

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS RETREAT
CSU Pingree Park Campus
June 18-20, 2014**

ROLL

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

Administrators present: Michael Martin, Chancellor, CSU System; Tony Frank, President, CSU; Lesley Di Mare, President, CSU-Pueblo; Becky Takeda-Tinker, President, CSU-Global Campus; Rick Miranda, Chief Academic Officer, CSU System, and Provost and Executive Vice President, CSU; Allison Horn, Director of Internal Auditing, CSU System; Michael Nosler, General Counsel; 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: Kyle Henley, Director, Denver Public Relations, CSU; Thomas Meredith, Facilitator, Association of Governing Boards.

JUNE 18, 2014

Following a 6:30 p.m. dinner, Chair Horrell convened the retreat for an informal session with Board members sharing why they agreed to serve on the Board. Dr. Meredith then provided an overview of the agenda and facilitated creating a list of priorities and issues for the Board to begin its work the next day. The evening’s activities adjourned at approximately 8:30 p.m.

JUNE 19, 2014

Chair Horrell convened the retreat at 8:31 a.m. and reviewed the day’s agenda. She then turned the meeting over to Dr. Meredith.

GOVERNANCE

Role and Responsibilities of the Board: Dr. Meredith commented on the responsibility of the board to set policies and on the trust placed on the board by the state and legislators, students and parents, and the local communities. He describes ways boards can be mediocre and outlined the role of governing boards. Dr. Meredith noted that, while the board should listen, the board is a body corporate and only the full board can act. He reviewed the hallmarks of effective boards and the essential responsibilities of governing boards including fiduciary responsibility; accountability for quality; definition of the educational mission; and oversight of the public trust.

The board recessed for a break at 9:42 a.m. and reconvened at 9:55 a.m.

Dr. Meredith outlined responsibilities of individual board members and shared ways to be a great board member with the motto of “students first”. He then asked for input on personal commitments. Dr. Meredith stressed the importance of communication, trust and strong relationships, and advised the board to first seek to understand, and then to be understood.

Expectations: Dr. Meredith asked the board to provide expectations of the Chancellor and then provided additional information from other institutions. The campus Presidents were asked to provide their expectations of the Chancellor. The Chancellor and the Presidents were then asked to share their expectations for the Board.

The suggestion was made that the Presidents reach out to board members as a resource and the responsibility of the individual members to bring issues to the full board. The Chancellor and Presidents are responsible for keeping the board informed on current issues, but also potential issues such as upcoming legislation. The General Counsel should be included in any communications wherein legal advice may be sought. There was discussion on the role of the chair to provide direction and differentiate issues for the entire board, and agenda items vs. issues of interest to particular individual board members. The recommendation was made to keep the chair informed and included in communications.

At 11:22 staff, except for the Chancellor and General Counsel in the role of Executive Secretary, was dismissed for the next session. The board discussed with the expectations identified for the Chancellor to assure that both sides of the equation were being met. The Board then recessed for lunch and the retreat was reconvened at 1:12 p.m.

COMMITTEES AND MEETING STRUCTURE

Dr. Meredith explained the next segment of the retreat would address committees and meeting structure. Board members shared how committees currently meet on one day with a redundancy the next day with committee reports with the action items approved. There was discussion on the work, the role and structure of the committees; how to address the larger issues facing higher education with more time for discussion; and logistical challenges with concurrent committee meetings.

Chair Horrell suggested committees of the whole with appointments of committee chairs and vice chairs who will direct the agendas of their respective committees. Each voting member could be assigned a committee leadership responsibility based on preference. The non-voting members would be members of each of committee with the exception of the Evaluation Committee that is composed of the voting members. The Board chair and staff will provide assistance in identifying the bigger issue topics. The suggestion was made to use the strategic plan to assist in identifying relevant topics.

The committees could be convened mid-morning on the first day as part of the regular board meeting with actions to be taken at that time. The public notice would reflect this change in procedure. Faculty and staff representatives would be allotted time to bring to the Board’s attention any significant matters in lieu of recapping the written reports. The campus Presidents would be allotted time as necessary to also bring forth matters not contained within their written reports. Time would be allotted on the second day of the meetings for more substantive discussions.

There was general concurrence with this approach and a willingness to try it for a few meetings and make adjustments as needed. Due to the commitment of a half day in August for the work of the Evaluation Committee, the new structure will be more fully implemented with the October meeting.

FIVE-YEAR OUTLOOK

Dr. Meredith asked each of the Presidents to provide an overview of the five-year outlook for their respective campuses.

