and five-year/unlimited mileage roadside assistance. They proposed calling it "America's Best Warranty."

The warranty was less of a risk than it probably seemed to outsiders—for example, the powertrain part of it would not transfer to a new owner if the car was sold—but it still represented a massive bet on the company's ability to improve. If car quality didn't go up dramatically, the company could be crushed in an avalanche of claims and bad publicity.

Chairman Chung Ju-Yung was dying, and his brother Se-Yung was running the auto company. Se-Yung approved the new warranty strategy on a car ride from the Los Angeles airport to his hotel, basing the decision on his gut instinct. Ferrara, who had recently come to Hyundai from Toyota, remembers this snap decision as clear evidence of the difference in his





The Alabama plant makes extensive use of robots, which reduces production time and helps keep retail prices low.

new company's culture. "The Koreans are cowboys and very different from the Japanese," he says. "At Toyota, it would have taken 18 months to get the idea through the consensus process."

In itself, the decision didn't guarantee that the company would actually be able to make cars of sufficient quality to avoid a warranty bloodbath. It might not have worked out, except for the arrival of a new chief executive. Chung Mong-Koo, the oldest of Chung Ju-Yung's eight sons, took over the motor company in 1999, elbowing Se-Yung aside to become chairman and CEO.

"The chairman," as Chung Mong-Koo is still referred to inside Hyundai, had started his career in the corporation's industrials division, moved to iron and steelmaking, and then worked for 11 years at Hyundai Motor Service, which focused on repairs and follow-up service. Chung thus had seen the consequences of poor quality firsthand. He decreed that the company would now put product excellence first. To enforce this, he set up a new quality division that could intervene at any stage of design, engineering, or production. Chung, who did not speak English, would visit U.S. plants with an interpreter. He would personally take executives out of their offices and walk them to a hoisted-up car and point out problems, such as a door that didn't always close properly.

Ferrara recalls a visit the chairman made during this period to a parts distribution center in Ontario, Calif. He walked through the building and noticed a large pile of remanufactured transmissions, which had all failed initially and needed to be rebuilt. "He immediately called for everyone associated with transmission design and quality to assemble in California as soon as possible," Ferrara recalls. "We had about 20 high-level

executives from all related divisions fly in from Korea within 24 hours." To fix the problem, the company ultimately decided to bring all its transmission design and manufacturing in-house, an unusual move in an industry that was increasingly outsourcing complex assemblies to suppliers.

As part of their quality effort, Hyundai executives in both Korea and the U.S. studied their competitors, tearing apart their vehicles and adopting their best practices. This led them to rediscover statistical process control and other techniques of quality management, and to resuscitate some of the ideas about systems-oriented management and customer awareness that W. Edwards Deming had originally championed decades earlier, and that other car companies had long been following. For example, when Hyundai executives studied automotive quality indicators to determine how best to catch up to Toyota and Honda, they found that many companies downplayed the customer satisfaction reports of *Consumer Reports* and initial quality reports of J.D. Power. So Hyundai created a combined metric called "qualativity," which includes quality, productivity, and customer satisfaction. Hyundai still uses this hybrid concept to measure everything that happens in one of its car plants. "It's a uniquely Korean approach," says Chris Sussock, director of quality operations at Hyundai Motor's manufacturing plant in Montgomery, Ala., where the compact Elantra and midsize Sonata sedans are made.

Hyundai also made a big technology bet to support its quality drive. It created the Global Command and Control Center in Korea, which is reminiscent of a U.S. Strategic Command war room, its walls covered with television screens and computer monitors. The company shares little about the center, and treats its secrets as a

Hyundai created a metric called “qualativity,” which combines quality, productivity, and customer satisfaction.



Above: A team member polishes the paint on a Sonata.

Right: Components are added as Sonata and Elantra models move along the conveyor belt in Montgomery.

vital source of competitive advantage; Hyundai will not even reveal the year that it was founded. But some facts are public knowledge. For instance, the center monitors every operating line at 27 plants in the world, in real time, 24 hours a day, 365 days a year. The production data is generated on the assembly lines and displayed on boards where team members can see it, and headquarters can see the same data at the same time. If the quality monitors spot errors or problems, they call the factory immediately. “If there’s a hiccup at any of those boards, headquarters wants to know what needs to be done about it—right now,” says the Alabama plant’s production chief, Ashley Frye.

Though Chung Mong-Koo was the prime mover in setting up the quality goal, and personally involved in driving it, company veterans credit Hyundai’s organization with rapid bottom-up response. “The chairman decreed, ‘Within this period of time, we will have the same quality as Toyota,’” recalls AutoPacific’s Kim. “Whenever the chairman makes a decree, there is a very impressive mobilization to make it happen. It’s a Korean cultural thing. The company mobilized and made it happen with breakneck speed.”

Hyundai’s efforts to improve quality have intensified during the 2000s. For example, visitors to the Alabama plant are greeted by banners proclaiming: “Hyundai aims for GQ—3.3.5.5.” This cryptic message refers to the company’s goal, announced in 2009, of becoming one of the top three automakers in empirical global quality measures within three years, and one of the top five in perceived quality within five years. (Customers’ perceptions of quality generally lag behind actual quality, hence the different time frames.) If this sounds like a challenge to Toyota, that’s the intent—with an eye to-

ward raising resale value, which makes customers more willing to spend more money on new cars.

To keep improving the quality of its vehicles, Hyundai continually experiments with technological process advances. For example, Frye and deputy plant manager Craig Stapley carry smartphones that display performance information about each assembly line as well as the welding and paint shops. In an environment where information is ubiquitous and instantly available, quality problems are quickly flushed out. Every vehicle is tracked from inception to final sale.

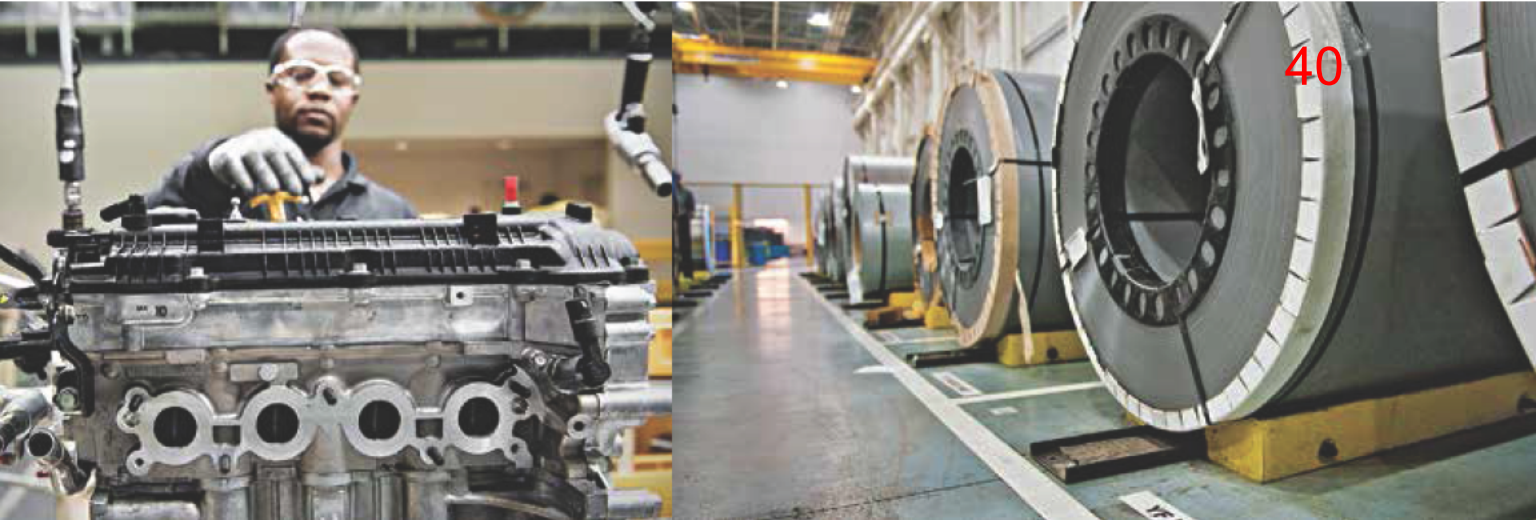
“All of the people I meet at Hyundai are hell-bent on making sure the quality is getting better all the time,” says Michael Dunne, a noted expert on the Asian auto industry, based in Hong Kong. “This special mind-set, which works particularly well with companies on the way up, says that ‘we will be best at what we do, wherever we go and whatever it takes.’ It makes incumbents seem flat-footed by comparison.”

The quality emphasis is visible in Hyundai’s manufacturing plants, such as the one in Alabama. Its level of vertical integration is rare in the industry; coiled rolls of steel are welded into bodies on-site; engines are also built there. The factory’s F-shaped assembly line allows trucks to pull up and deliver parts where they’re needed; electronic data links to suppliers help track customized parts and ensure they match.

The factory was designed to produce 300,000 units a year, but volumes have been running above that; it made about 345,000 vehicles in 2012. The plant has been running flat out since 2010, and workers have been putting in as many as 60 hours per week, which is considered a burnout rate at most car plants. The pace is possible in part because the workers tend to be younger



feature | auto, airlines & transport



Assembling a four-cylinder engine for the Sonata.

Coils of steel will be stamped and formed into doors, hoods, trunks, or side panels. Hyundai is the only automaker producing its own steel.

than the average worker at U.S. company plants—and even younger than workers at Japanese-owned plants in the United States. Hyundai added a third shift in August 2012 to ease the pressure.

The entry-level wage is \$16.25 an hour, rising to \$25 an hour after two years, which is modest by international standards but generous in the depressed Alabama economy. Workers rebuffed an effort by the United Auto Workers (UAW) to organize the plant. Reflecting Japanese-style lean manufacturing, the plant is managed in a horizontal, egalitarian fashion. Everyone eats in the same cafeteria. No cursing is allowed.

Although the original Hyundai chaebol was broken into three groups, the Hyundai Motor Group still includes 42 companies, and it leverages those connections energetically. Known as Hyundai Motor, this consortium includes the smaller automaker Kia, parts maker Mobis, logistics specialist Glovis, financing company Hyundai Capital, and Hyundai Steel. Hyundai is also the only automaker in the world to produce its own steel. Chung Mong-Koo has personally been involved in supervising the construction of an \$8 billion steel complex about 90 minutes southwest of Seoul on the Yellow Sea, which is now nearing completion. Hundreds of engineers are assigned there to find ways of making better steel so that Hyundai cars can become lighter and more fuel-efficient. Visitors describe the docking of Hyundai ships carrying iron ore from around the world. Workers laboring around the clock use conveyors to transport the materials into two giant indoor domes. “It’s like visiting the Grand Canyon,” says new North American design chief Chris Chapman, a recent recruit from BMW. “That is where you sense the scale of this company.”

Hyundai’s plants in the U.S., including Alabama,

use chaebol companies as suppliers but are not limited to them. This is a key to understanding how the company operates. The Alabama plant also buys from some non-chaebol Korean companies that have traditionally supplied Hyundai; Daechung, Guyoung, Smart, Hwashin, and Sejong have all set up businesses in Alabama to supply components. The plant uses Lear for rear seats, PPG Industries for glass, and Continental, a German company with a plant in Illinois, for tires. Overall, it has 80 suppliers in the U.S., Canada, and Mexico, including 28 Korean companies that have established North American operations. By encouraging robust competition among group suppliers and non-group suppliers, Hyundai avoids being obligated to do business with an internal supplier that is not up to global standards, but it keeps its chaebol relationships intact.

In general, Hyundai seeks to establish deep long-term relationships with its suppliers and examines their manufacturing processes to help them improve quality at a lower price. “My suppliers are part of the family,” says David P. Mark, head of parts purchasing. The stability and quality of the supply base enable suppliers to create modular subassemblies, reducing assembly time on the Hyundai line and decreasing the possibility of human error. The plant also makes extensive use of robots; as a Sonata comes down the line, for example, a robot twists and grabs a complete dashboard, then twists it again and installs the dashboard in the Sonata. What would take two people half a minute takes just a few seconds. As a result, the Sonata is built in fewer hours than any other midsize car on the market. This ultimately helps Hyundai set aggressive price points for its vehicles at the same time that it maintains high profit margins.

Koreans tolerate the kind of internal competitions that led to the Veloster door design—conflict that would be anathema in a Japanese car company.

Design and Innovation

Chung continued to push the quality initiative through the mid-2000s, but as the company grew more capable, he began to set out other major goals, launching them once again with initiatives from the top. One was design. In an age of cost cuts and customer focus groups, most car companies had settled on a few familiar, pragmatic, aerodynamic shapes for their sedans. The design process at companies such as Toyota, Honda, and GM was consensus-driven and familiar; the designers themselves were aging. Chung and his team felt that consumers were getting tired of incremental changes to the same basic look. This was a major step for a company that had sometimes suffered criticism for having derivative designs.

Chung began by quietly seeking out top-level design talent in Germany, Italy, and the United States. Then, at the Los Angeles Auto Show in December 2009, he proclaimed that Hyundai would adopt a new design approach called “fluidic sculpture,” inspired by natural shapes. To many observers, this was a signal that Hyundai would no longer follow the bland styling cues of the rest of the industry.

Two aspects of Hyundai’s workplace culture helped the company create edgier, more distinctive cars. First, its designers were younger. “Design is a young-minded person’s business,” says design chief Chapman, who is based in Irvine, Calif. “We’re in the business of making people feel young.” He says the design teams he inherited, consisting of both Americans and Koreans, display “fearlessness” in their approach to design.

Second, the Koreans tolerate the kind of internal competitions that led to the Veloster door design—and

they thus accept a level of conflict that would be anathema in a Japanese car company, where nobody likes to see anybody lose. At Toyota and Honda, after the dimensions and market segment of a new car are defined in the planning process, executives tend to lock in early on a design and rarely change it as the vehicle winds through the development process of three to four years. That means that designs may no longer be fresh by the time the car hits the streets.

John Krafcik, CEO and president of Hyundai Motor America—who previously worked for Toyota at its joint venture with GM in California called NUMMI and then for Ford Motor Company—takes a direct interest in building the company’s innovation capability, in part by setting stretch targets. “We often say, with a smile, we never set a target that we know how to hit,” Krafcik says. “We always under-resource our organizations, in terms of both head count and dollar operating budgets. The thing that fills the gap is innovation.”

Krafcik, the public face of Hyundai in the United States, is an unusual executive in an industry often characterized by bravado and swagger. He possesses two degrees from MIT: one in engineering, the other in business from the Sloan School of Management. Despite his age (50) and gray hair, he still seems boyish. Yet he has succeeded in winning the confidence of Hyundai’s top brass in ways that his predecessors could not; a rapid succession of them had short stints at the company, but Krafcik has been with Hyundai since 2004, and he has been president of Hyundai Motor America since 2008. He offers an analytical perspective on one of the central riddles of Hyundai management: How does a top-down, hierarchical company manage to be as freewheeling and innovative as it is?



Team members are paid well relative to the local Alabama economy and turned down UAW efforts to organize the plant.

The key, he says, is that Hyundai excels in recognizing ideas that bubble up from U.S. designers and managers and embracing those ideas. The chairman has personally created a corporate culture that insists on innovative new ideas.

Krafcik also has been able to bridge the cultural gap with his Korean superiors and the coordinators the company assigns to key U.S. executives. These English-speaking Korean coordinators report directly to Seoul in the evenings, when the U.S. managers have gone home for the day. The common wisdom inside Hyundai is that a Korean coordinator's day starts when a U.S. manager's day is ending, at 5 p.m., because it's early morning in Seoul and thus time for the coordinators to get on Skype with their counterparts back home and spend several hours hashing out issues. The coordinators, who often have been educated at U.S. universities and are thus more Westernized than their counterparts in Seoul, serve as a communications bridge and in some ways are the equals of the executives to whom they are assigned. The communication between them and the U.S. teams is not always smooth, but it's far more engaging than the conventional approach in U.S. subsidiaries of Japanese companies, where a U.S. executive might speak to his or her Japanese superior only once every two weeks, often through a translator.

