

Colorado State University System
Board of Governor's Meeting – February 8, 2012
Action Item

Stretch Goal or Strategic Initiative: Goal One and Three

Approved

MATTERS FOR ACTION:

Authorization for Issuance of: System Enterprise Revenue Refunding Bonds.

RECOMMENDED ACTION:

MOVED, that the Board of Governors hereby authorizes the System CFO, in conjunction with the CSU-Fort Collins and CSU-Pueblo campuses, to structure a System Enterprise Revenue Refunding Bond issuance, provided that such bond issuance provides an aggregate net present value savings of no less than 3% of the refunded bonds.

FURTHER MOVED, that the Board hereby authorizes the Chief Financial Officer of the System to approve modifications to the Fifth Supplemental Bond Resolution and other documents described therein or necessary to close the sale of the System Enterprise Revenue Refunding Bonds, (collectively, the "Transaction Documents") to the extent appropriate to obtain favorable execution or as otherwise financially advantageous to the System as determined by the Chief Financial Officer.

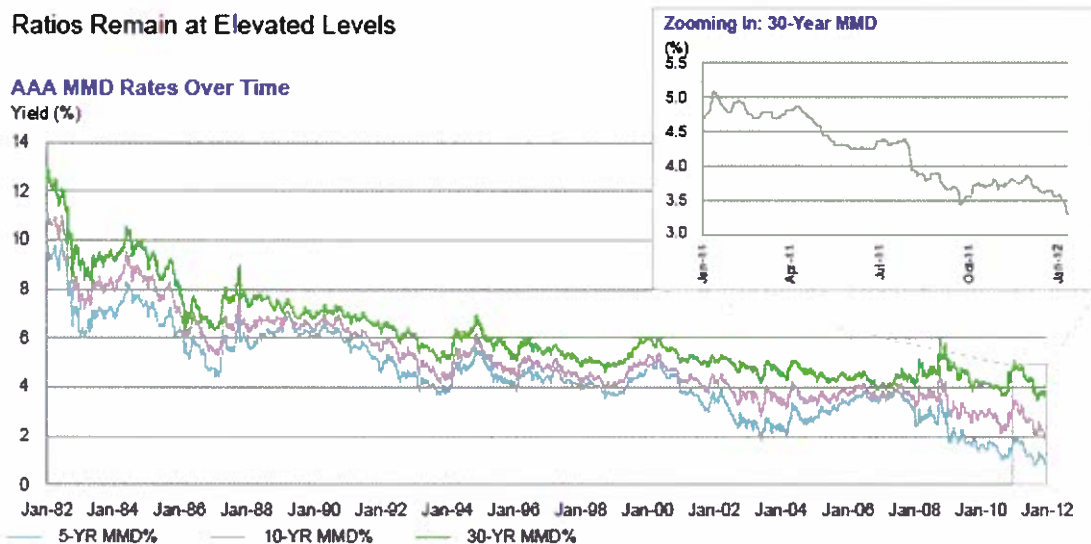
EXPLANATION:

Presented by Richard Schweigert, Chief Financial Officer, Colorado State University System

The municipal bond market has experienced very strong start in 2012. Bond interest rates have fallen by up to 41 basis points thus far this year. On January 12, 2012 rates dropped to historical lows which have not been seen in the past thirty years.

Municipal Yields Near All-Time Lows

Ratios Remain at Elevated Levels



This recent drop in rates has led to numerous refunding opportunities on our outstanding debt. In order to fully discuss these opportunities with the campuses, to fully analyze these opportunities and structure a refunding bond issue that provides maximum benefit to the campuses, we are requesting the Board's approval to develop a System Enterprise Revenue Refunding Bond that will be sold as soon as practical in order to take advantage of the savings opportunities available in this current bond market, without having to bring forth the usual board agenda items in a future meeting(s).

Preliminary analysis has indicated that potentially up to \$200 million of outstanding bonds may be economically refunded at this time. This amount would represent approximately 40% of our total outstanding debt portfolio.

Such a refunding would only be conducted if a minimum aggregate net present value savings of 3% of the refunded bonds can be achieved. The Board's Debt Management Policy stipulates that any refinancing must provide positive savings only. Therefore the 3% savings figure is a more conservative hurdle.

Approval of this item, will allow the System Office to pursue a System Enterprise Revenue Refunding Bond issue, sell the bonds and close the transaction, provided a favorable savings level is achieved.

X
Approved

Denied



Ed Haselden, Secretary

2/9/12
Date

Colorado State University System
Board of Governor's Meeting – February 8, 2012
Action Item

Stretch Goal or Strategic Initiative: Goal One and Three

Approved

MATTERS FOR ACTION:

Approval of Issuance of: System Enterprise Revenue Bonds, Series 2012A.

