

Resolutions for Board of Governors Action – June 16, 2017

1. Audit and Finance Committee: Approval of Special Course Fees and Differential Tuition for Colorado State University for FY 2017 - 2018. *(2017-0048-061617)*
2. Certification of the Consent Agenda *(2017-0049-061617)*
3. CSU: Settlement Authorization for Approval and Execution of Settlement Agreement *(2017-0050-061617)*
4. Approval of the Framework Agreement, and those associated implementing contracts, by and between the Colorado State University System, the City and County of Denver, and the Western Stock Show Association *(2017-0051-061617)*

Board of Governors of the
Colorado State University System
Meeting Date: June 16, 2017
Action Item

MATTER FOR ACTION:

Approval of Special Course Fees and Differential Tuition for Colorado State University for FY 2017 - 2018.

RECOMMENDED ACTION:

MOVED, that the Board of Governors approve the proposed rate/rate increases for the 2017-2018 Fiscal Year, as listed in the MATTERS FOR ACTION and as presented on June 16, 2017, in the Audit and Finance Committee presentation to the Board of Governors.

EXPLANATION:

Presented by Lynn Johnson, Chief Financial Officer, Colorado State University System

This action item represents additions to the culmination of a yearlong discussion with the Board of Governors about the upcoming FY 2017-2018 financial structure for Colorado State University. Adoption of the budgetary items are in accordance with past board policies and are required by various statutes or policies of the Colorado Commission on Higher Education (CCHE).

This item is recommended by the Board of Governors Audit and Finance Committee.

Approved

Denied


Board Secretary

Date

6/16/17

CERTIFICATION OF CONSENT AGENDA ITEMS

The undersigned Secretary of the Board of Governors for the Colorado State University System hereby certifies:

That with a unanimous affirmative vote of the voting members of the Board of Governors at a duly held meeting thereof on June 16, 2017, the consent agenda items listed below were referred for consideration of approval and were adopted:

- Colorado State University System
 - Minutes of the April 28, 2017 Special Board Meeting
 - Minutes of the May 2-3, 2017 Board and Committee Meetings

The consent agenda items together with a record of the votes for the resolutions have been recorded and will be entered into the full minutes of the duly held June 16, 2017, meeting of the Board of Governors.



Scott C. Johnson, Secretary

Date 6/16/17

MATTERS FOR ACTION:

CSU: Settlement Authorization for Approval and Execution of Settlement Agreement.

RECOMMENDED ACTION:

MOVED, that the President of Colorado State University is hereby granted settlement authority relating to a legal matter discussed by the Board in its executive session, in accordance with the limitations outlined in said discussion.

FURTHER MOVED, that the President of Colorado State University is authorized to execute a settlement agreement that resolves the legal matter discussed in Executive Session, with modifications made in consultation with the Office of the General Counsel.


EXPLANATION:

Presented by Dr. Tony Frank, President, Colorado State University; and Jason L. Johnson, General Counsel, Colorado State University System

In order to facilitate the possible settlement of a pending dispute, the Board is being asked to grant the President of Colorado State University certain settlement authority and authorization to execute appropriate documentation.

Approved

Denied



Scott C. Johnson, Board Secretary
6/16/17

Date

Stretch Goal or Strategic Initiative: None.

MATTERS FOR ACTION:

The Board of Governors of the Colorado State University System (Board): Approval of the Framework Agreement, and those associated implementing contracts, by and between the Colorado State University System, the City and County of Denver, and the Western Stock Show Association.

RECOMMENDED ACTION:

MOVED, that the Board of Governors of the Colorado State University System hereby approves the National Western Center project between the City and County of Denver, the Western Stock Show Association, and the Colorado State University System for the joint development and administration of the National Western Center campus, as set forth in the Framework Agreement by and between those parties.

FURTHER MOVED, that the Chancellor of the Colorado State University System is hereby authorized to sign the Framework Agreement and any implementing contracts, including but not limited to purchase contracts and the acquisition documents for the three CSU Parcels to be used for the CSU Water Resources Center, the CSU Equine Sports Medicine Facility/Community Outreach Clinic, and the CSU Center located at the National Western Center campus, which would be acquired from the City and County of Denver using the funding authorized and established by House Bill 15-1344, as well as any other documents necessary and appropriate to consummate the project and its related transactions, with modifications made in consultation with the Office of the General Counsel.

EXPLANATION:

Presented by Dr. Tony Frank, President, Colorado State University and Chancellor of the Colorado State University System; and Amy Parsons, Executive Vice Chancellor, Colorado State University System

In 2015, the General Assembly of the State of Colorado adopted House Bill 15-1344, which authorized the Treasurer of the State of the Colorado to issue up to \$250 million of lease purchase certificates to fund CSU facilities at the National Western Center campus and CSU's Fort Collins campus, with \$200 million of such state-authorized funding to be used for three CSU buildings to be located on the National Western Center campus: a Water Resources Center; an Equine Sports Medicine Facility/Community Outreach Clinic; and a CSU Center (collectively, the "CSU NWC Buildings"). The CSU NWC Buildings are identified in the attached diagram.

At the time it adopted House Bill 15-1344, the General Assembly found that it is important to sustain and grow the National Western Stock Show in Denver for the next one hundred years so that Denver and the State can continue to realize the benefits that the Stock Show provides, as well as the additional benefits estimated to accrue from its transformational redevelopment. An economic analysis prepared on behalf of the State estimates that developing the CSU facilities at the National Western Center campus will result in significant positive economic impacts. As Colorado's land-grant university, a substantial part of CSU's educational mission is to provide agricultural-related research, education, and outreach and support to Colorado's agriculture industry. In furtherance of its mission, CSU's focus at the National Western Center Campus ("NWC Campus") will be to advance academic, research, and outreach

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initiatives related to the States' broad-based economy in agriculture, food systems, health, and western culture.