Krafcik's subsidiary does not have full manufacturing or design responsibility, but it controls marketing and consumer relations. Besides the warranty deal, which still distinguishes the company from its competitors, the marketers have developed a knack for hooking customers who are considering buying a Hyundai, but need a way to rationalize the risks (along with the unfamiliarity of the company name). They met the 2008–09 recession with a campaign in which they offered to buy back new vehicles if owners lost their job. And they continue to focus on the kind of pragmatic, stylish, modest, and fuel-efficient cars that resonate with post-recession U.S. consumers.

What Happens Next

Building in large part on its North American success, Hyundai is rapidly moving to a global scale. The company now sells more vehicles in China than it does in the U.S., thanks to an aggressive expansion of manufacturing and design capacity there. Hyun-

dai and its Kia brand are also charging into Europe. At the same time that Peugeot, Citroen, and nearly all other automakers are losing money in Europe—and suffering from a glut of excess capacity—new Hyundai and Kia dealerships are popping up throughout the continent. Together, they now make up the fifth-largest automaker in the world.

The biggest problem Hyundai faces in the short term is holding back on production to make sure that it continues to improve on quality. “I’m very proud that the company has made this decision to throttle its own growth,” says Krafcik. “Can you think of companies in any industry who have ever done that? We clearly have incremental demand in markets around the world, yet our company said, ‘We’re going to cap production this year at 7 million units.’” He estimates the company could have sold 10 to 15 percent more vehicles.

This type of move is possible only for a company with a long-term view. Already, the capabilities that Hyundai has built for itself have allowed it (along with a few other businesses, such as Samsung Electronics Company) to transcend the perception of Korean companies as purely low-cost producers. Hyundai's executives expect to see the company's brand position rise higher in the U.S. market because Hyundai is targeting younger, better-educated buyers with higher credit scores. Reflecting that demographic shift, Hyundai dealerships that once offered coffee and doughnuts to potential customers now serve cappuccino and croissants.

The goal obviously is to secure the company's reputation for quality and set the stage for continued global gains. “We almost certainly will be better off 10 years from now by taking this pause in growth and

“It’s after a period of success like this that companies frequently go wrong. They make missteps. We can’t relax.”



Robots with suction cups position body panels on inventory racks.

solidifying our quality processes and getting the right customers,” Krafcik adds.

A central challenge is maintaining its entrepreneurial pace. The Koreans have pushed U.S. managers and workers very hard. Krafcik says he typically spends only a handful of evenings at home each month. It would be only natural to slow down the tempo. “We’ve had a period of success,” says Krafcik. “And it’s after a period of success like this that companies frequently go wrong. They make missteps. We are ever mindful of complacency and arrogance. We can’t relax.”

Another potential disruption on the horizon is that the chairman, Chung Mong-Koo, is 74 years old. His only son, Chung Eui-Sun, is vice chairman and boasts a master’s degree from the University of San Francisco. He speaks English well, and is gradually asserting more influence over how the company operates. But there is always a chance that when Chung Mong-Koo steps down, there will be a hard-to-fill gap in upper management.

In addition to these issues, the auto industry remains brutally competitive. Japanese and U.S. carmakers still wield huge power globally. Toyota, in particular, has Hyundai in its sights; it is now offering 0 percent financing, plus a \$500 check, on some models. Toyota, which has cash reserves of more than \$40 billion, can afford to virtually give away cars to regain market share—for a while. Its U.S. sales in September reflected that strength, surging 42 percent. Japan’s Big Three manufacturers—Toyota, Nissan, and Honda—are also signaling that they will move more production from Japan to other countries to counter the impact of the strong yen.

Krafcik can see the first glimmers that the Japanese will try to compete on the basis of design. When he at-

tended the New York International Auto Show in April 2012, he extended his stay for a day to examine the more stylish, aggressive looks of the new Toyota Avalon and Nissan Altima. “This is not a game-over situation,” Krafcik says. “Folks are figuring out what we have done.” He is right to be looking over his shoulder. In the global auto wars, no one wins forever. +

Reprint No. 00162

Resources

William Barnett, James March, and Mooweon Rhee, “Hyundai Motor Company,” Stanford Graduate School of Business, 2003: A case study of the company’s struggles to establish itself in the United States.

Brian Collie, Scott Corwin, and Arjun Kakkar, “Optimism Returns to the American Automotive Industry,” *s+b* [online only], June 4, 2012: The U.S. auto market is recovering, and other automakers will be competing fiercely with Hyundai.

Detroit Free Press, “Hyundai Leapfrogs Toyota in Quality,” June 8, 2006: An early article describing how Hyundai was successful in improving its quality.

William J. Holstein, “Convincing Consumers to Spend Again,” *s+b* [online only], Apr. 7, 2009: A look at how Hyundai achieved a marketing breakthrough in a moment of economic fear.

John Pearley Huffman, “The 2012 Hyundai Accent GLS: So Perfectly Ordinary That It’s Extraordinary,” *New York Times*, Apr. 13, 2012: A sampling of how automotive critics describe Hyundai’s success.

Alex Taylor III, “Hyundai Smokes the Competition,” *Fortune*, Jan. 5, 2010: A rare conversation with Chairman Chung Mong-Koo.

For links to these resources, see this article on the *s+b* website.

For more thought leadership on this topic, see the *s+b* website at: strategy-business.com/auto_airlines_and_transport.

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Section 1

Oath of Office

New Advisory Members

New Advisory Board Members

Paul F. Doherty, Jr., Faculty Representative, CSU

Megan Schulze, Student Representative, CSU-Global Campus

Jason Sydoriak, Student Representative, CSU

Sarah Zarr, Student Representative, CSU-Pueblo

Section 2

Public Comment

This section intentionally left blank

Section 3

Board Chair's Agenda



COLORADO STATE UNIVERSITY SYSTEM

Colorado State University • Colorado State University-Pueblo • CSU Global Campus

FY 2015-16 Board of Governors Meeting Calendar

Approved June 20, 2014

August 6-7, 2015: Colorado State University-Pueblo

October 1-2, 2015: Colorado State University, Fort Collins

December 3-4, 2015: Colorado State University System, Denver

February 3-5, 2016: Regular Meetings & Retreat, CSU-Global Campus

May 5-6, 2016: Colorado State University, Fort Collins

June 23-24, 2016: Meeting/Retreat/Location TBD

Notes:

- CSU Fall Commencement: December 18-19, 2015
- CSU-Pueblo Spring Commencement: May 7, 2016
- CSU Spring Commencement: May 13-14, 2016
- CSU-Global Campus Spring Commencement: TBD



COLORADO STATE UNIVERSITY SYSTEM

Colorado State University • Colorado State University-Pueblo • CSU Global Campus

FY 2016-17 Board of Governors Meeting Calendar

Draft for discussion

August 4-5, 2016: Colorado State University-Pueblo

October 6-7, 2016: Colorado State University, Fort Collins

December 1-2, 2016: Colorado State University System, Denver

February 1-3, 2017: Regular Meetings & Retreat, CSU-Global Campus

May 4-5, 2017: Colorado State University, Fort Collins

June 22-23, 2017: Meeting/Retreat/Location TBD

Notes:

- CSU Fall Commencement – December 16-17, 2016
- CSU-Pueblo Spring Commencement – May 6, 2017 (not yet confirmed)
- CSU Spring Commencement – May 12-13, 2017
- CSU-Global Campus Spring Commencement: TBD

Section 4

Evaluation Committee

This section intentionally left blank

Section 5

Executive Session

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Section 6

*Real Estate/Facilities
Committee*

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
REAL ESTATE/FACILITIES COMMITTEE MEETING AGENDA
June 19, 2015**

Committee Chair: Scott Johnson

Committee Vice Chair: Dennis Flores

Assigned Staff: Jason Johnson, CSU Deputy General Counsel, CSU System

EXECUTIVE SESSION

OPEN SESSION

- Approval of Program Plan for Alumni and Academic Space in New Multi-Purpose Stadium

**Board of Governors of the
Colorado State University System
Meeting Date: June 19, 2015
Action Item**

MATTER FOR ACTION:

Approval of the Colorado State University-Fort Collins Program Plan for Alumni and Academic Space in the Multipurpose Stadium for \$18,500,000

RECOMMENDED ACTION:

MOVED, that the Board of Governors of the Colorado State University System approve the Program Plan for Alumni and Academic Space in the Multipurpose Stadium.

EXPLANATION:

Presented by Amy L. Parsons, Vice President for University Operations:

Colorado State University – Fort Collins has an opportunity to build approximately 82,000 gsf of alumni and academic space below the east concourse of the new multipurpose stadium. The proposed project aligns with master planning goals and captures significant savings when compared to construction of a new stand-alone building. Multiple programming and conceptual design options were developed for this space in response to discussions with representatives from campus constituency groups, including Faculty Council, Administrative Professional Council, Classified Personnel Council, ASCSU, Student Advising, Administration, and several colleges and academic departments. The proposed final configuration represents the collective recommendation from the campus constituencies and includes a new Alumni Center, general assignment classrooms, study space, and a consolidated Center for Advising and Student Achievement (CASA). CASA is currently divided between Aylesworth Hall and the Institute for Teaching and Learning (TILT) Building.

Estimated total cost is \$18,500,000. Funding will come from a non-Intercept bond supported by university revenues and philanthropy.

A more detailed project description can be found in the attached Summary of Program Plan, and the full program plan is posted at <https://www.fm.colostate.edu/>.

**Board of Governors of the
Colorado State University System
Meeting Date: June 19, 2015
Action Item**

**SUMMARY OF PROGRAM PLAN FOR ALUMNI AND ACADEMIC SPACE IN THE
MULTIPURPOSE STADIUM**

Colorado State University has an opportunity to build alumni and academic space below the east concourse of the new multipurpose stadium, approximately 82,000 gsf, with significant savings over construction of a new stand-alone building. Multiple campus constituency groups reviewed options for programming the new space, including representatives from Faculty Council, Administrative Professional Council, State Classified Personnel Council, ASCSU, Student Fee Review Board, and several academic departments. These groups shared the goals of programming the space to meet the highest needs of the campus and to create a space that will be utilized by a large and diverse array of students, faculty, staff, and visitors. The proposed program represents the collective recommendation of these groups and includes a new Alumni Center, general assignment classroom and study space, and the Center for Advising and Student Achievement (CASA).

CSU has been planning for a new Alumni Center since 2005. The current Alumni Center is located in a university-owned home built in 1946. The facility is minimally adequate and it lacks the professional aesthetics that should be associated with an alumni center at a major university. It is also approximately ½ mile from the location of the new on-campus stadium. One of the drivers for moving the stadium to campus is to better engage alumni; locating the Alumni Center in the stadium provides this synergy.

CSU is also in need of additional academic space for general assignment classrooms and study areas. This program plan provides for 8 flipped classrooms, ranging in size from 28 to 120 seats. The academic space study that was recently commissioned shows a current deficit in classroom space of over 63,000 asf, without any enrollment growth. Classroom space in the stadium is currently programmed at 20,900 asf.

The Center for Advising and Student Achievement (CASA) provides students with programs that are integral to both the personal and academic success of students. A continuum of services is offered including Orientation and Transition programs, Key Learning Communities, Undeclared Advising, Health Profession Advising, and Outreach and Support programs. CASA advises over 3000 undeclared students per semester. The Health Profession Advising program had contact with over 6500 people last year, ranging from prospective students through graduate students and alums. About 20% of the entering student body indicates an interest in either human or animal health professions, and the department had 2600 advising appointments last year. Key Learning Communities assist students with their transition to and through the university. Key aims to increase retention and academic performance of participants, encourage campus and community involvement, and promote diversity awareness. Students who participate in Key co-enroll in two to three classes with other Key students, live together in a designated Residence Hall, are paired with an academic and social peer mentor, and have many opportunities to make connections to the larger CSU campus. These are just a few examples of the impact that CASA has across the student body. Currently, CASA is split between two buildings on campus, Aylesworth Hall and the TILT building, and lacks necessary room to grow

Alumni and Academic Space in Multipurpose Stadium

**Board of Governors of the
Colorado State University System
Meeting Date: June 19, 2015
Action Item**

in each location. By consolidating CASA into a single, convenient, location in the new stadium academic space, the university will better serve the students, raise the visibility of this important resource, and make further progress towards its goal to increase retention and graduation rates.

Moving each of these programs into the new stadium academic space frees up space in other buildings in important ways that further the university's master plan and strategic plan. Moving CASA out of Aylesworth is a necessary step towards vacating the entire building, which the university hopes to demolish and reclaim for other uses, consistent with the master plan. Space vacated in TILT will provide a more visible, finished, and readily accessible location for the Resources for Disabled Students (RDS) program, and allow for expansion of the highly successful tutoring programs currently housed in TILT.

Importantly, this program plan will allow CSU to achieve LEED certification on the entire multipurpose stadium project. Achieving LEED certification is the university's goal with all new construction on campus.

Estimated total development cost is approximately \$18,500,000. Funding will be from a non-Intercept bond to be paid from university resources and philanthropy. This project is within the 15% enhancement allowed by statute on cash funded projects, so no additional state approvals are required.

With Board of Governors approval, the project is expected to be completed concurrently with the stadium construction and ready for occupancy in August 2017.

Approved

Denied

Board Secretary

Date

Section 7

Audit and Finance Committee

BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
AUDIT and FINANCE COMMITTEE MEETING AGENDA
June 2015

58

1. *Discussion/Presentation/Action* – Adoption of the FY2016-17 combined campuses State funded priority list, CSU and CSU-P 5-year capital construction prioritization lists, and National Western 5-year list. 10 min
2. *Discussion/Presentation* – Update on CSU System Foundation- Nosler 10 min
3. *Discussion/Presentation* – Update on CSU System Treasury 10 min
4. *Discussion/Presentation/Action* – Approval of certain Tuition/Course Fee charges. 10 min

Board of Governors Audit/Finance Committee

June 19, 2015

BOARD OF GOVERNORS *of the*
COLORADO STATE UNIVERSITY SYSTEM



Agenda Item #1

Capital Construction

Prioritization list for State/Cash Funded Projects

- Annually the Board is required to approve a combined capital prioritization list for submission to CCHE for the upcoming year.
- In addition, the Board is being asked to approve a 5 year Capital list for each campus.
- This year CSU has included a separate capital schedule for future National Western projects.
- There are annual processes on each campus that identify the best projects to bring forward for the possibility of funding by the state.
- Approval of this list is required by the Colorado Commission on Higher Education and is the first step in pursuing funding from the state.
- There is a good possibility that major funding for capital projects will not be forthcoming this cycle due to TABOR.