CSU-Pueblo: President Di Mare reported a more in-depth presentation on the CSU-Pueblo five-year plan would be provided the next day during the Board meeting. She provided an overview of academics through developing the partnerships with CSU-Global Campus and collaboration with other institutions; developing new degree programs including additional 2+2 programs and more online programs; and identification and further development of signature programs such as Mass Communications. CSU-Pueblo will need to continue to right-size for the future by analyzing upcoming retirements and determining whether positions need to be filled. The institution will need to be creative in generating revenues. The strategic plan has been developed and includes metrics on recruitment, retention and graduation which align with the CCHE performance plan. Athletics will continue to be an important dimension.

Risk assessments on auxiliaries will continue to be important; ways to fill the residence halls need to be explored; and the issue of the continuing decline of the Belmont Hall infrastructure will need to be addressed. The renovation of the Occhiato University Center should be completed in three years; the soccer and lacrosse fields are almost completed; and the general academic building should be finished by the end of next year.

Enrollment is projected to not exceed 5,000 by 2018 and retention rates are projected at 70%. Graduation rates for the past six years are at 34% and will need to improve. Hispanic FTE enrollment is currently at 34% and expected to increase by 10% to 20%. Nonresident enrollments are also expected to grow. When asked about the former rodeo program, President Di Mare explained the program was a club sport, not a major, and the revitalization of the program can be explored as a potential revenue stream.

CSU-Global Campus: President Takeda-Tinker reported growth over the next five years should remain steady with an aggregate of 20,000 students; 1st to 3rd year retention is expected to continue at 80+%; and graduation rates should be about 70%. She commented on CSU-Global Campus' individualized approach to education to leverage technology and multiple options, including online and hybrid, for nontraditional students. CSU-Global Campus will move to Schoology in the fall that will provide students multiple pathways for courses, assignments, and degree completion for life-long learning. Through the Academy of Education Innovation, CSU-Global Campus will provide industry leadership and potentially fund small, innovative projects and research.

President Takeda-Tinker explained the concept of a new technology transfer entity. Next steps would be to continue the due diligence and work with General Counsel to hire outside legal expertise to develop a proposal to bring to the Board. The Board expressed support for President Takeda-Tinker moving forward with developing the research to develop a prospectus for possible presentation at the August meeting.

CSU: President Frank explained the CSU 2020 model that allows assumptions to be set and financial stress tests run with specific parameters. He reviewed the outcomes of a model run on the assumption of state funding remaining steady over the next five years. Philanthropy is expected to remain strong; enrollment trends indicate headcount at over 35,000 with tuition maintaining the current market position; and financial aid should increase.

Faculty salaries should remain in the 92-98% peer average range and student-faculty ratios should keep pace. Bonded debt capacity, if the financial model holds, should allow enough growth to construct academic buildings. Retention and graduation rates should increase, and the institution is well-positioned

relative to extension and international programs. Progress should be realized in research; there will be technological changes to assist with higher order learning skills; IT systems are sound; and there will be changes due to routine turnover within the leadership team.

Challenges for the future, in addition to state funding, include pressure on federal R&D funding and on independently funded research grants with larger collaborations on bigger projects, and aggressive growth at the bigger institutions. Continued efforts towards attainment of AAU status could create difficult decisions and there is uncertainty of the future of athletics with changes occurring in the NCAA. When asked about the impact of the growth of the larger institutions and market niche, President Frank responded that CSU can promote the advantages of attending a school of its size by maintaining the value proposition and reputation; to continue to have a good physical plant and solid fiscal foundation; and to effectively serve Colorado and market to nonresident populations.

When asked about requirements for freshmen to stay in dormitories at CSU-Pueblo, President Di Mare explained the 50 mile radius and the requirement for all athletes for one year. There was discussion on the impact of the expansion of the larger institutions, particularly on four-year comprehensive regional schools, the impact on local communities, and potential shifts in state funding. There are advantages and differentiators for CSU-Pueblo from other regional universities as part of a land grant system with potential pathways to its sister institutions.

Chancellor Martin explained that his role and the role of the System are to add value to the aspirations and directions of the campuses. He commented on the changing world of higher education nationally with stress from many directions and the challenges of setting strategies with the potential success dependent upon factors beyond the control of the System.

Chancellor Martin commented on how the CSU System can be the system with the capital “S” that can fundamentally transform the higher education system with a small “s” in the state of Colorado through innovations and collaborations. The CSU System will continue to assist CSU-Pueblo in becoming fiscally sustainable with an excellence-driven student success-oriented path with new forms of revenue and new methods to control costs. With an increasing online market, efforts will be made to ensure CSU-Global Campus continues to be innovating in terms of breadth and profit line.