Following the passage of House Bill 15-1344, the City and County of Denver (the "City") approved a master plan for the NWC Campus ("Master Plan"), obtained authorization to issue bonds secured by an extension of the City lodgers and car rental tax, of which \$476 million was initially committed to funding the NWC Campus, has applied for and received an award of up to \$121.5 million over thirty-six (36) years from the Colorado Economic Development Commission for development of the NWC Campus through the Regional Tourism Act ("RTA Award"), and has begun acquisition of property (exclusively within the City and County of Denver) required for implementation of the Master Plan.

The City has acquired much of the needed property for the NWC Campus site and has been actively preparing the site for development, in consultation with representatives from CSU and the Western Stock Show Association ("WSSA"). In addition, the City, CSU and WSSA (collectively, the "Parties") have been engaged in discussions to express their shared intent as to the funding, design, construction, operation, maintenance and governance of the NWC Campus. To that end, the Parties contemplate entering into a definitive agreement – the Framework Agreement – to memorialize their respective and ongoing responsibilities as to the funding, design, construction, operation, and maintenance of the NWC Campus, as well as the joint formation of the National Western Center Authority (the "Authority"), which would be a Colorado nonprofit corporation, all of which is consistent with House Bill 15-1344, the RTA Resolution and the Term Sheet that was signed by the Parties in October 2015.

The Framework Agreement has several key components. It memorializes the long-term commitment of the Parties and contemplates a contract term of 50 years, with two 25 year renewal options. Also, the Framework Agreement outlines the form, formation and powers of the Authority, which will be a Colorado nonprofit corporation with certain limited powers. The Authority's Board of Directors will likely consist of eleven (11) voting directors and one (1) non-voting director. The Mayor of the City would appoint seven (7) voting directors, subject to confirmation by the City Council, and CSU and WSSA each appoint two (2) voting directors.

The Framework Agreement also addresses the various funding by the Parties for the NWC project. The acquisition and construction of the CSU NWC Buildings will be funded by \$200 million from the lease purchase certificates set forth in House Bill 15-1344 (commonly referred to as "Certificates of Participation" or "COPs"), and the Framework Agreement acknowledges that funding source. The City will be contributing not less than \$622 million from excise tax revenue bonds authorized by the November 2015 election, plus amounts realized from the RTA Award of \$121.5 million, and additional amounts from other sources. Similarly, WSSA will be paying \$50 million to the City for expenditure on initial NWC campus development and is also conveying certain WSSA property to the City for the project. In addition, the Framework Agreement describes the initial funding needed to establish and sustain the Authority during the start-up phase of the NWC project. The Parties contemplate making equal contributions to those expenses during the start-up period.

The City has made significant progress assembling the real property that will comprise the NWC Campus, and the City is responsible for completing that task in accordance with the Master Plan, which is subject to change from time-to-time. In addition, the City is required to perform the necessary actions to deliver the sites for the CSU NWC Buildings in "pad-ready condition," which means that at the time of conveyance of a parcel for a CSU NWC Building, the following have been performed: (a) completion of abatement and demolition of above-ground existing structures; (b) removal of existing in-use underground utilities; (c) completion of site clearance; (d) bulk earthworks and associated grading; (e)

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environmental site clean-up to support future land use; (f) provision of temporary and permanent utilities to the parcel; and (g) provision of perimeter sidewalks, bike paths, street lighting, and landscaping.

As set forth in the Framework Agreement, from the House Bill 15-1344 COP proceeds, CSU would agree to pay the City for the actual allocated cost of providing the parcels for the CSU NWC Buildings (the "CSU Parcels") in pad-ready condition, along with the allocated cost of acquiring the parcels and providing the associated infrastructure and utilities, which is estimated at \$32.3 million, subject to adjustment depending upon the actual costs. Under the Framework Agreement, when a CSU Parcel is in pad-ready condition the City will convey title in that CSU Parcel to CSU or the State of Colorado for the benefit of CSU, depending upon the formalities of the COP transaction under House Bill 15-1344. CSU would use the House Bill 15-1344 COP proceeds to acquire the CSU Parcels and design, construct, and equip the CSU NWC Buildings. The Parties estimate that the Water Resources Center will be in pad-ready condition in 2019, the Equine Sports Medicine Facility/Community Outreach Clinic will be in pad-ready condition in 2020, and the CSU Center will be pad-ready some time thereafter. The locations of the CSU Parcels and the CSU NWC Buildings within the NWC Campus will be identified in the Master Plan, although that location is subject to change, and the final location and legal description of each CSU Parcel and CSU NWC Building may not be determined until sometime in the future following completion of the initial NWC campus development.

Finally, under the Framework Agreement, the Authority will oversee and manage the general operations of the NWC Campus, including the facilities leased by the Authority to WSSA and any third-party. CSU will be responsible for the programming, operations and maintenance of the CSU NWC Buildings. The Authority will also control and manage the master schedule for the NWC Campus, except for the CSU NWC Buildings, with the parties working cooperatively to fully utilize the NWC Campus.

This resolution gives the Chancellor the authority to enter into the Framework Agreement and any associated contract, such as the formal purchase and sale agreements and acquisition documents for the CSU Parcels, provided they meet the approval of the Chancellor and the Office of the General Counsel. In addition, any Board approval needed for the specific financing transactions involving the lease purchase certificates authorized by House Bill 15-1344 or any other financing related to the acquisition of the CSU Parcels will occur through a separate Board resolution.

Approved Denied



Scott C. Johnson, Board Secretary

Date 6/16/17