Board of Governors of the CSU System
FY 16-17 Combined Campus State Request

Final -
6/4/2015

| Priority | Funding | Project Name | Prior Funding | FY 16-17 | FY 17-18 | FY 18-19 | FY 19-20 | FY 20-21 | Total State Funds | Total Cash Funds | Total Project Cost |
|----------|---------|--|---------------|--------------|--------------|-------------|----------|----------|-------------------|------------------|------------------------|
| 1 | State | CSU Fort - Collins Chemistry Addition* | \$38,694,678 | \$12,900,000 | | | | | \$51,594,678 | | \$56,994,678 |
| | Cash | | \$5,400,000 | | | | | | | \$5,400,000 | (State and University) |
| 2 | State | CSU-Pueblo Phase II Information Technology Upgrades | \$1,900,000 | \$3,800,000 | | | | | \$3,800,000 | | \$5,700,000 |
| | Cash | | | | | | | | | | (State only) |
| 3 | State | CSU- Fort Collins Warner College of Natural Resources Addition | | \$10,000,000 | \$13,300,000 | \$5,400,000 | | | \$23,100,000 | | \$32,100,000 |
| | Cash | | | \$12,500,000 | | \$9,000,000 | | | | \$9,000,000 | (State and University) |
| 4 | State | CSU-Pueblo Psychology Building Renovation & Addition | | \$17,100,000 | | | | | \$17,100,000 | | \$17,100,000 |
| | Cash | | | | | | | | | | (State only) |
| 5 | State | CSU-Fort Collins Shepardson Renovation and Addition | | \$4,400,000 | \$4,800,000 | | | | | | \$9,200,000 |
| | Cash | | | | | | | | | | (State only) |

State Funds Request for FY16-2017

\$48,200,000

Five year Capital Construction Budget Request for CSU FY 16-20

June 1, 2015

The FY 16-20 Capital Construction 5-year plan is scheduled for approval at the June BOG meeting and is due to DHE in July. A 5-year plan is required by state statute as part of the Capital Construction Budget Request. This year we are also requesting approval for a separate 5-year plan for National Western Center projects authorized for State COP funding in HB 15-1344.

The state capital construction plan includes the following projects in the current year:

1. Final phase (3 of 3) of Chemistry funding at \$12.9M.
 - a. We have received a total of \$38,694,678 from the state for phases 1 and 2, and we are obligated for a \$5.4M cash match.
 - b. 60,000gsf, 4 story research building.
 - c. Utility work to begin this summer.
 - d. Slaterpaul Architects working on design.
2. Warner College of Natural Resources Addition at \$10.0M.
 - a. Project will add approximately 50,000 gsf to Warner College.
 - b. College has approximately \$14M raised towards this \$22.5M project and has requested we keep the project on the State request for another year.
 - c. Facilities has retained 4240 Architecture to take a new look at this addition and make recommendations to reduce the cost, at Dean's request.
3. Shepardson renovation and addition in 3 phases, with \$4.4M requested for FY 16-17.
 - a. This program plan includes renewal of the existing building and construction of a 36,000gsf addition.
 - b. Phase 1 request is for design and asbestos abatement.
 - c. This program plan is unchanged from 2005 and needs funding for a refresh.

Outyear project requests: *Projects in the out years have not been vetted for several years.*

San Luis Valley Research Station at \$4.8M.

- This program plan includes new buildings and renovations at SLVRC in support of potato research.
- The program plan is unchanged from 2007 and needs funding for a refresh.

Life and Biomedical Sciences Building at \$69.4M.

- This program plan is for a new 85,000 gsf classroom and teaching laboratory building for CVMBS on main campus. The building would house Biomedical Science, ERHS and MIP as well as a flow cytometry center.
- The program plan is unchanged from 2007 and needs funding for a refresh.

Anatomy-Zoology Building Renovation at \$20M.

- No program plan has been done for this project.
- Renewal of the AZ building is desirable after Biology moves to their new building.

Chemistry B&C wing renovation at \$36.3M.

- No program plan has been done for this project.
- Renewal of the Chemistry B&C wing is desirable after Chemistry moves to their new building.

Engineering Research Center Renovation at \$20M.

- Originally added to the state list as part of a 2009 NSF grant request. Project would upgrade MEP, replace door and window assemblies and bring the facility up to code.
- A refresh of scope and costs is needed.

Western Slope AES Consolidation at \$15M.

- This project has been on the state request and unchanged since 2008. Project would renovate and construct new buildings to consolidate operations currently located at Fruita and Orchard Mesa.
- A refresh of scope and costs is needed.

The state COP construction plan for National Western Center projects includes the following:

South Campus: Institute for Biological and Translational Therapies (\$20M COP and \$65M Cash)-research building, associated animal holding buildings and infrastructure.

South Campus: Equine Veterinary Teaching Hospital (\$15M COP and \$38.6M Cash)-new equine teaching hospital including associated infrastructure.

Main Campus: Gross Anatomy Laboratory (\$15M COP and \$8.9M Cash)-new gross anatomy laboratory currently proposed as an addition to Anatomy-Zoology.

NWC site: Equine and Community Clinics (\$30.2M COP)

NWC site: Water Resources Center (\$7.2M COP)

NWC site: CSU Center (\$160.7M COP)



2015-2016

CSU-PUEBLO DRAFT 5 YEAR CAPITAL CONSTRUCTION PLAN

| Priority | Funding | Project Name | Prior Funding | FY 16-17 | FY 17-18 | FY 18-19 | FY 19-20 | FY 20-21 | Total State Funds | Total Cash Funds | Total Project Cost |
|----------|------------|--|---------------|--------------|--------------|--------------|--------------|--------------|-------------------|------------------|------------------------------|
| 1 | State Cash | Psychology Building Renovation & Addition | | \$17,100,000 | | | | | \$17,100,000 | \$0 | \$17,100,000 (State Only) |
| 2 | State Cash | Phase II Information Technology Upgrades | | \$3,800,000 | | | | | \$3,800,000 | \$0 | \$3,800,000 (State Only) |
| 3 | State Cash | Technology Building Renovation & Addition | | | \$16,100,000 | | | | \$16,100,000 | \$0 | \$16,100,000 (State Only) |
| 4 | State Cash | Art/Music Building Renovation & Addition | | | | \$18,000,000 | | | \$18,000,000 | \$0 | \$18,000,000 (State Only) |
| 5 | State Cash | Administration Building Renovation & Addition | | | | | \$15,000,000 | | \$15,000,000 | \$0 | \$15,000,000 (State Only) |
| | | Facilities Management Building Renovation & Addition | | | | | | \$15,000,000 | \$15,000,000 | \$0 | \$15,000,000 (State Only) |

MATTER FOR ACTION:

Approval of the Colorado State University System FY16-17 Combined Campus State Priority list and the Colorado State University-Fort Collins and Colorado State University Pueblo 5-year Capital Construction Plan, and the 5-year State COP National Western Construction Plan.

RECOMMENDED ACTION:

MOVED, that the Board of Governors of the Colorado State University System approve the 5-year State funded Capital Construction Plan and the 5-year State COP funded Construction Plan, and the FY2016-17 combined Capital Construction Priority list.

EXPLANATION:

CCHE and OSPB require Board of Governors approval of a combined state funded priority list for both campuses, and a 5-year plan for State/cash funded Capital Construction projects for each physical campus, to be submitted annually as part of the state Capital Construction Budget process. In addition, CSU requests approval of a separate 5-year plan for State COP funding of the National Western Center projects authorized in HB15-1344.

Approved

Denied

Board Secretary

Date

Agenda Item #2

Update on CSU System Foundation Formation

- Verbal Discussion– Mike Nosler

Agenda Item #3

Treasury Update

- Verbal Update – Mike Nosler

Agenda Item #4

Tuition/Course Fee charges

- In May 2015, the Board approved three new charges related to graduate programs at CSU for FY2015-2016. However, to align with university practice, those charges are better stated as graduate program differential tuition.
- The complete list of CSU's Graduate Program Differential Tuition for FY2015-2016 is included as an attachment to this Action Item for the Board's approval.
- In addition, there is one additional special course program fee at CSU for music majors and minors that needs Board approval. The comprehensive list of CSU's Special Course and Program Fees for FY2015-2016 is also included as an attachment to this Action Item for the Board's approval.

The Board of Governors of the
Colorado State University System
Meeting Date: June 18-19, 2015
Action Item

Approved

MATTERS FOR ACTION:

The Board of Governors of the Colorado State University System (Board) approval of the Colorado State University Graduate Program Differential Tuition and Colorado State University Special Course and Program Fees for FY2015-2016.

RECOMMENDED ACTION:

MOVED, that the Board of Governors approve the attached FY2015-2016 Graduate Program Differential Tuition for certain graduate programs at Colorado State University, as well as the attached FY2015-2016 Special Course and Program Fees for Colorado State University.

EXPLANATION PRESENTED BY: Dr. Tony Frank, President, Colorado State University.

The Board is required to set the amount of tuition annually, under C.R.S. §§ 23-2-130.5 and 23-30-112. Similarly, each year the Board reviews and approves a student fee plan and applicable student fees, in accordance with C.R.S. § 23-5-119.5. On May 8, 2015, the Board approved the FY2015-2016 E&G operating budget incremental increases and expenditures along with all tuition, tuition differentials, fees, fee policies and manuals, room and board, dining, and other rates and charges for CSU.

In May 2015, the Board approved three new charges related to graduate programs at CSU for FY2015-2016; however, to align with university practice, those charges are better stated as graduate program differential tuition. Accordingly, the complete list of CSU's Graduate Program Differential Tuition for FY2015-2016 is included as an attachment to this Action Item for the Board's approval. In addition, there is one additional special course program fee at CSU for music majors and minors that needs Board approval. The comprehensive list of CSU's Special Course and Program Fees for FY2015-2016 is also included as an attachment to this Action Item for the Board's approval.

Approved

Denied

Scott C. Johnson, Board Secretary

Date

Colorado State University
Board of Governors Meeting - June 18-19, 2015

COLORADO STATE UNIVERSITY
2015-16 ACADEMIC YEAR
GRADUATE PROGRAM DIFFERENTIAL TUITION

| Program Name | Program Code | Major Code | Charges per | Assessed per |
|---|--------------|------------|----------------|--------------------------|
| MBA - EV | | | 295.00 | Credit Hour ¹ |
| MBA - EC | | | 295.00 | Credit Hour ¹ |
| MBA Joint DVM | | | 295.00 | Credit Hour ¹ |
| MS Business Admin/Fin Risk Mgmt | | | 295.00 | Credit Hour ¹ |
| MS Business Admin/CIS | | | 295.00 | Credit Hour ¹ |
| MS Business Administration | | | 295.00 | Credit Hour ¹ |
| Master of Accountancy | | | 280.00 | Credit Hour ¹ |
| Master of Management Practice | | | 295.00 | Credit Hour ¹ |
| MBA GSSE | | | 295.00 | Credit Hour ¹ |
| MBA GSSE | BUSA-GSZ-MBA | | 125.00 | Credit Hour ² |
| All College of Engineering Graduate Programs ³ | | | 110.00 | Credit Hour ⁴ |
| Masters of Education & Human Resource Studies, Counseling and Career Development | EHRM-CCZ-MED | | 100.00 | Credit Hour |
| Master of Occupational Therapy | | OCTH | 2,000.00 | Semester |
| MSW Social Work | SOWK-MSW | | 115.00 | Credit Hour |
| Masters in Art Leadership and Administration | ALDA-MALA | | 750.00 | Semester |
| MM Music/Choral Conducting | MUSC-CHCZ-MM | | 575.00 | Semester |
| MM Music/Collaborative Piano | MUSC-COPZ-MM | | 575.00 | Semester |
| MM Music/Instrumental Conducting | MUSC-INCZ-MM | | 575.00 | Semester |
| MM Music/Music Education - Conducting | MUSC-MEDZ-MM | | 575.00 | Semester |
| MM Music | MUSC-MM | | 575.00 | Semester |
| MM Music/Music Therapy | MUSC-MTHZ-MM | | 575.00 | Semester |
| MM Music/Music Education | MUSC-MUEZ-MM | | 575.00 | Semester |
| MM Music | MUSC-XX-MM | | 575.00 | Semester |
| MS Conservative Ldrshp Thru Learn | CNLR-MS | | 1,200.00 | Semester |
| Masters of Tourism Management | TRMG-MTM | | 1,200.00 | Semester |
| Masters of Prof Natural Sciences | PNSC-MPNS | | 2,000.00 | Semester |
| Masters of Prof Natural Sciences | PNSC-ZZ-MPNS | | 2,000.00 | Semester |
| Master Greenhouse Gas & Accounting | GGMA-MGMA | | 1,250.00 | Semester |
| Masters of Applied Statistics | MAST-MAS | | 1,000.00 | Semester |
| MS Biomedical Sciences | BMSC-MS | | 110.00 | Credit Hour |
| MS Biomedical Sciences | BMSC-RPTZ-MS | | 110.00 | Credit Hour |
| MS Environmtl & Rdolgl Hlth Sci | EVHL-TOXZ-MS | | 110.00 | Credit Hour |
| MS Microbiology-Immunology | MICR-MS | | 110.00 | Credit Hour ¹ |

* Graduate differential tuition is in addition to tuition and fees

¹ Applies to courses in each of the respective programs and is assessed to any student enrolled in the course regardless of the student's program of study.

² GSSE Venture Assessment - applies to students in BUSA-GSZ-MBA program only and is assessed on classes in that program of study.

³ Applies to all students enrolled in graduate programs offered by the College of Engineering

⁴ \$110 per credit hour up to 9 credit hours - maximum of \$990 per semester.

SPECIAL COURSE AND PROGRAM FEES
COMPREHENSIVE LIST
(Effective Fall 2015, Spring 2016, Summer 2016)

| <i>Special Course Fees</i> | | |
|----------------------------|---|-------------------|
| <u>Course Number</u> | <u>Course Name</u> | <u>Fee Amount</u> |
| AGED 110 | Agriculture Production Systems | \$45.94 |
| AGED 240 | Technical Tool Applications in Agriculture | \$55.00 |
| AGED 241 | Plumbing and Electrical Applications in Agriculture | \$25.00 |
| AGED 244 | Power Systems in Agriculture Education | \$25.00 |
| AGED 320 | Technology Lab for Ag Education | \$50.00 |
| AGED 330 | Program Design and Evaluation in Ag Literacy | \$16.14 |
| AGED 420 | Developing School Based Ag Ed Programs | \$36.67 |
| AGED 430 | Methods of Agricultural Literacy | \$16.14 |
| AM 143 | Introduction to Apparel Design | \$130.88 |
| AM 241 | Apparel Production | \$52.10 |
| AM 341 | Computer-Aided Apparel Production | \$16.59 |
| AM 345 | Draping Design | \$39.57 |
| AM 375 | Production Design and Development | \$45.17-56.47 |
| AM 421 | Textile Analysis | \$48.24 |
| AM 446 | Apparel Design and Production | \$242.33 |
| AM 546 | Theoretical Apparel Design Solutions | \$237.95 |
| ANEQ 101 | Food Animal Science | \$70.00 |
| ANEQ 102 | Introduction to Equine Science | \$30.00 |
| ANEQ 201A | Preparation of Horses for Competition-Western | \$750.00 |
| ANEQ 201B | Preparation of Horses for Competition-English | \$750.00 |
| ANEQ 202 | Safety in Horse Handling | \$156.00 |
| ANEQ 203 | Equine Management | \$305.00 |
| ANEQ 204 | Equine Facilities Management | \$39.00 |
| ANEQ 249 | Trail Riding Industry | \$450.00 |
| ANEQ 250 | Live Animal and Carcass Evaluation | \$100.00 |
| ANEQ 286 | Livestock Practicum | \$33.67 |
| ANEQ 300R | Calving and Calf Care | \$50.00 |
| ANEQ 312 | Animal Ultrasonography | \$200.00 |
| ANEQ 320 | Principles of Animal Nutrition | \$40.00 |
| ANEQ 325 | Equine Exercise Physiology | \$58.00 |
| ANEQ 340 | Horse Training and Sale Preparation I | \$600.00 |
| ANEQ 341 | Horse Training and Sale Preparation II | \$600.00 |
| ANEQ 344 | Principles of Equine Reproduction | \$25.00 |
| ANEQ 346 | Equine Disease Management | \$34.00 |
| ANEQ 349 | Packing and Outfitting | \$500.00 |
| ANEQ 351 | Techniques in Therapeutic Riding | \$250.00 |
| ANEQ 358 | Equine Sales Management I | \$80.00 |