Chancellor Martin explained why he believed there should be a continued commitment for CSU to achieve AAU status with investments on the campus and through connections among colleagues. He commented on changes occurring with the NCAA landscape and accreditation, particularly in accountability.

Dr. Meredith explained the retreat would conclude the next morning by examining the issues identified by the Board and identifying a work plan for the coming year. The retreat adjourned for the day at 4:00 p.m.

JUNE 20, 2014

Chair Horrell convened the retreat at 8:30 a.m., recapped the previous day’s activities, and reviewed the day’s agenda. She asked voting members to provide their preferences for committees. The new committee structure will then be finalized for the August meeting.

Dr. Meredith reviewed highlights from the *Chronicle of Higher Education* from a 2014 survey on what college presidents think about the changes in American higher education including a high percentage of college presidents think American higher education is either the best or among the best in the world; more than half believed public universities are an excellent or very good value for the money; and two-thirds believe higher education is headed in the right direction.

Dr. Meredith recounted the issues cited during the pre-retreat telephone conversations and asked for feedback on additional issues. Following discussion on campus vs. system strategic plans, and the relationship of the strategic plans with the CCHE performance contract, Dr. Meredith recommended that the strategic plan be revisited annually to affirm the goals for the next year and to address the larger, long-term issues. In addition to the strategic plan, another major area of focus identified is succession planning. The Board worked with Dr. Meredith to align the issues identified within the four major priorities of the System strategic plan and to the work of the committees or the Board as a whole as follows:

- *Ensure Student Success*: issues for the Academic and Student Affairs Committee include tuition, access, retention, athletics, demographics/diversity.
- *Expand Statewide Services*: issues for the entire Board include advocacy, Denver South Initiative
- *Create Financial Sustainability*: issues for the Finance Committee include CSU-Pueblo finances, utilization of the CSU-Global Campus resources, tuition, funding.
- *Transform Colorado's Future*: issues for the entire Board include CSU-Global Campus' new tech-transfer initiative, demographics.

Chair Horrell remarked that the Board now had a basic framework for a work plan for regular reports and the work of the committees. She thanked the Board and Dr. Meredith for their work. The retreat concluded at 9:58 a.m.

**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS MEETING
CSU Pingree Park Campus
June 20, 2014**

CALL TO ORDER

Chair Dorothy Horrell called the meeting to order at 10:01 a.m.

ROLL

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

Administrators present: Michael Martin, Chancellor, CSU System; Tony Frank, President, CSU; Lesley Di Mare, President, CSU-Pueblo; Becky Takeda-Tinker, President, CSU-Global Campus; Rick Miranda, Chief Academic Officer, CSU System, and Provost and Executive Vice President, CSU; Allison Horn, Director of Internal Auditing, CSU System; Michael Nosler, General Counsel; 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: Kyle Henley, Director, Denver Public Relations, CSU; Thomas Meredith, Facilitator, Association of Governing Boards; Karl Spiecker, Vice President for Finance and Administration, CSU-Pueblo.

Chair Horrell convened the meeting and asked General Counsel Nosler to administer the oath of office for the new nonvoting members: Samantha Guinn, Student Representative, CSU; Michael Mincic, Faculty Representative, CSU-Pueblo; and Timothy Zercher, Student Representative, CSU-Pueblo. General Counsel Nosler then asked the Board members to contact him with any changes to their conflict of interest disclosure statements.

PUBLIC COMMENT

Chair Horrell noted there was no one signed up for public comment.

BOARD CHAIR’S AGENDA

Chair Horrell thanked the Board members who were involved in the campus commencement activities and noted there was nice representation at all three campuses. She reported she participated in the community tour of Northeast Colorado with Chancellor Martin, President Frank and other CSU representatives to talk with county commissioners and other elected officials, alumni, donors and extension agents. The tour will continue the following week on the Western Slope.

Chair Horrell explained the meeting calendars for FY 2014-15 and FY 2015-16 included in the meeting book required approval. **Motion/Action:** Governor Johnson made the motion; Governor Tour seconded; and the motion was carried unanimously.

EXECUTIVE SESSION

Chair Horrell indicated the next agenda item was the executive session. General Counsel Nosler read the meeting into executive session for the purposes as set forth in the public notice. **Motion/Action:** Governor Gustafson made the motion to convene in executive session; Governor Johnson seconded; and the motion passed unanimously. The meeting convened in executive session at 10:14 a.m. and reconvened in the open public meeting at 10:47 a.m.