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|------------|---|----------------|
| ANEQ 365 | Principles of Teaching Therapeutic Riding | \$275.00 |
| ANEQ 386B | Equine Practicum-Equine Reproductive Management | \$125.00 |
| ANEQ 386C | Equine Farrier Practicum | \$15.00 |
| ANEQ 442 | Riding Instructor Training | \$75.00 |
| ANEQ 444 | Equine Business Management | \$50.00 |
| ANEQ 445 | Foaling Management | \$25.00 |
| ANEQ 470 | Meat Systems | \$100.00 |
| ANEQ 474 | Swine Systems | \$300.00 |
| ANEQ 476 | Feedlot Systems | \$20.00 |
| ANEQ 478 | Beef Systems | \$45.00 |
| ANEQ 510 | Bovine Reproductive Management | \$250.00 |
| ANEQ 550A | Basic Research Surgery-Farm Animal | \$399.43 |
| ANEQ 550B | Basic Research Surgery-Rodent | \$136.96 |
| ANEQ 551 | Field Necropsy | \$154.39 |
| ANTH 121 | Human Origins and Variation Laboratory | \$30.00 |
| ANTH 281A* | Introduction to Forensic Anthropology | \$20.00 |
| ANTH 373 | Human Evolution | \$20.00 |
| ANTH 442 | Ethnographic Field School | \$1,100.00 |
| ANTH 460 | Field Class in Archaeology | \$1,175.00 |
| ANTH 465 | Zooarchaeology | \$25.00 |
| ANTH 470 | Paleontology Field School | \$1,000.00 |
| ANTH 660 | Field Archaeology | \$1,175.00 |
| AREC 224 | Intro to Agribusiness Entrepreneurship | \$15.00 |
| AREC 412 | Agricultural Commodities Marketing | \$25.00 |
| ART 136 | Introduction to Figure Drawing | \$30.00 |
| ART 160 | Two-Dimensional Visual Fundamentals | \$7.00 |
| ART 230 | Photo Image Making I | \$45.00 |
| ART 235 | Intermediate Drawing I | \$20.00 |
| ART 240 | Pottery I | \$70.00 |
| ART 245 | Metalsmithing and Jewelry I | \$60.00 |
| ART 250 | Fibers I | \$50.00 |
| ART 255 | Introduction to Graphic Design | \$15.00 |
| ART 256 | Introduction to Electric Art | \$60.00 |
| ART 260 | Painting I | \$10.00 |
| ART 265 | Printmaking I-Intaglio and Relief | \$75.00 |
| ART 270 | Sculpture I | \$50.00 |
| ART 295C | Independent Study-Sculpture | \$12.00/credit |
| ART 295E | Independent Study-Metalsmithing and Jewelry | \$18.75/credit |
| ART 326 | Art Education Studio | \$35.00 |
| ART 330 | Photo Image Making II | \$70.00 |
| ART 331 | Photo Image Making III | \$75.00 |
| ART 335 | Intermediate Drawing II | \$20.00 |
| ART 336 | Intermediate Drawing III | \$20.00 |
| ART 340 | Pottery II | \$70.00 |

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| ART 341 | Pottery III | \$80.00 |
| ART 345 | Metalsmithing and Jewelry II | \$70.00 |
| ART 346 | Metalsmithing and Jewelry III | \$75.00 |
| ART 350 | Fibers II | \$70.00 |
| ART 351 | Fibers III | \$70.00 |
| ART 355 | Typography and Design Systems | \$15.00 |
| ART 356 | Illustration | \$15.00 |
| ART 360 | Painting II | \$15.00 |
| ART 361 | Painting III | \$40.00 |
| ART 365 | Printmaking II-Lithography | \$85.00 |
| ART 366 | Printmaking III-Studio Workshop | \$85.00 |
| ART 370 | Sculpture II | \$70.00 |
| ART 371 | Sculpture III | \$75.00 |
| ART 375 | Figure Modeling and Drawing | \$75.00 |
| ART 430 | Advanced Photo Image Making I | \$60.00 |
| ART 431 | Advanced Photo Image Making II | \$60.00 |
| ART 435 | Advanced Drawing I | \$20.00 |
| ART 436 | Advanced Drawing II | \$20.00 |
| ART 440 | Pottery IV | \$80.00 |
| ART 441 | Pottery V | \$80.00 |
| ART 445 | Metalsmithing and Jewelry IV | \$70.00 |
| ART 446 | Metalsmithing and Jewelry V | \$70.00 |
| ART 450 | Fibers IV | \$35.00 |
| ART 451 | Fibers V | \$35.00 |
| ART 455 | Advanced Typography and Design Systems | \$15.00 |
| ART 456 | Advanced Illustration | \$15.00 |
| ART 460 | Advanced Painting I | \$15.00 |
| ART 461 | Advanced Painting II | \$15.00 |
| ART 465 | Printmaking IV-Studio Workshop | \$85.00 |
| ART 466 | Printmaking V-Studio Workshop | \$85.00 |
| ART 470 | Sculpture IV | \$55.00 |
| ART 471 | Sculpture V | \$55.00 |
| ART 392 | Undergraduate Professional Practices | \$13.00 |
| ART 495B | Independent Study-Printmaking | \$25.00/credit |
| ART 495C | Independent Study-Sculpture | \$13.00/credit |
| ART 495D | Independent Study-Fibers | \$12.00/credit |
| ART 495E | Independent Study-Metalsmithing and Jewelry | \$18.75/credit |
| ART 495J | Independent Study-Pottery | \$23.00/credit |
| ART 495K | Independent Study-Photo Image Making | \$ 5.00/credit |
| ART 496B | Group Study-Printmaking | \$25.00/credit |
| ART 496C | Group Study-Sculpture | \$13.00/credit |
| ART 496D | Group Study-Fibers | \$12.00/credit |
| ART 496E | Group Study-Metalsmithing and Jewelry | \$18.75/credit |
| ART 496J | Group Study-Pottery | \$23.00/credit |

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| ART 496K | Group Study-Photo Image Making | \$28.00 |
| ART 575B | Studio Problems-Printmaking | \$20.00/credit |
| ART 575C | Studio Problems-Sculpture | \$13.00/credit |
| ART 575D | Studio Problems-Fibers | \$12.00/credit |
| ART 575E | Studio Problems-Metalsmithing and Jewelry | \$18.75/credit |
| ART 675B | Studio Problems-Printmaking | \$20.00/credit |
| ART 675C | Studio Problems-Sculpture | \$13.00/credit |
| ART 675D | Studio Problems-Fibers | \$12.00/credit |
| ART 675E | Studio Problems-Metalsmithing and Jewelry | \$18.75/credit |
| ART 695B | Independent Study-Printmaking | \$20.00/credit |
| ART 695C | Independent Study-Sculpture | \$13.00/credit |
| ART 695D | Independent Study-Fibers | \$12.00/credit |
| ART 695E | Independent Study-Metalsmithing and Jewelry | \$18.75/credit |
| ART 699B | Thesis-Printmaking | \$20.00/credit |
| ART 699C | Thesis-Sculpture | \$13.00/credit |
| ART 699D | Thesis-Fibers | \$12.00/credit |
| ART 699E | Thesis-Metalsmithing and Jewelry | \$18.75/credit |
| BC 404 | Comprehensive Biochemistry Laboratory | \$100.00 |
| BIOM 300 | Problem Based Learning Lab | \$179.63 |
| BIOM 525 | Cell and Tissue Engineering | \$66.67 |
| BIOM 533 | Molecular Tools for Engineers | \$66.33 |
| BMS 301 | Human Gross Anatomy | \$94.30 |
| BMS 302 | Laboratory in Principles of Physiology | \$12.00 |
| BMS 305 | Domestic Animal Gross Anatomy | \$55.50 |
| BMS 345 | Functional Neuroanatomy | \$33.50 |
| BMS 531 | Domestic Animal Dissection | \$55.50 |
| BMS 545 | Neuroanatomy | \$33.50 |
| BMS 575 | Human Anatomy Dissection | \$94.30 |
| BSPM 303A | Entomology Laboratory – General | \$26.42 |
| BSPM 361 | Elements of Plant Pathology | \$15.00 |
| BSPM 365 | Integrated Tree Health Management | \$11.00 |
| BSPM 445 | Aquatic Insects | \$79.64 |
| BZ 105 | Basic Concepts of Plant Life Laboratory | \$5.00 |
| BZ 111 | Animal Biology Laboratory | \$15.00 |
| BZ 120 | Principles of Plant Biology | \$5.00 |
| BZ 212 | Animal Biology-Invertebrates | \$15.00 |
| BZ 214 | Animal Biology-Vertebrates | \$32.21 |
| BZ 311 | Developmental Biology | \$19.00 |
| BZ 310 | Cell Biology | \$28.00 |
| BZ 330 | Mammology | \$13.00 |
| BZ 335 | Ornithology | \$15.00 |
| BZ 472 | Stream Biology and Ecology Laboratory | \$13.00 |
| BZ 474 | Limnology | \$13.00 |
| CBE 101 | Chemical and Biological Engineering I | \$26.56 |

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| CBE 102 | Chemical and Biological Engineering II | \$59.00 |
| CBE 333 | Momentum and Heat Transfer Laboratory | \$95.69 |
| CBE 443 | Mass Transfer and Separation Laboratory | \$203.44 |
| CHEM 104 | Chemistry in Context Laboratory | \$9.72 |
| CHEM 108 | Fundamentals of Chemistry Laboratory | \$9.73 |
| CHEM 112 | General Chemistry Laboratory I | \$21.20 |
| CHEM 114 | General Chemistry Laboratory II | \$14.16 |
| CHEM 246 | Fundamentals of Organic Chemistry Laboratory | \$38.74 |
| CHEM 334 | Quantitative Analysis Laboratory-Biological | \$50.00 |
| CHEM 344 | Modern Organic Chemistry Laboratory | \$72.14 |
| CHEM 345 | Organic Chemistry I | \$23.34 |
| CHEM 346 | Organic Chemistry II | \$33.49 |
| CHEM 431 | Instrumental Analysis | \$50.00 |
| CHEM 433 | Clinical Chemistry | \$42.67 |
| CHEM 440 | Advanced Organic Chemistry Laboratory | \$106.00 |
| CHEM 462 | Inorganic Chemistry Laboratory | \$103.00 |
| CHEM 475 | Physical Chemistry Laboratory I | \$50.00 |
| CHEM 477 | Physical Chemistry Laboratory II | \$50.00 |
| CIVE 103 | Engineering Graphics and Computing | \$6.05 |
| CIVE 302 | Evaluation of Civil Engineering Materials | \$128.61 |
| CIVE 356 | Intro to Geotechnical Engineering Lab | \$140.14 |
| CIVE 441 | Water Quality Analysis and Treatment | \$67.85 |
| CIVE 521 | Hydrometry | \$28.50 |
| CIVE 525 | Water Engineering: International Development | \$45.00 |
| CIVE 534 | Applied and Environmental Molecular Biology | \$75.00 |
| D 120A-B | Dance Techniques I (Modern and Ballet) | \$72.00/credit |
| D 121A-B | Dance Techniques II (Modern and Ballet) | \$72.00/credit |
| D 220A-B | Dance Techniques III (Modern and Ballet) | \$72.00/credit |
| D 221A-B | Dance Techniques IV (Modern and Ballet) | \$72.00/credit |
| D 320A-B | Dance Techniques V (Modern and Ballet) | \$72.00/credit |
| D 321A-B | Dance Techniques VI (Modern and Ballet) | \$72.00/credit |
| D 330 | Ballet Repertory Ensemble | 144.00 |
| D 420B | Dance Techniques VII-Ballet | \$72.00/credit |
| D 421B | Dance Techniques VIII-Ballet | \$72.00/credit |
| DM 400 | U S Travel – New York City | \$900 - \$1915 |
| DM 542 | Advanced Computer-Aided Textile Design | \$233.94 |
| ECE 102 | Digital Circuit Logic | \$25.00 |
| ECE 103 | DC Circuit Analysis | \$30.00 |
| ECE 202 | Circuit Theory Applications | \$30.00 |
| ECE 251 | Introduction to Microprocessors | \$25.00 |
| ECE 331 | Electronics Principles I | \$30.00 |
| ECE 332 | Electronic Principles II | \$30.00 |
| ECE 401 | Senior Design Project I | \$40.00 |
| ECE 402 | Senior Design Project II | \$60.00 |

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| ECE 533 | Biomolecular Tools for Engineers | \$66.33 |
| EDCO 656 | Tests and Assessment | \$36.75 |
| EDCT 485 | Student Teaching | \$80.00 |
| EDUC 475 | Elementary School Music Methods II | \$35.00 |
| EDUC 476 | Choral Methods for Secondary Schools | \$35.00 |
| EDUC 477 | Instrumental Methods for Secondary Schools | \$35.00 |
| EDUC 485B | Student Teaching-Secondary | \$80.00 |
| EDUC 485C | Student Teaching-Early Childhood | \$80.00 |
| ERHS 230 | Environmental Health Field Methods | \$75.00 |
| ERHS 547 | Equipment and Instrumentation | \$50.00 |
| ERHS 566 | Clinical and Forensic Toxicology | \$50.00 |
| ERHS 567 | Cell and Molecular Toxicology Technique | \$60.00 |
| ESS 400 | Sustainability and Ecosystem Science | \$9.50 |
| ESS 440 | Practicing Sustainability | \$24.07 |
| ESS 486 | Ecosystem Practicum | \$334.00-340.00 |
| ETST 208 | Native American Art and Material Culture | \$16.00 |
| F 321 | Forest Biometry | \$20.00 |
| F 421 | Forest Stand Management | \$35.00 |
| F 424 | Wildland Fire Behavior and Management | \$33.00 |
| F 430 | Forestry Field Practices | \$135.00 |
| FSHN 301 | Food Principles and Applications Laboratory | \$45.00 |
| FSHN 450 | Medical Nutrition Therapy | \$35.00 |
| FSHN 486a | Practicum in Nutrition Counseling | \$15.00 |
| FSHN 686a | Graduate Practicum in Nutrition Counseling | \$15.00 |
| FTEC 210 | Science of Food Fermentation | \$45.00 |
| FTEC 360 | Brewing Processes | \$45.00 |
| FTEC 422 | Brewing Analysis & Quality Control | \$25.00 |
| FTEC 430 | Sensory Evaluation of Fermented Products | \$25.00 |
| FTEC 460 | Brewing Science and Technology | \$45.00 |
| FW 111 | Basic Outdoor Skills | \$261.00 |
| FW 204 | Introduction to Fishery Biology | \$65.00 |
| FW 301 | Ichthyology Laboratory | \$18.50 |
| FW 375 | Field Wildlife Studies | \$227.00-292.00 |
| FW 400 | Conservation of Fish in Aquatic Ecosystems | \$45.00 |
| FW 401 | Fishery Science | \$15.00 |
| FW 402 | Fish Culture | \$50.00 |
| FW 405 | Fish Physiology | \$27.00 |
| FW 465 | Managing Human-Wildlife Conflicts | \$60.00 |
| FW 469 | Conservation in Management of Large Mammals | \$295.00 |
| FW 471 | Wildlife Data Collection and Analysis | \$41.50 |
| FW 477 | Habitat for Wildlife | \$57.00 |
| FW 605 | Advanced Fish Ecophysiology | \$27.00 |
| FW 677 | Wildlife Habitat Management | \$57.00 |
| GEOL 121 | Introductory Geology Laboratory | \$15.00 |

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| GEOL 150 | Physical Geology for Scientists and Engineers | \$23.00 |
| GEOL 154 | Historical and Analytical Geology | \$37.00 |
| GEOL 232 | Mineralogy | \$45.00 |
| GEOL 332 | Optical Mineralogy | \$48.00 |
| GEOL 344 | Stratigraphy and Sedimentology | \$65.00 |
| GEOL 364 | Igneous and Metamorphic Petrology | \$20.00 |
| GEOL 366 | Sedimentary Petrology and Geochemistry | \$20.00 |
| GEOL 372 | Structural Geology | \$31.00 |
| GEOL 376 | Geologic Field Methods | \$82.00 |
| GEOL 401 | Geology of the Rocky Mountain Region | \$140.00 |
| GEOL 436 | Geology Summer Field Course | \$1,097.00 |
| | (An additional \$100.00 may be assessed for equipment loss) | |
| GEOL 447 | Mineral Deposits | \$25.00 |
| GEOL 452 | Hydrogeology | \$20.00 |
| GEOL 454 | Geomorphology | \$52.75 |
| GEOL 492 | Seminar | \$100.00-\$120.00 |
| GEOL 546 | Sedimentary Basin Analysis | \$72.00 |
| GEOL 652 | Fluvial Geomorphology | \$63.35 |
| GEOL 672 | Advanced Structural Geology | \$45.00 |
| GEOL 692 | Seminar | \$30.00 |
| HDFS 470 | Campus Corps: Mentoring At-Risk Youth | \$17.33 |
| HDFS 500 | Issues in Human Development and Family | \$35.00 |
| HDFS 520 | Family Therapy Practice – Treatment Planning | \$42.81 |
| HDFS 521 | Family Therapy Practice – Common Factors | \$114.75 |
| HDFS 620 | Family Therapy Practice – Addictions | \$42.81 |
| HDFS 621 | Family Therapy Practice –Topics in Sexuality | \$114.75 |
| HES 240 | First Aid and Emergency Care | \$27.00 |
| HES 403 | Physiology of Exercise | \$7.00 |
| HES 405 | Exercise Testing Instrumentation | \$6.00 |
| HES 420 | Electrocardiography and Exercise Management | \$20.00 |
| HES 520 | Advanced Exercise Testing and Prescription | \$20.00 |
| HIST 363 | Colorado History | \$8.57 |
| HIST 365 | American West Field Study | \$116.49 |
| HORT 100 | Horticultural Science | \$12.00 |
| HORT 221 | Landscape Plants | \$21.00 |
| HORT 232 | Principles of Landscape Design | \$27.50 |
| HORT 260 | Plant Propagation | \$26.00 |
| HORT 310 | Greenhouse Management | \$21.00 |
| HORT 321 | Nursery Production and Management | \$73.00 |
| HORT 322 | Herbaceous Plants | \$35.00 |
| HORT 335 | Landscape Structures | \$25.30 |
| HORT 341 | Turfgrass Management | \$8.75 |
| HORT 344 | Organic Greenhouse Management | \$51.00 |

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| HORT 345 | Diagnosis and Treatment in Organic Fields | \$50.00 |
| HORT 431 | Planting Design Studio | \$25.00 |
| HORT 432 | Intensive Landscape Design Studio | \$30.90 |
| HORT450A-D | Horticulture Food Crops | \$16.00/subtopic |
| HORT 465 | Landscape Estimating | \$9.17 |
| INTD 330 | Lighting Design | \$11.84 |
| INTD 476 | Interior Design Project | \$95.25 |
| IU 193 | Freshman Seminar (Competitive Spirit of Construction) | \$30.00 |
| JTC 211 | Computer-Mediated Visual Communication | \$150.00 |
| JTC 335 | Digital Photojournalism | \$60.00 |
| JTC 340 | Videotape Editing | \$85.00 |
| JTC 341 | Broadcast News | \$30.00 |
| JTC 343 | Advanced Television News Production | \$25.00 |
| JTC 345 | Electronic Field Production | \$85.00 |
| JTC 435 | Documentary Video Production | \$85.00 |
| JTC 440 | Advanced Electronic Media Production | \$60.00 |
| JTC 544 | Corporate and Institutional Media Production | \$30.00 |
| LAND 220 | Fundamentals of Ecology | \$3.00 |
| LAND 240 | Fundamentals of Landscape Design Process | \$30.80 |
| LAND 357 | Omnibus Field Studies | \$30.00 |
| LAND 360 | Basic Landscape Design and Construction | \$15.13 |
| LAND 361 | Digital Methods | \$12.00 |
| LAND 363 | Advanced Landscape Site Engineering | \$13.00 |
| LAND 364 | Design and Nature | \$52.63 |
| LAND 366 | Landscape Design | \$32.00 |
| LAND 376 | Landscape Design and Visualization | \$427.00 |
| LAND 446 | Urban Design | \$30.10 |
| LAND 454 | Landscape Field Studies | \$545.00 |
| LAND 610 | Topics in Garden Design | \$29.43 |
| LAND 640 | Major Landscape Change | \$29.43 |
| LB 193 | Concepts and Critical Thinking in Liberal Arts | \$10.00 |
| LIFE 102 | Attributes of Living Systems | \$15.85 |
| LIFE 103 | Biology of Organisms-Animals and Plants | \$17.00 |
| LIFE 203 | Introductory Genetics Laboratory | \$40.00 |
| LIFE 212 | Introductory Cell Biology Laboratory | \$45.00 |
| LIFE 220 | Fundamentals of Ecology | \$3.00 |
| MECH 200 | Introduction to Manufacturing Processes | \$120.31 |
| MECH 202 | Engineering Design II | \$64.35 |
| MECH 231 | Engineering Experimentation | \$71.27 |
| MECH 307 | Mechatronics and Measurement Systems | \$118.39 |
| MECH 324 | Dynamics of Machines | \$57.27 |
| MECH 331 | Introduction to Engineering Materials | \$61.29 |
| MECH 338 | Thermosciences Laboratory | \$49.73 |
| MECH 417 | Control Systems | \$84.50 |

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| MECH 486a | Engineering Design Practicum I | \$115.00 |
| MECH 486b | Engineering Design Practicum II | \$140.00 |
| MECH 525 | Cell and Tissue Engineering | \$66.67 |
| MU 100 | Music Appreciation | \$35.00 |
| MU 111 | Music Theory Fundamentals | \$35.00 |
| MU 204 | Marching Band | \$35.00 |
| MU 527 A-C | Conducting Seminar Levels 1-3 | \$1,333.00 |
| NR 220 | Natural Resources Ecology and Measurements | \$40.00 |
| NR 420 | Integrated Ecosystem Management | \$6.75 |
| NR 479 | Restoration Case Studies | \$350.00 |
| NRRT 331 | Management of Parks and Protected Areas | \$18.25 |
| NRRT 350 | Wilderness Leadership | \$47.00 |
| NRRT 351 | Wilderness Instructors | \$104.00 |
| NRRT 401 | Collaborative Conservation | \$22.40 |
| NRRT 431 | Protected Areas, Working Land and Livelihoods | \$44.00 |
| NRRT 473 | Ski Area Management | \$160.00 |
| OT 686A-E | OT Practicum I-OT Practice/Seminar Fieldwork I | \$21.25-\$91.25/subtopic |
| OT 688 A-T | Fieldwork IIB | \$10.00-75.00/subtopic |
| POLS 486A | Practicum-Legislative Politics | \$280.00 |
| PSY 488 | Field Placement | \$15.00 |
| RRM 415 | Catering Techniques and Culinary Arts | \$45.00 |
| RRM 492 | Seminar on Restaurant and Resort Management | \$50.00 |
| RS 329 | Rangeland Assessment | \$27.00 |
| RS 432 | Range Measurements | \$51.00 |
| RS 532 | Range Ecosystem Sampling | \$51.00 |
| SOCR 320 | Forage and Pasture Management | \$15.85 |
| SOCR 342 | Organic Soil Fertility | \$18.00 |
| SOCR 343 | Composting Principles and Practices | \$20.48 |
| SOCR 345 | Diagnosis and Treatment in Organic Fields | \$50.00 |
| SOCR 351 | Soil Fertility Laboratory | \$50.00 |
| SOCR 377 | Geographic Information Systems in Agriculture | \$119.00 |
| SOCR 421 | Crop and Soil Management Systems II | \$38.00 |
| SOCR 440 | Pedology | \$80.00 |
| SOCR 577 | Principles/Components: Precision Agriculture | \$119.00 |
| TH 141 | Introduction to Theatre | \$43.36 |
| TH 149 | Movement for Actors I | \$152.00 |
| TH 160 | Drawing for the Theatre | \$128.00 |
| TH 161 | Technical Theatre: Stagecraft | \$50.00 |
| TH 163 | Costume Construction | \$50.00 |
| TH 186 | Theatre Practicum I | \$33.00 |
| TH 241 | Analyzing Texts for Performance | \$40.30 |
| TH 249 | Movement for Actors II | \$144.00 |
| TH 261 | Drawing and Rendering for the Theatre | \$50.00 |
| TH 264 | Lighting Fundamentals | \$50.00 |

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| TH 265 | Scenic Design: Fundamentals | \$50.00 |
| TH 266 | Sound Design for the Theatre | \$100.00 |
| TH 267 | Scenic Painting | \$100.00 |
| TH 269 | Theatrical Makeup Design I | \$19.75 |
| TH 349 | Movement for Actors III | \$144.00 |
| TH 365 | Set Design II | \$115.00 |
| TH 400 | Production Studio Workshop | \$10.00 |
| TH 401 | Theatrical Design and Technology Special | \$100.00 |
| TH 450 | Professional Actor Preparation | \$153.67 |
| WR 406 | Seasonal Snow Environments | \$135.00 |
| WR 417 | Watershed Measurements | \$39.64 |
| WR 419 | Water Quality Laboratory for Wildland Managers | \$110.00 |
| WR 486 | Watershed Field Practicum | \$340.00-431.00 |
| WR 575 | Snow Hydrology Field Methods | \$130.00-150.00 |

**once permanent*

| <i>Program Fees</i> | | |
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| MU | Music majors and minors, per semester. Does not apply to the following students: online degree students, summers-only masters degree students, music therapy students in an internship off-campus, music education students who are student teaching off-campus, and music minors who are not actively enrolled in any lessons or ensembles. | \$575.00 |

Section 8

Consent Agenda

A. Colorado State University System

- Minutes of the May 7-8, 2015 Board and Committee Meetings

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS MEETING
Colorado State University, Fort Collins, Colorado
May 7, 2015**

CALL TO ORDER

Chair Dorothy Horrell called the meeting to order at 8:04 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; Alexandra Bernasek, Faculty Representative, CSU; Robert Deemer, Faculty Representative, CSU-Global Campus; Samantha Guinn, Student Representative, CSU; Brad Schiffelbein, Student Representative, CSU-Global Campus; Timothy Zercher, Student Representative, CSU-Pueblo.

Administrators present: Tony Frank, Interim Chancellor, CSU System, and 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: Jon Bellum, Provost, CSU-Global Campus; Craig Chesson, Assistant Dean, Student Affairs, CSU; Johnna Doyle, Deputy General Counsel, CSU-Pueblo; Mel Hilgenberg, President, Legacy Leadership Center; Blanche Hughes, Vice President of Student Affairs, CSU; Nancy Hurt, Managing Director, CSURF; Jason Johnson, Deputy General Counsel, CSU; Lynn Johnson, CFO, CSU; Rick Kreminski, Provost, CSU-Pueblo; Kelly Lyell, Reporter, *Coloradoan*; Ellie Mulder, Reporter, *Collegian*; Janet Nerger, Dean, College of Natural Sciences, CSU; Paul Orscheln, Vice President of Student Services, CSU-Pueblo; Joe Parker, Athletic Director, CSU; Amy Parsons, Vice President of Operations, CSU; Alan Rudolph, Vice President for Research, CSU; Matt Stephens, Columnist, *Coloradoan*; Lou Swanson, Vice President of Engagement, CSU; Marco Vivas, Senior Accountant, CSU-Global Campus; Rob White, Reporter, *Coloradoan*; Eric Woody, CSU Alum; Joshua Zugish, Attorney, Office of General Counsel, CSU System.

Chair Horrell convened the meeting and reported Governor Munn would be participating by telephone during the morning and present later in the day. Governor Tuor would be present for the meeting the next day.

EVALUATION COMMITTEE

General Counsel Nosler read the meeting into executive session for the purpose of discussing and evaluating public officials, confidential as set forth in the meeting notice. **Motion/Action:** Governor Mosher made the motion to convene in executive session. Governor Johnson seconded and the motion carried. The meeting convened in executive session at 8:06 a.m. and reconvened in open session at 9:40 a.m.

PUBLIC COMMENT

Chair Horrell reported the next agenda item was public comment and each person was allocated five minutes for remarks. The following individuals commented to the Board on the new stadium: Waydene Pixier, Jean Yule, Kevin McDougal, Matthew Leonard, Bob Vangermeersch, Tim O'Hara, Kevin Keefe.

NEW ATHLETIC DIRECTOR AND STADIUM UPDATE

President Frank introduced Joe Parker, the new CSU Athletic Director. Mr. Parker expressed his appreciation for the opportunity to serve at CSU and commented on his experience of working with three stadium projects at other universities that all concluded positively. He shared a presentation that demonstrated the academic commitment of CSU student-athletes with a 3.096 cumulative grade point for fall 2014 compared to 3.145 of the overall student body. CSU recently received the NCAA and Minority Opportunities Athletic Association's award for diversity and inclusion.

Mr. Parker commented on designing a facility to complement the campus and on efforts to manage the event aspects of six football games annually. A video was presented that shared sentiments of the campus and community on the new stadium. Mr. Parker concluded with a commitment to engage the community during the next two years and beyond in an appropriate way. When asked about comments presented regarding proximity to neighborhood churches, President Frank explained how the original stadium committee through the site selection subcommittee considered the existing churches in the planning documents. He expressed confidence that events will be managed effectively.

EVALUATION COMMITTEE REPORT

Chair Horrell reported an orientation was held for three new student and one new faculty advisory members the previous day and a dinner was held to honor Chancellor Emeritus Michael Martin. She reviewed the meeting agenda and noted the election of new officers would be postponed until the next day. Governor Mosher, Chair of the Evaluation Committee, was asked to present a report on the work of the Evaluation Committee.

Committee Chair Mosher reported the Evaluation Committee discussed two items. The first item was the committee's review of the ad hoc committee recommendation on a grievance decision. He acknowledged Governor Munn for chairing and Governors Robbe Rhodes and Tuor for serving on the ad hoc committee. General Counsel Nosler read the resolution to approve the recommendation of the ad hoc committee. **Motion/Action:** Governor Johnson moved to approve; Governor Zimlich seconded; and the motion carried unanimously.

Committee Chair Mosher indicated the second matter discussed during the Evaluation Committee was appointment of the CSU System Chancellor. General Counsel Nosler read the matter for action to appointment Anthony A. Frank as the Chancellor for the CSU System. **Motion/Action:** The motion was made, seconded and carried unanimously.

The meeting recessed for a break at 10:19 a.m. and reconvened at 10:34 a.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 asked Ms. Horn for her report.

Status of FY 2014-15 Audit Plan: Ms. Horn reported there are six audits in progress and explained that, based on a change in the NCAA bylaws on regular compliance reviews, a meeting was held with representatives in the CSU Athletics Dept. with agreement to continue regular compliance auditing on a rotating schedule. An entrance conference has been scheduled for the ticket office, three sports camps, and for the coaches, Compliance Director and the Athletic Director on the NCAA requirement of establishing a culture of compliance. Executive summaries for three reports issued since the last Board meeting were provided in the meeting book with a few recommendations and no red flag issues. Internal Auditing (IA) is on-track to complete the FY 2014-15 audit plan.