AUDIT AND FINANCE COMMITTEE

Chair Horrell explained the Audit and Finance Committee would meet as a committee of the whole to consider the Fiscal Year 2014-15 budget for CSU-Pueblo and the CSU System office. She asked Committee Chair Flores to chair the meeting.

Committee Chair Flores confirmed there were no audit items to be brought before the committee and a report would be presented at the August meeting. He asked Rich Schweigert, Chief Financial Officer for the CSU System, to present the budget resolution.

Mr. Schweigert explained the CSU System budget is a continuation budget that contains salary increases for staff and no new additional staff. The budget is made up of the Chancellor's Office, Internal Auditing, the Office of General Counsel, and the Board of Governors Office.

Mr. Schweigert noted the positive direction that has occurred under the leadership of Karl Spiecker, Vice President of Finance and Administration, CSU-Pueblo, and pointed out the report by President Di Mare included in the meeting book on efforts implemented to control expenses. He asked President Di Mare and Mr. Spiecker to present the CSU-Pueblo FY 2014-15 E&G budget.

President Di Mare reviewed the CSU-Pueblo five-year plan on the enrollment assumptions; enrollment projections; new enrollment building initiatives including aggressive efforts through the partnership with Royall; efforts to leverage the partnerships with CSU-Global Campus; and projected retention rates. She explained timelines and projected enrollment growth for new graduate programs over the next five years and noted revenue would need to be generated to allow for these investments.

President Di Mare and Mr. Spiecker outlined potential savings through retirements and turnover based on baseline salaries and historical turnover rates. Potential scenarios were developed to be used as a management tool and each vacancy will be evaluated as efforts continue to right-size the university.

President Di Mare commented on challenges for auxiliary housing services with aging facilities. Mr. Spiecker explained the long-term challenges with meeting bond payments with current capacity and utilization of the residence halls. President Di Mare noted the future of Belmont Hall will eventually need to be addressed. Proactive measures are being developed to increase the number of students in the residence halls. Bond payment projections on the Occhiato University Center and the Recreational Center were provided.

Mr. Spiecker explained the FY 2014-15 E&G budget was conservative and based on the assumption of a 2.6% decline in enrollment and an anticipated net \$1.9 million reduction in revenue. The budget proposes the following tuition increases: 6% for resident and nonresident undergraduate; 6% for undergraduate

differential; and 6% resident and nonresident graduate. The increases for graduate differentials are higher and not subject to the 6% increase pursuant to SB 001. The budget anticipates \$1.3 million of new support from the Governor's \$100 million higher education initiative and there is a \$1 million base adjustment for COF and fee for service funding.

Mr. Spiecker reviewed the new expenses that include mandatory salary increases for state classified employees, PERA increases, and increased health insurance costs. There is a net expected shortfall for FY 2014-15 of \$820,000 and the potential for a positive balance the following fiscal year. President Takeda-Tinker commented on potential revenues over the next three years through the partnership between CSU-Pueblo and CSU-Global Campus.

When asked about the \$1 million adjustment in COF and fee for service funds, Lynn Johnson, Associate Vice President for Finance, CSU, explained the history of the funding model, the process to set the FTEs in the spring with the allocation then based on the fall census, and the resulting difference in closing out the FY 2014-15 budget planning. Discussions will be held to re-examine the funding model for the future.

When asked about the \$600,000 in reductions for the coming year, Mr. Spiecker explained the savings through reductions of one-time expenses and the 2% reduction in operating lines, except for instruction, that occurred in the current year. He explained how the indirect recovery cost formula had not been examined in several years and the realization that not enough fee revenue was being collected to cover certain portions of auxiliary operations. There is 9.7% increase in fees being requested as part of the FY 2014-15 budget to offset the cost of athletics and appropriate overhead expenses.

Discussion followed on the categorization of the \$500,000 for the faculty buyouts and the \$820,000 for the deficit for the upcoming year as a loan that could be potentially forgivable or repaid through the partnership with CSU-Global; any potential implications with the upcoming HLC accreditations; and the need for future discussion on System reserves and funds generated through CSU-Global.

Motion/Action: Governor Tuor made the motion to amend the FY 2014-15 budget resolution as follows: The deficit of (\$820,713) as reflected in the CSU-Pueblo E&G Budget materials submitted this date, plus the previously approved advance of \$500,000 to fund the CSU-Pueblo faculty buyouts, shall constitute a loan to CSU-Pueblo from the CSUS reserves in the aggregate amount of \$1,320,713. The terms of the loan will be presented by the staff to the Board at its August meeting. Governor Robbe Rhodes seconded and the motion was unanimously passed.