Past Due Recommendations: Ms. Horn recounted that the three past due recommendations for CSU Warner College of Natural Resources were to provide the new Dean an opportunity to be involved with the implementation of the corrective actions. At the request of the Dean, a special project was undertaken on reconciliations of accounts in one of the college's departments which now appear to be on-track.

FY 2015-16 Audit Plan: Ms. Horn explained the proposed audit plan was developed through risk assessment, particularly for high profile programs with complex operations; suggestions from management; consideration of rotating audits that includes low risk areas; and projects carried forward from the previous year. Time is also allotted for special projects including suspected fraud or crisis situations.

Ms. Horn noted the programs that were going to be audited for the first time by IA include the Colorado Water Institute, the Natural Resources Ecology Lab, Occupational Therapy Dept. and the Confucius Institute. The proposed CSU Conflict of Interest audit is in response to a change in process for reporting potential conflicts through an electronic reporting system for faculty and administrative professionals and the IA's data analytics will be used for comparisons. **Motion/Action:** Governor Mosher moved to approve the FY 2015-16 Audit Plan. Governor Munn seconded and the motion passed unanimously.

Approval of FY 2016 E&G Incremental Budgets, Tuition, Fees and Other Schedules and Policies: Mr. Schweigert explained statutory requirements and historical precedents for Board approval of the Educational and General (E&G) budgets and related items including tuition rates, and noted the proposed budgets are the culmination of year-long briefings to the Board. He recounted how a financial accountability plan for the CSU System that provided tuition flexibility was previously submitted to and approved by the state; a 6% tuition cap was subsequently set by the Governor and state legislature; and higher education funding has recently been restored close to the 2009 level.

The proposed CSU budget includes a 5.5% increase for resident undergraduate tuition and reflects the culmination of a multi-year plan to increase differential tuition rates. The proposed CSU-Pueblo budget includes a 5.75% increase in resident undergraduate tuition. There will be no increase in tuition for CSU-Global Campus. Information on the E&G budget increases; tuition increases; tuition and fee history; student fees, room and board; and cost of attendance were provided for CSU and CSU-Pueblo. Mr. Schweigert noted that, with the increase in state revenues, refunds under the TABOR cap could potentially impact higher education funding in the future.

Discussion followed on understanding implications early in the year-long budget process; the importance of explaining the shift from public to private financing on an annual basis factored against inflation; comparisons to other state and peer institutions to assess affordability from both a policy and comparative standpoint; and the optimal higher education business plan in order to be institutions of choice with quality programs. Committee Chair Zimlich asked the presidents to comment on changes made to the incremental budgets.

Colorado State University: President Frank explained August is the key meeting in the budget process because information is available on peer tuition and fee rates. There are challenges in developing an inflation-only budget and state support is subsidized with other revenue sources, i.e., philanthropy and nontraditional sources. He remarked on the importance of the value proposition, both at the state and national level, with a balance between quality and affordability. New strategies are being evaluated and will be brought to the Board. In response to questions, President Frank responded CSU is currently not limiting enrollment, and increasing enrollment creates challenges for the faculty and the infrastructure.

CSU-Pueblo: President Di Mare noted the major change in the basic budget assumptions since last August was reduction of the tuition increase from 6% to 5.75%. New revenue streams are being identified and the new enrollment initiatives are going well. There was a 15% increase in incoming freshmen this year and CSU-Pueblo is on-target to increase the freshmen class for the coming year. Retention for sophomores and juniors remains in the 70 and 80 percentiles. Continuing challenges for the institution include rising mandatory and facilities costs.

CSU-Global Campus: President Takeda-Tinker reported the FY 2016 budget projects a 19% growth in new student enrollment that, in addition to current enrollment, will result in a 24% increase in revenues which will be offset by \$3 million in scholarships for Colorado residents for a total of \$73 million in revenues or an 18.7% increase. An estimated 50% of new Colorado students are projected to apply for the scholarship funds which equates to a maximum of \$65 per credit hour. The scholarship funds must be used in the first 24 credit hours for undergraduates and for 18 credit hours within the first 24 months for graduate students. The budget also includes a 3% increase in faculty and staff salaries. CSU-Global Campus is anticipated to close FY 2015 slightly ahead of the re-projected budget.

CSU System: Chancellor Frank noted the budget summary was revised with an amended footnote g and no change in amounts. The staffing corrections in the FY 2016 budget more accurately reflect the budgeting process. Committee Chair Zimlich added that the one-time change to allocate expenses to the department or institution where the expenses occur is positive and will provide consistency going forward.

Motion/Action: Governor Munn moved to approve the E&G budget resolution. Governor Horrell seconded and the motion passed unanimously.

CSU Parking Plan: President Frank recounted the shift in the master plan to focus more on mass transit and to be more pedestrian and bicycle-friendly with a pedestrian core and peripheral parking garages. The shift led to parking fee discussions across the campus.

Ms. Parsons reported the Board approved the master plan and program plans for two parking projects at the February meeting. The request to increase the cost of parking permits for the next two fiscal years is necessary to raise revenue for the new campus parking infrastructure. A comprehensive process was undertaken last year to evaluate parking models and rates which resulted in a new tiered model. The new plan was presented to the different campus constituencies. The Center for Public Deliberation was engaged to facilitate the dialogue that included a campus-wide survey and facilitated discussion sessions. The Center compiled the input and the findings were presented to the various campus groups. The proposed fee model was then presented to President Frank.

Ms. Parsons noted that, to address concerns expressed on affordability as rates increase, a parking assistance fund is being established to which employees can apply for subsidies for parking permit rates. The program will be managed by the same committee that oversees the employee assistance fund to which all employees can apply for short-term funds. Data will then be gathered to assess the campus need

and the model will be evaluated to determine if an adjustment needs to be made. When asked for input, Governors Bernasek and Guinn expressed appreciation for the process to ensure concerns were heard. **Motion/Action:** Governor Gustafson made the motion to approve the plan to increase parking permit fees. Governor Flores seconded and the motion carried unanimously.

Enterprise Revenue Bonds: Mr. Schweigert reported on the outcome of the last bond issuance for tax-exempt, taxable and variable rate bonds. He noted that, if the bond issuance were to occur now, interest rates are 40 basis points higher which equates to a \$25 million increased interest cost on the \$240 million 40-year loan amount. Both rating agencies maintained the System's current ratings. Standard & Poor's anticipated maintaining the same rating through the next bond package; Moody's did not make the same commitment.

Mr. Schweigert reviewed the strategy for the next bond package with issuance of an RFP to qualify up to 10 underwriters and listed the 2015 improvement projects in the 10th supplemental bond resolution. President Frank remarked on the components of the medical center project that will benefit faculty, staff, students and the community. Committee Chair Zimlich reminded the Board of the process to approve the program plan, then approve the plan of finance, and finally approval of the supplemental bond resolution. All of the projects with the exception of one carry-in item have received the appropriate project and finance plan approvals.

President Frank explained that, from the earliest planning stages, 85,000 gsf of academic space attached to the new multi-purpose stadium and utilized on a regular basis was considered. Based on fundraising, costs that have now been determined by the project manager with guaranteed pricing, various scenarios of revenue bonds, and the commitment of the Alumni Association for payments on 18,000 gsf of the proposed additional space, the determination was made that construction of the academic space at the same time rather than as an addition would result in a \$12 million savings. Should the Board authorize adding the project to the 10th supplemental bond resolution, President Frank will move forward with campus discussions to determine the best use of the academic space and a program plan will be brought to the Board in June.

In order to allow time for a thorough assessment of the correct utilization of the space, Mr. Schweigert confirmed that the bond issuance could be split into two phases. President Frank reiterated the commitment to not use general funds, tuition, fees or state support for the stadium portion of the project. He explained the statutory requirement to design for LEED certification and the additional amount of square footage of the academic space would enable CSU to attain the ability to be LEED certified on this project. Green Globe certification would also be obtained.

Committee Chair Zimlich explained the handout modifies the 10th supplemental bond resolution to include the academic space and the bonds for the academic space would not be sold until a program plan was approved. Mr. Schweigert recounted how the parameters for bond issuance were first established in the original 2007 bond resolution and each subsequent supplemental bond resolution updates those parameters. **Motion/Action:** Governor Johnson made the motion to approve the 10th supplemental bond resolution as modified by the discussion. Governor Flores seconded and the motion passed unanimously.

The Audit and Finance Committee recessed for a lunch break at 12:18 p.m. and reconvened at 12:33 p.m.

Third Quarter Financial Statements: Mr. Schweigert reported the financial statements were included in the meeting book. Revenue and expenses are on-track with no significant issues or variances.

Approval of CSU System Foundation Appointments: General Counsel Nosler recounted the process undertaken to move forward with the creation of a new CSU System foundation and subsequent creation

of a new for-profit entity to be owned by that foundation. Articles of incorporation for the new foundation will be filed by outside counsel as the incorporator who will then appoint the first independent director. The foundation will have a seven-member board with three members appointed by the CSU System Board of Governors and four independent directors to be appointed by the first independent director. Under the bylaws of the new foundation, the number of independent directors must exceed the number of directors appointed by the CSU System Board and control of the foundation will always rest with the independent directors. The CSU System will have no control over the foundation.

The operating agreement delineates what the foundation will do for the System and the distribution of revenues or dividends from the private organization to the foundation on an annual basis. The foundation will own the new for-profit company by virtue of transferring CSU-Global Campus technology or licensing to the foundation in exchange for 100% stock ownership in the private entity. The term of the agreement is for three years. The agreement defines how funds are to be distributed from the foundation. The funds are to be used first for funding innovation in CSU System initiatives approved by the Board of Governors; then investment in new technology which benefits the CSU System or the institutions it governs; to improve access and affordability for students within the CSU System; and, only under extraordinary circumstances as determined by the Board of Governors, for operational support for the CSU System or any of its institutions.

General Counsel Nosler provided background information on the three nominees who have agreed to serve as the CSU Directors to the foundation board: John Ikard, Pat McConathy and David Edwards. He read the matter for action to appoint the CSU directors and to authorize the CSU System Chancellor to execute documents relating to the foundation. **Motion/Action:** Governor Johnson moved to approve, Governor Gustafson seconded and the motion passed unanimously.

General Counsel Nosler reported the next steps after the foundation is incorporated with the operating agreement in place will be to apply for 501(c)3 tax-exempt designation for the foundation, and to create the new for-profit company with the name and trademark finalized. The transfer of licenses will then be completed with the expectation of operation by July 1st.

CSU System Treasury: Chancellor Frank reported that, pursuant to the Board's previous discussions, he and General Counsel Nosler have been in communication with the CSU Foundation to determine its willingness and ability to manage investments for the CSU System. An update will be provided at the June or August meeting.

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 convened the meeting and asked Dr. Miranda to commence the reports.

CSU Faculty Manual Changes: Dr. Miranda explained the proposed changes have passed through the Faculty Council's process and been reviewed by the Office of General Counsel, the Provost and President Frank. The major changes in Section E are as follows: Section E.2.1.4 to add clarity to the appointment of special or non-tenure track faculty; E.2.1.5 to clarify retirement benefits for temporary faculty and install a one-year maximum for appointing temporary faculty; and Section E.6 to change faculty with contracts for specified periods to at-will employees when the contract ends if there is no termination of the relationship.

Dr. Miranda explained Section K of the faculty manual covers the grievance process. The major proposed changes are: Section 1 was revised to provide clearer definitions of key terms in the grievance process; Section 3 was reorganized on the definitions and types of grievances; and Section 4 was extensively revised in terms of who can file a grievance, the grievance process, and matters related to due process. The remaining sections were not revised extensively and the amendments were clarifications in wording and typographical corrections. The revisions are the result of a lengthy process over the past several years. When asked about the change in the terminology from burden of proof to basis of proof, Deputy General Counsel Johnson responded the intent is to move away from legal terms and substantively the standard is generally the same.

Committee Chair Gustafson indicated the four faculty manual changes will be held over for the approval on the consent agenda.

CSU Emeritus Rank Designations Summary AY 2014-15: Dr. Miranda explained the designation of emeritus faculty status was delegated to the campus presidents by Board Policy 312 and a report is presented to the Board annually. Highlights were presented on the work of several individuals in the report.

CSU Sabbatical Revisions Summary AY2014-15: Dr. Miranda explained approval of sabbaticals and sabbatical revisions is delegated to the campus presidents through Board Policy 310. The revisions in the report are for sabbaticals approved through prior action and are requested due to changes in the faculty member's life or in the proposed project for the sabbatical.

CSU Posthumous Degree: Dr. Miranda reported the confidential details for the posthumous degree were provided in the resolutions book and could be discussed in executive session if necessary. With no executive session requested, Committee Chair Gustafson indicated the posthumous degree would be moved forward for approval on the consent agenda.

CSU-Pueblo Accreditation Schedule: Dr. Kreminski reported the Higher Learning Commission (HLC) accreditation site visit will occur in AY 2016-17. Additionally, CSU-Pueblo has ten programs that have special program accreditation through various accrediting bodies with different review schedules. In the coming year the Department of Nursing's undergraduate programs which has 300+ students collectively will undergo program re-accreditation.

CSU-Pueblo Emeritus Rank Designations Summary AY 2014-15: Dr. Kreminski reported there were nine faculty who were eligible for emeritus status which is more than typical and is largely attributable to voluntary separation agreements during the past year to assist with the financial issues at the institution. He highlighted the contributions of several faculty members in the report.

CSU Student Conduct Code: Dr. Miranda explained that the student conduct code is generally revised every three to four years, and defines expectations for student behavior and the processes utilized through a variety of judicial and mediation mechanisms to enforce the student conduct code. He asked Joshua Zugish of the Office of General Counsel to review the changes.

Mr. Zugish explained the periodic review of the student conduct code is to determine appropriate modifications which typically are the result of changes in statutes or university policy to ensure compliance. Changes are also implemented to address gaps in the conduct code that are identified through difficult cases. The Office of Conflict Resolution and Student Conduct Services and other stakeholders, such as the University Hearing Board and the ASCSU Supreme Court Justices, are engaged to identify proposed changes through a collaborative process. A summary of the changes was provided in the meeting book.

One of the substantive changes is the appointment of a staff person from the Office of Conflict Resolution and Student Conduct Services to the University Hearing Board to enhance the overall efficiency and quality of the review process. When asked about notification to other universities on violators, Mr. Zugish explained the recommended change to put a hold on transcripts while a serious disciplinary case is pending. Dr. Miranda noted CSU has revised the student conduct code and seeks approval on the consent agenda. The other two campuses would be presenting student conduct code reports without revisions.

CSU-Pueblo Student Conduct Code: Dr. Orscheln explained the campus has new Student Life leadership and the current code is being thoroughly reviewed. CSU-Pueblo is working with CSU on alignment and changes are also being identified to align with the new CSU-Pueblo strategic plan. Anticipated amendments will be to clarify language and to meet new statutory and Title IX requirements. The expectation is the revisions will be presented to the Board at the August meeting. The suggestion was made for alignment of the student conduct codes for more standardization as a system. Chancellor Frank indicated the campus presidents would work with the Office of General Counsel and the student and faculty representatives on a comparative analysis.

CSU-Global Campus Student Conduct Code: Dr. Bellum explained CSU-Global Campus is a fully online university and the student conduct code or students' rights and responsibilities focuses on the two primary areas of classroom behavior and academic dishonesty. CSU-Global Campus works through a tiered process to support both the students and the institution. There have been two incidents that have resulted in withdrawal and the procedural process is being reviewed for improvements.

Dr. Bellum explained how originality of assignments is checked in the learning management system through "Turn It In" which uses multiple sources. Efforts are made by the faculty and through the CSU-Global Campus' Writing Center to help students improve writing skills. Governor Deemer explained how assignments are synched with "Turn It In" and the burden on faculty is generally not too time-consuming since serious violations are rare. Dr. Bellum commented on how "Turn It In" is a powerful tool on which faculty are constantly trained. In addition, CSU-Global Campus utilizes a dual step process to ensure authenticity of assignment submittals.

CSU Research Report: Dr. Randolph provided an overview on the total annual research and development expenditures and awards. CSU works in partnership with the CSU Research Foundation (CSURF) and CSU Ventures on innovations and tech transfers such as patents, intellectual property and transfer of licenses.

Dr. Rudolph reviewed future trends that include a continuing challenging political climate and explained how faculty is engaged to bring together teams to solve complex problems. Opportunities continue to be explored, particularly in the areas of food, energy and water, and translational medicine/One Health. He shared research highlights in the areas of water research and environmental sustainability, infectious diseases, advanced materials discovery, and bio-manufacturing. The new medical center will provide strong collaborative opportunities in human medicine. CSU is a veterans-friendly campus with numerous programs in military land management and training.

Research challenges include a declining research infrastructure that needs to be addressed. President Frank commented on how campus rebuilding has been largely focused on areas that generate revenues, i.e., housing and dining, and some key academic buildings, and there is a need to replace several pure research facilities.

Dr. Rudolph explained how seven teams were funded through the launch of a catalyst program with an emphasis on impact and the teams will be attending an event in Washington, DC, to raise visibility and

awareness. Immersive sciences and applications is another transformational area of technology being explored. Discussion followed on comparisons with peers on tech transfers and patents; opportunities for investments from the business investment community; and key regional interests such as agribusiness.

CSU-Pueblo Research Report: Dr. Kreminski reviewed the scope and funding of grant activities during the past three years and submissions for the current fiscal year. He highlighted specific faculty activity including grants, publications and presentations, and the campus impact with a focus on students. Dr. Kreminski described synergistic activities with CSU and efforts to promote research at CSU-Pueblo including small grants for seed activities and hosting conferences. Governor Mincic described how students in the Learning Center created a phone app to help students develop chemical equations at the freshman level.

CSU-Global Campus Research Report: Dr. Bellum commented on how CSU-Global Campus is a teaching institution to help adult nontraditional students complete their undergraduate degrees or attain graduate degrees. The work is focused in the classroom that begins with finding high quality faculty with both professional experience and academic credentials. Faculty is provided high quality support, training, and professional development including stipends to attend conferences. Full funding is provided for conference attendance to present effective or best practices. This fall an online conference will be held to share best practices; a committee will vet and select the presentations for the external conference.

Last year CSU-Global Campus received a \$20,000 grant from Google to develop computer science education for non-computer science high school teachers to integrate computer science concepts into classroom lessons. Fifty teachers, mostly from Colorado, participated in the project.

With no further business to come before the Academic and Student Affairs Committee, the committee meeting adjourned. Chair Horrell amended the agenda to move the executive session from the following day to receive the litigation report. The meeting recessed for a break at 3:20 and reconvened at 3:29 p.m.

EXECUTIVE SESSION

General Counsel Nosler read the meeting into executive session to receive the litigation report and legal advice, all confidential as set forth in the meeting notice. **Motion/Action:** Governor Zimlich moved to convene in executive session. Governor Robb Rhodes seconded and the motion carried. The meeting convened in executive session; reconvened in open session at 4:08 p.m.; and then adjourned for the day.

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS MEETING
Colorado State University, Fort Collins, Colorado
May 8, 2015**

CALL TO ORDER

Chair Dorothy Horrell called the meeting to order at 9:06 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 Schiffelbein, Student Representative, CSU-Global Campus; Timothy Zercher, Student Representative, CSU-Pueblo.

Administrators present: Tony Frank, Interim Chancellor, CSU System, and 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: Jon Bellum, Provost, CSU-Global Campus; Stephanie Clemmons, Professor, CSU; Paul Doherty, Professor, CSU; Johnna Doyle, Deputy General Counsel, CSU-Pueblo; Kenneth Gossett, Professor, CSU-Global Campus; Blanche Hughes, Vice President of Student Affairs, CSU; Nancy Hurt, Managing Director, CSURF; Jason Johnson, Deputy General Counsel, CSU; Rick Kreminski, Provost, CSU-Pueblo; Ajay Menon, Dean, School of Business, CSU; Amy Parsons, Vice President of Operations, CSU; Rob White, Reporter, *Coloradoan*

Chair Horrell reconvened the meeting, recounted the work of the previous day, and reviewed the agenda. She reported the Board had the opportunity during breakfast to meet with CSU non-tenure track faculty to learn about the opportunities and challenges for this group, and the work being done in conjunction with the Faculty Council and the campus leadership to address the challenges.

BOARD CHAIR’S AGENDA

Excellence in Undergraduate Teaching Awards: Chair Horrell remarked on the purpose of establishing the award in 1993 by the Board of Governors. The awards to be presented at this meeting were for the recipients from CSU and CSU-Global Campus. The award for the recipient at CSU-Pueblo would be presented in August when the Board met on that campus. Dr. Miranda introduced Dr. Stephanie Clemmons, the CSU award recipient, and Chair Horrell presented the award. Dr. Clemmons thanked the Board for the award. Dr. Bellum introduced Dr. Kenneth Gossett, the CSU-Global Campus recipient, and Chair Horrell presented the award. Dr. Gossett expressed his appreciation for the recognition.

Association of Governing Boards Conference: Chair Horrell and Governors Johnson and Robbe Rhodes shared their positive experience attending the recent AGB conference. Board members were encouraged to attend future AGB conferences.

Spring Campus Commencements: Chair Horrell reported she and Governors Munn, Robbe Rhodes and Flores participated in the CSU-Pueblo commencement on May 1st at which there were 555 graduates. She shared graduation numbers for the upcoming CSU commencement. President Takeda-Tinker reported over 550 individuals have registered to participate in CSU-Global Campus' upcoming commencement and all graduates from around the world will be able to participate in the ceremony that will be livestreamed for the first time through YouTube.

Little Shop of Physics: Chair Horrell shared the positive experience of participating in the Little Shop of Physics which is the largest science lesson in the world that is hosted by the CSU College of Natural Sciences at Coors Field in Denver. There were 200 undergraduate and graduate CSU students who volunteered and 12,500 elementary students attended.

June Board Retreat: Chair Horrell reported the retreat would focus on strategic planning. The retreat would begin with a dinner on June 17th and conclude by early afternoon on June 19th.

Election of Officers: **Motion/Action:** Governor Zimlich moved to approve the proposed new slate of officers as follows: Governor Mosher, Chair; Governor Munn, Vice Chair; Governor Tuor, Treasurer; Governor Johnson, Secretary. Governor Gustafson seconded and the motion passed unanimously. Governor Mosher expressed appreciation for Chair Horrell's leadership as the Chair.

REAL ESTATE/FACILITIES COMMITTEE

Committee Chair Tuor called the committee meeting to order and indicated the committee would convene in executive session. **Motion/Action:** Governor Munn made the motion to convene in executive session. Governor Horrell seconded and the motion carried unanimously. General Counsel Nosler read the meeting into executive session for the purposes of discussions relating to the purchase or sale of property and to receive legal advice on specific legal issues, all confidential as set forth in the meeting notice. The meeting convened in executive session at 9:56 a.m. and reconvened in open session at 10:12 a.m.

Acquisition of 1417 South College Avenue: Deputy General Counsel Johnson read the matter for action. **Motion/Action:** Governor Zimlich moved to approve; Governor Johnson seconded; and the motion passed unanimously.

Approval of Annexation of Land by Town of Wellington and Easement: President Frank explained the easement had been discussed at previous meetings. Deputy General Counsel Johnson read the matter for action. **Motion/Action:** Governor Horrell moved to approve; Governor Robbe Rhodes seconded; and the motion passed unanimously.

Acceptance of Gifts and Naming Opportunities – Classroom in the Avenir Museum of Design and Merchandising: Deputy General Counsel Johnson read the matter for action. **Motion/Action:** Governor Robbe Rhodes made the motion; Governor Mosher seconded; and the motion carried unanimously.

Acceptance of Gifts and Naming Opportunities – Center for Healthy Aging in the Colorado State University Medical Center: Deputy General Counsel Johnson read the matter for action. **Motion/Action:** Governor Flores made the motion; Governor Munn seconded; and the motion carried unanimously.

Acceptance of Gifts and Naming Opportunities – Equine Hospital in the College of Veterinary Medicine and Biomedical Sciences: Deputy General Counsel Johnson read the matter for action. **Motion/Action:** Governor Mosher made the motion; Governor Robbe Rhodes seconded; and the motion carried unanimously.

CONSENT AGENDA

Chair Horrell reviewed the items for approval on the consent agenda that included minutes from the February retreat and meetings, the CSU faculty manual changes, and the CSU posthumous degree. **Motion/Action:** Governor Schiffelbein made the motion; Governor Deemer seconded; and the motion passed unanimously. The meeting recessed for a break at 10:22 a.m. and reconvened at 10:30 a.m.

FACULTY AND STUDENT REPRESENTATIVE REPORTS

CSU Faculty Report: Governor Bernasek reported recent discussions at Faculty Council meetings included the topics of an anti-bullying policy at the March meeting and student course surveys at the April meeting. The Status of Women Faculty Committee has been working on a number of issues including a better parental leave policy that will apply to both tenure-track and non-tenure track faculty. Governor Bernasek noted there were several recommendations on documentaries listed in her report including “The Hunting Ground” that deals with sexual assault on university campuses. She introduced Dr. Paul Doherty, the new CSU Faculty Representative.

CSU-Global Campus Faculty Report: Governor Deemer reported CSU-Global Campus’ evaluation process, in addition to student evaluations, includes a mentoring process wherein an independent faculty member works with faculty to ensure a classroom is initially set up correctly, monitors the class to ensure there is active interaction in the classroom and with students, and then provides feedback. A third component of faculty evaluation is self-assessments that are completed annually.

CSU-Pueblo Faculty Report: Governor Mincic reported the Faculty Senate had a productive year and several positive recommendations were brought forward. Work was completed on the academic calendar and the university restructuring. The faculty is appreciative of the collaboration with President Di Mare and is excited about the appointment of Dr. Kreminski as the Provost. In the coming year there will only be one president instead of co-presidents for the Faculty Senate. Work will continue on the annual performance review policy and process, replacement of visiting teaching positions with tenure-track faculty, and handbook changes. Governor Mincic explained the process for submittal and approval of handbook changes, and the composition of the Faculty Senate. He acknowledged the positive inclusion of the faculty in the budget process.

CSU Student Report: Governor Guinn reviewed highlights from her written report: the 911 safety app is in the procurement stage; an online forum Your Voice that is attached to the new RamWeb page has been launched; the spring traditions day called “May Day” was a fun, successful event; and work continues on a sick day policy through the Committee on Teaching and Learning. Governor Guinn reported she will begin graduate school at Harvard in the fall. She introduced Jason Sydoriak, the new CSU Student Representative.

CSU-Global Campus Student Report: Governor Schiffelbein highlighted from his written report the new microsite “already on campus” interactive map; the availability of CSU-Global Campus journal articles through Google Scholar; the effectiveness of the new Student Verification Process; and the creation of a CSU-Global Campus Pandora radio station. He shared his plans to pursue a doctoral degree in leadership studies after completion of his Masters.

CSU-Pueblo Student Report: Governor Zercher reviewed 2014-15 ASG accomplishments in his written report that included restructuring of the student government to improve efficiency and reduce spending; increasing the student discount program by 300%; increasing social media contacts; and co-hosting the Colorado Student Government Coalition meeting. He and two other CSU-Pueblo students were selected to be El Pomar summer interns. Next spring Governor Zercher will complete his MBA with an emphasis in international marketing.

Chair Horrell recognized the outgoing student and faculty representatives for their work this past year.

2015 LEGISLATIVE REPORT

Mr. Schweigert commented on how students are becoming more active at the legislature and noted that ASCSU had its own lobbyist. Sexual assault was an important issue for the students and will continue to be an important national issue. Governor Guinn commented on how ASCSU took an active stance as an advocate on the “Yes Means Yes” policy.

Mr. Schweigert noted the CSU System monitored numerous policing bills that were either defeated or heavily amended and the expectation is more policing measures will be presented next year. The Governor’s Office and legislature were supportive of a second year of record increases for higher education and through the Long Bill, SB 234, the System received an additional \$11+ million. The System also received funding for Phase II of the CSU chemistry building, \$2 million for controlled maintenance at CSU and CSU-Pueblo, and \$1.8 million for computer technology at CSU-Pueblo. Through HB 1344, the state will provide \$250 million in support for the National Western Center.

The CSU System was active in the passage of SB 282, an economic development bill, which should benefit CSU-Pueblo. The System worked with the University of Colorado on HB 1366 that will impact research institutions through income tax credits for qualified partnerships on projects located within one mile of campuses or other property owned by a state higher education institution. Overall the System reviewed 114 bills.

CHANCELLOR’S AND PRESIDENTS’ REPORTS

Chancellor Frank introduced Bill Shuster, CSU College of Business, who will be the facilitator for the June Board retreat. Mr. Shuster explained his approach for strategic mapping through creating and articulating a vision by defining the synergistic capabilities of the three diverse institutions and then developing value-added goals.

The meeting recessed for lunch at 11:53 a.m. and reconvened at 12:23 p.m.

CSU-Global Campus President’s Report: President Takeda-Tinker reported the draft report for the Higher Learning Commission re-accreditation site visit has been completed and will be filed in the fall. Work continues on the new transformational strategic plan with four large goals that allow for flexibility which will be launched after the HLC site visit is completed. CSU-Global Campus achieved above average student satisfaction in all 27 categories of the Noel Levitz Student Satisfaction Inventory survey that pertain to the institution and more work will be done with students to help them better understand the value of collaboration. President Takeda-Tinker concluded her report by thanking Chair Horrell for her leadership.

CSU-Pueblo President’s Report: President Di Mare explained her written report outlines successes for the past year. CSU-Pueblo was ranked second among all four-year institutions in the state of Colorado in terms of the value-added benefits it provides its students in a Brookings Institute report based on alumni

economic outcomes. The ranking along with the national football championship demonstrates a balance between academics and athletics. The upgrade on the IT infrastructure will begin with the \$1.8 million in funding received from the state and next year a request will be made for additional funding to complete the upgrade. A forensics and debate team is being developed. The Ballet Folklorico troupe has earned numerous awards, both within Colorado and out-of-state. The recent visit by the liaison for the HLC re-affirmation went well. President Di Mare concluded by thanking Chair Horrell personally and on behalf of CSU-Pueblo for her leadership.

CSU President's Report: President Frank shared the latest financial accountability report that is posted on the campus' web site and lists all fund sources at the macro level. Highlights from his written report included Associate Professor Dan Beachy-Quick was named a fellow by the John Simon Guggenheim Memorial Foundation; CSU's social media team received a 2015 Webby award; a ribbon-cutting ceremony was held for the Todos Santos research and educational center; and faculty was actively involved in gathering books to donate to the library at Hawassa University in Ethiopia.

President Frank provided an update on the voluntary IGA executed with the City of Fort Collins which demonstrates the university's commitment to be a good neighbor on the stadium and other projects and, as a state entity, to ensure the university is not paying for existing failures in the infrastructure within the city. The IGA documents existing long-standing practices and procedures. The agreement defines commitments and infrastructure changes that have been agreed upon related to the long-term growth of the campus.