The meeting was recessed for a break at 12:18 p.m. and reconvened at 12:28 p.m.

RESOLUTIONS AND CONSENT AGENDA

General Counsel Nosler read the matter for action to approve the acceptance of gifts and the naming in recognition of gifts relating to the Atrium in the renovated Animal Sciences Building in the College of Agricultural Sciences as discussed in Executive Session. **Motion/Action:** Governor Gustafson made the motion; Governor Zimlich seconded; and the motion carried unanimously.

General Counsel Nosler read the matter for action to approve the establishment of the Colorado State University Other Post-Employment Benefits Trust and the documents attached. **Motion/Action:** Governor Tuor made the motion; Governor Flores seconded; and the motion passed unanimously.

General Counsel read the matter for action to approve the FY2014-2015 E&G operating budget and incremental increases and expenditures along with approval of all tuition, tuition differentials, fees, fee policies and manuals, room and board, dining, and other rates and charges for Colorado State

University-Pueblo, and approval of the CSU System Office budget. Also approval of the 2-year cash funded capital construction list for CSU and State funded Capital construction list for CSU-Pueblo. This matter for action was amended during the Finance Committee and such amendment will be reflected in the minutes. **Motion/Action:** Governor Robbe Rhodes moved to approve the amended resolution. Governor Johnson seconded and the motion was unanimously carried.

General Counsel Nosler indicated the final matter for action was approval of the Consent Agenda. Chair Horrell noted the items to be approved consist of the minutes from the May 8 and 9, 2014, meetings. **Motion/Action:** Governor Schiffelbein moved; Governor Zimlich seconded; and the motion passed unanimously.

CHANCELLOR'S REPORT

Chancellor Martin reported he, Rich Schweigert and campus staff, in collaboration with other committees and the CCHE, will be working during the summer on the implementation of HB 1319. Mr. Schweigert explained the provisions of HB 1319 for a new performance funding model with both mandatory requirements and subjective parameters. The general plan is for the CCHE to present the legislature with a model by December 5th.

Chancellor Martin reported on a visit to explore joint ventures between the CSU College of Agriculture and the Navajo Nation. Additionally efforts are being explored with each of the four land grant institutions in the states that are part of the Navajo Nation to create a 2+2 program with Diné, the Navajo national college. The program would create AA degrees in agricultural and natural resources through assistance from CSU-Global Campus with agreement by the institutions on the curriculum and transfer credits.

Chancellor Martin reported the CSU System Office is exploring the possibility of relocating the System office in Denver and the Board will be kept apprised as discussions move forward.

LAND GRANT SYSTEM TASK FORCE

Chair Horrell recounted how two task forces were launched at the February meeting. The Efficiencies Task Force that was created to explore efficiencies across the CSU System provided a preliminary report at the May meeting and continues its work under the leadership of Mr. Spiecker. The Land Grant Task Force was created to capitalize on the CSU System as the state's land grant system.

President Frank reported that a committee has been created and is primarily focused on the concept of regional engagement centers. He recounted how originally CSU considered creating engagement centers in each of the state's three regions and one center in Sterling was created and partially funded. Building upon that experience, the task force under the direction of Dr. Ajay Menon, Dean of the CSU College of Business, is exploring creating a second regional engagement center, now referred to as E-Centers, in the Pueblo area to assist with community planning and development. A more complete report will be provided at the August meeting.

Chancellor Martin reported that \$50,000 contained within the System's budget will be utilized for a joint venture with the CSU Engagement Office to create a Rio Grande River Corridor Compact as an outreach engagement from the headwaters in Colorado to El Paso. The outreach programs will draw in activities in the Pueblo area. Several universities have expressed interest in working together culturally, economically and socially on the engagement project. Chancellor Martin reminded the Board that this is the 100th anniversary of CSU's Extension Service.

BOARD MEETING EVALUATION

Feedback on the meeting included appreciation for the new direction and format for future meetings, and appreciation for the work of President Di Mare and Mr. Spiecker with the positive direction for CSU-Pueblo. More information on the new committee structure will be provided at the August meeting.

Chair Horrell expressed the Board's appreciation to the Pingree staff for hosting the retreat. She thanked the Board members for their commitment and attendance at the retreat and the System staff.

With no further business to conduct, the meeting was adjourned at 12:58 p.m.