The document also establishes a stadium advisory group that is modeled after a plan at the University of Minnesota and the members will be jointly appointed by the City Manager and President Frank. CSU will designate \$37,500 annually in the base budget for funding and will fundraise for an endowment to mitigate any community issues relating to the stadium construction project. The IGA has a review process and there will be an annual assessment. When asked about residential property owned by the university, President Frank responded that historically there are various annexation agreements which will be evaluated during the coming year.

Ms. Parsons distributed an information sheet on sustainability and reported CSU has achieved recognition as the first and only university in the country to achieve a platinum rating in the Sustainability Tracking and Rating System (STARS). There is a President's Sustainability Committee with representation from across the campus and the City of Fort Collins. She introduced Toni Miyamoto, co-chair of the President's Sustainability Committee.

Ms. Miyamoto presented an overview of STARS and shared a three-minute video on components of a STARS report. Highlights for CSU include 22% of courses integrate sustainability; more than 90% of academic departments are engaged in sustainability research; more than 500 sustainability-related continuing education courses are offered across Colorado and on-line; there are 18 LEED certified buildings on campus; and 80% of students register a bike with 60% primarily biking to campus. Next steps include continuing to support the President's Sustainability Committee, SoGES and other initiatives, and to increase visibility through social media. At the fall national AASHE conference, CSU will present on the "Path to Platinum." In response to questions, Ms. Miyamoto explained the living lab category to support research and to apply hands-on learning with students.

President Frank concluded his report by thanking Chair Horrell for her leadership.

Chancellor's Report: Chancellor Frank remarked that recent tradition is to present a scholarship to each of the campuses in recognition of an outgoing Chair. A report on the scholarships in honor of Chair Horrell will be presented at the August meeting.

Chancellor Frank reported, as follow-up to the February retreat, each of the campuses has developed financial affordability talking points that were included in the written report. An additional follow-up item in the report was a list of potential action items on affordability. Discussion followed and the decision was to table these action items until after the June retreat. Chancellor Frank highlighted in his written report a reference to a *Washington Post* opinion piece by Janet Napolitano.

REMARKS BY OUTGOING BOARD CHAIR

Chair Horrell shared reflections on the goals and accomplishments during her tenure as Board Chair. She expressed her appreciation for the opportunity to serve and thanked the Board and staff for their work.

With no further to business to come before the Board, the meeting was adjourned at 1:44 p.m.

Section 9

Board Meeting Evaluation

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APPENDICES

- Appendix I: Correspondence
- Appendix II: Construction Status Reports

Appendix I

Board Correspondence

| CSUS Board of Governors Correspondence Received 2/3/15 - 4/28/15 | | | | |
|--|---------------------|------------------|------------------------|---------------------|
| <u>Date Received</u> | <u>Email/Letter</u> | <u>From</u> | <u>Subject</u> | <u>Response</u> |
| 4/29/2015 | email | Jonathan Sautter | fossil-fuel divestment | 5/4/15 - 5/27/15 |
| 5/10/2015 | letter | Robert Zimdahl | parking permits | |
| 5/6/2015 | emal | Lisa Browne | parking permits | |

Teufel, Sharon

From: Henley, Kyle
Sent: Wednesday, May 27, 2015 3:30 PM
To: sautter.jonathan@gmail.com
Cc: Teufel, Sharon; Hartzell, Wendy
Subject: Re: correspondence

Mr. Sautter:

See response below from Mr. Zimlich. I have also copied Wendy Hartzell from Bill Ritters office who will set up some time for you to get together with Gov. Ritter, who heads up CSU's Center for the New Energy Economy.

Mr. Sautter,

Thanks for your interest in CSU's investment portfolio. I can tell you that the CSU System does not directly hold fossil fuel-related stocks. To the extent that we occasionally do, it would be a very small percentage through the various investment instruments selected by outside fund managers on behalf of the CSU Foundation. That said, I know that university leaders have looked at this issue as an institution. I would tell you that CSU, as a major research university, is a significant player within the energy research area, and it's important that we remain impartial as we work with all aspects of the energy industry to help them be more efficient and sustainable. Picking winners and losers within our investment portfolio would hurt our ability to do this important work for Colorado, our nation and the world.

While I will not be able to meet with you, I'm happy to try and connect you with someone on campus who can speak to the university's research and work in the energy sector.

Thanks for your interest.

Joe Zimlich

Kyle Henley

Assistant VP of Strategic Communications

Colorado State University

Office: 303.376.2635

Cell: 303.717.2766

Campus: 7-3652



From: Jonathan Sautter [<mailto:sautter.jonathan@gmail.com>]
Sent: Wednesday, May 06, 2015 7:52 PM
To: CSUS Board
Subject: Re: Greetings!

Wonderful, thank you Sharon!

I am reaching out to Governor Zimlich to open up dialogue regarding fossil-fuel divestment of CSU's portfolio on behalf of 350.org<<http://350.org>> Fort Collins and the student body.

I am a graduate student at CSU studying Viticulture and Enology, with a Bachelor's in Finance from Miami University (OH). I am a student trainer at Ram's Horn in Academic Village with CSU Dining Services, a member of Pi Alpha Xi, Horticulture Club, Vines to Wines Club as well as 350.org<<http://350.org>> Fort Collins.

As an campus-active student at CSU and a member of 350.org<<http://350.org>> I feel it is my duty to begin the conversation of fossil-fuel divestment. I was referred by some colleagues that Governor Zimlich may have interest in participating in a conversation with me, regarding divestment.

I have attached a brochure from 350.org<<http://350.org>> regarding Fossil-fuel divestment. Perhaps that could be the starting point of our future conversation.

Thank you for your time and consideration.

Take care!

Sincerely,

Jonathan Sautter

On Mon, May 4, 2015 at 12:42 PM, CSUS Board
<csus_board@mail.colostate.edu<mailto:csus_board@mail.colostate.edu>> wrote:
Good afternoon, Mr. Sautter:

We do not distribute personal contact information for any members of the Board of Governors. However, if you want to email Governor Zimlich in care of the Board's email address explaining why you would like to contact him, I can forward that information to him.

Sincerely,
Sharon Teufel

Office of the Board of Governors
Colorado State University System
475 17th Street, Suite 1550

Denver, CO 80202

From: Jonathan Sautter [<mailto:sautter.jonathan@gmail.com><<mailto:sautter.jonathan@gmail.com>>]

Sent: Wednesday, April 29, 2015 5:45 PM

To: CSUS Board

Subject: Greetings!

Hello,

My name is Jonathan Sautter and I am a graduate student at CSU (Fort Collins) and I was hoping to get in touch with Mr. Zimlich or his office!

Please let me know how to best reach you!

Thank you,

Jonathan Sautter

440-567-0449<<tel:440-567-0449>>

sautter.jonathan@gmail.com<<mailto:sautter.jonathan@gmail.com>>

301 E. Magnolia St 3P
Fort Collins, CO 80524

<Divesting Fossil-Fuels.pdf>

Rec'd 5/13/15

Mr. William E. Mosher, Chair, CSU Board of Governors
475 17th Street, Suite 1550
Denver, CO 80202

May 10, 2015
1010 East County Road 68
Fort Collins, CO 80524

Dear Mr. Mosher,

On April 6, 2014 I sent a letter to six Colorado legislators who represent the Larimer County/Fort Collins area and the Chair and Vice-Chair of the Joint Budget Committee. Three legislators gave me the courtesy of responding. The letter was an expression of my concern about the salary of my son, Robert O. Zimdahl, a CSU custodian - level I.

I know my son's case best, but it is my hope that my concern will be and should be extended to all the low-paid essential CSU employees. I claim that they are, and their wages confirm, the least among us. They live in the shadows. Further, I suggest they are an essential cadre of CSU employees. If all of CSU's custodians, cafeteria workers, and other service personnel failed to come to work for a few days, everyone would notice.

This year CSU has 15 employees who make less than \$20,000/year, 225 who make less than \$25,000, and 115 who make less than \$30,000. I know salary levels for State classified employees are set by the State. CSU can determine a salary within the State mandated range.

In 2015 an annual parking permit cost \$316 for (A) zone, \$276 for B zone, and \$264 for C zone. The cost of a \$316 A zone permit as % of income is interesting.

| <u>Annual gross salary</u> | <u>Number</u> | <u>% of income A zone</u> | <u>C zone</u> |
|-----------------------------|---------------|---------------------------|---------------|
| \$ 100,000 (full Professor) | 436 | 0.32 | 0.26 |
| \$ 50,000 - \$55,000 | 149 | 0.63-0.57 | 0.53 - 0,48 |
| \$ 25,000 or less | 240 | 1.26 | 1.06 |

If each of the 355 CSU employees who make less than \$25,000 per year bought a \$316 permit, total income for parking services would be \$75,840. Many do not buy one. Each of the 936 retired faculty and staff receive a free A-level permit. (I have one.) The loss of parking services income for these permits was \$295,776. The argument that parking services cannot afford to give free parking passes to those who make less than \$25,000/year is weak.

A week ago I learned that permits will be required for parking on Lake street, which is used by the least among us. There are few other places to park close to campus. This places a new burden on those who make less than \$25,000/year do and not live close to campus.

CSU does not have much influence on legislative decisions on salary ranges of State classified employees. However, the Board of Governors and the CSU administration can determine parking policy. I suggest both should consider the roles played by the least among us and the institutions moral obligation to them.

Sincerely,

Robert L. Zimdahl
Professor Emeritus

Copy to:

A. Frank, A. Parsons, J. Kefalas, J. Sturgeon, K. Stephens

Teufel, Sharon

From: Browne, Lisa
Sent: Wednesday, May 06, 2015 2:17 PM
To: CSUS Board
Subject: Upcoming Parking Model Proposal

Colorado State University Board of Governors,

At the May 7, 2015 BOG meeting Amy Parsons will present a parking model to you for approval that will significantly increase the parking fees at CSU Fort Collins starting July 1, 2015. If you approve this, students, faculty and staff will pay 40% more (from \$317 to \$442) to park on campus this year compared to last year. This increase will be across the board – the same for employees earning \$25,000 as those who earn \$175,000. Such an exorbitant increase (can you think of *ANYTHING* in your life that you paid 40% more for from one billing cycle to the next?) presents a real and present hardship to many of those needing to drive to campus. When compared to the fact that most employees at CSU would have to work 15 or more years to have a 40% increase in their salary, an increase of this amount for a parking permit is egregious.

We are told that this increase will be used to build much needed parking lots. What we are not told is that we need parking lots because the proposed main campus stadium will obliterate 1700 existing parking spaces including 57% of all the student parking. We are also not told that after the two new parking lots are available (one of which will be one mile from main campus and the other, smaller parking garage will be on the eastern edge of main campus) we will be left with less parking spaces than we have now. The parking fee increase is painful, but to know that it is needed because of a deficiency caused by the construction of a stadium that the vast majority of faculty, staff and students do not want is especially defeating. It would seem appropriate that stadium funding be used to replenish the parking that was lost to its construction. It is completely inappropriate to ask faculty, staff and students to incur this expense.

As campus employees often hear, you will likely be told that our parking permits are 40-50% lower than our peers. Beware of this allegation as “peers” is never clarified. I suspect the peers we’re compared to have different demographics, cost of living and a higher average income than at CSU. Having lower permit costs than others is not, in itself, justification for an increase.

If you would like to hear comments from the faculty, administrative staff and state classified personnel at CSU regarding the proposed parking model, please refer to the link below that is the results to a March 2015 survey on this subject.

<https://web.libarts.colostate.edu/cpd/wp-content/uploads/sites/4/2015/04/survey-data-for-report.pdf>

Please consider the financial impact this proposed parking model will have on those people needing to drive their car to work or school. For those earning

lower incomes serious sacrifices will need to be made to accommodate such a burden. As a state classified employee who has worked on campus for 33 years I have never experienced such an imposition to my work life. I ask that you do not approve a parking model that will increase parking fees 40%.



Respectfully,


Lisa Browne






Appendix II

Construction Status Reports

CSU FORT COLLINS-CONSTRUCTION STATUS OF BOND FUNDED PROJECTS

| Project | Bond \$ | Bond Project Status Picture | Occupancy | Status as of 5/15 |
|--|--|---|-----------|---|
| Willard O. Eddy Hall Renovation Total budget: \$12,500,000 | \$11,800,000 General Fund Remaining funds from classroom upgrade project |  | May 2015 | <p>Construction is complete except for landscape work to be accomplished this summer. Staff move-in has started and department classrooms are available for summer use.</p> <p>Budget includes new building entrance and upgrades to building envelope, including reclading the north and south exterior walls with “CSU” sandstone and installation of new window systems.</p> |
| Aggie Village North Total Budget: \$112,265,000 | \$112,265,000 Housing and Dining Services |  | Aug 2016 | <p>This project is a redevelopment from the low density Aggie Village married student housing to high density undergraduate and international student apartments.</p> <p>Construction is approximately 30% complete. Anticipate phased occupancy May, June and July of 2016.</p> |

| Project | Bond \$ | Bond Project Status Picture | Occupancy | Status as of 5/15 |
|--|---|--|-----------------|--|
| <p>Multipurpose Stadium</p> <p>Total Budget: \$220,000,000</p> | <p>\$220,000,000</p> <p>Stadium Revenue</p> |  | <p>Aug 2017</p> | <p>Bonds have been sold. Construction documents are in progress. Fence is up and parking lot milling has begun. Utility work to begin in June/July 2015. Ground breaking is expected in Sept/Oct 2015.</p> |

| COLORADO STATE UNIVERSITY - PUEBLO | | | | | |
|---|---|--------------------|---|--|---|
| CONSTRUCTION PROJECT STATUS REPORT | | | | | |
| Project | Total Budget & Funding Source | Construction Start | Scheduled Completion | STATUS as of 06/04/2015 | Description |
| Corridor Extension @Student Recreation Center | \$856,260 Student Rec Ctr Fee | | | Construction Completed January 2012 |  |
| South Campus Entry Drive, Parking Addition, Foyer addition, Internal Renovation @ Buell Communication Center Building | \$1,062,500 Student Fee—\$300,000 Parking funds—\$301,000 Building Repair/Replacement—\$462,500 | | | Construction Completed February 2012 |  |
| Ochiato University Center Renovation and Addition | \$30,000,000 Debt to be repaid with student fee facility fees & auxiliary services revenue | | | Ochiato University Center Schematic Design completed Value engineering in progress Pricing underway Project Completion by Design-Build Team of Nunn Construction/Slaterpaul Architects estimated 12/2017 |  |
| Exterior Door Security Access Control at all Academic Buildings Phase II | \$998,351 Controlled Maintenance | 04/2015 | 12/2015 | Add electronic card access/monitoring, new keyways, and replace worn exterior entrances at 11 academic buildings. | Project Bid on budget. Awarded to Arc Valley Construction for G.C. and to CBORD for Electronic Access Control. Construction begins May 4, 2015. Construction underway, 3 buildings wired. |
| New General Classroom Building | \$16000000 Capital Funds | | Construction Start 06/14 Estimated Completion 07/15 | Construction is 88% complete On time and on budget Fall 2015 Classes are scheduled G H Phipps Construction Co, General Contractor |  |
| Soccer/Lacrosse Complex | \$3,100,000 cash funded project from grants and donations | | Construction began 3/2014, Completion Phase I field and bleachers June 2014, Phase 2 Building estimated August 2015 | Phase 2 building dried in, roofing, rough-in, and masonry underway Weather delays experienced in April and May 2015 (Phase I Synthetic turf field completed and in use) H W Houston General Contractor |  |