RECOMMENDED ACTION:

MOVED, that the Board of Governors hereby approves and adopts The Board of Governors of the Colorado State University System Fifth Supplemental Resolution (“Fifth Supplemental Bond Resolution”) authorizing the issuance of Tax-Exempt System Enterprise Revenue Bonds, Series 2012A, substantially in the form attached hereto and incorporated herein by this reference;

FURTHER MOVED, that the Board hereby determines that it will accept on behalf of the System, guarantee of timely payment of principal of and interest on the System Enterprise Revenue Bonds, Series 2012A by the State Treasurer pursuant to C.R.S. Section 23-5-139 and directs the Chief Financial Officer of the System to file with the State Treasurer a copy of the Fifth Supplemental Bond Resolution, and the name, address and telephone number of the 2012A Paying Agent.

FURTHER MOVED, that the Board hereby authorizes the Chief Financial Officer of the System to approve modifications to the Fifth Supplemental Bond Resolution and other documents described therein or necessary to close the sale of the System Enterprise Revenue Bonds, Series 2012A (collectively, the “Transaction Documents”) to the extent appropriate to obtain favorable execution

or as otherwise financially advantageous to the System as determined by the Chief Financial Officer.

EXPLANATION:

Presented by Richard Schweigert, Chief Financial Officer, Colorado State University System

PRIOR ACTION OF THE BOARD

Single Enterprise Status

At its May 2, 2007 meeting, the Board of Governors re-adopted a resolution (originally adopted October 7, 2006) designating Colorado State University and Colorado State University-Pueblo as a single enterprise. This designation has been reviewed and certified by the Office of the State Auditor and Legislative Audit Committee.

Master Bond Resolution

On June 20, 2007 the Board adopted the Master Bond Resolution, which created a legal structure pursuant to which subsequent future “supplemental resolutions” are adopted by the Board to authorize the issuance of specified bonds to fund specified projects. The Master Bond Resolution defined the revenues to be pledged at the System level for any bonds subsequently authorized by supplemental resolution, set forth general terms and conditions applicable to future bond issues including how such bonds may be authorized, issued, redeemed and executed, the use of bond proceeds generally, administration of and accounting for bond revenues generally, terms pertaining to the issuance of additional bonds, bondholders’ privileges, rights and remedies, and defined the System’s covenants with respect to bonds issued by supplemental resolution under the Master Bond Resolution. The Master Bond Resolution provides a flexible structure to facilitate a variety of future bond issues over time, although it may be amended if financial conditions and/or available financial products warrant changes in the future.

First Supplemental Resolution – 2007A-C Bonds

The First Supplemental Resolution authorized the sale of the System Enterprise Series 2007A-C Bonds in order to finance the 2007

Improvement Projects and the 2007 Refunding Project. The 2007 Improvement Projects included:

<u>Project</u>	<u>Campus</u>	<u>Proceeds</u>
Academic Instruction Building	CSU	\$45,000,000
Research Innovation Center	CSU	52,000,000
Athletics Facilities	CSU	20,000,000
University Center for the Arts	CSU	15,006,900
Computer Science Building	CSU	12,993,100
Rockwell Hall Addition	CSU	8,000,000
RBRF MMAP Building	CSU	4,615,927
Chiller Plant	CSU	2,800,000
Greenhouse and Research Space	CSU	1,550,000
Animal Research Infrastructure	CSU	1,500,000
Research Campus Renovations	CSU	1,400,000
Student Recreation Center	CSU-Pueblo	<u>10,116,387</u>
Total 2007 Improvements Projects		\$174,982,314

Second Supplemental Resolution – 2008A Bonds

The Second Supplemental Resolution authorized the sale of the System Enterprise Series 2008A Bonds in order to finance the 2008 Improvement Projects, which included the following projects:

<u>Project</u>	<u>Campus</u>	<u>Proceeds</u>
Academic Village Phase 1B	CSU	\$22,144,617
Lake Street Parking Garage	CSU	21,600,000
Student Recreation Center	CSU	32,122,697
Academic Computing Center	CSU	<u>1,998,000</u>
Total 2008 Improvements Projects		\$77,865,314

Third Supplemental Bond Resolution – 2009A Bonds

The Third Supplemental Bond Resolution authorized the sale of the System Enterprise Series 2009A Bonds to finance the following projects:

<u>Project</u>	<u>Campus</u>	<u>Proceeds</u>
CSU-Pueblo Housing Project	CSU-Pueblo	\$49,507,547
CIRA Facility Expansion	CSU	<u>1,200,000</u>

Total 2009A project funds

\$50,707,547

Fourth Supplemental Bond Resolution – 2010A, 2010B and 2010C Bonds

The Fourth Supplemental Bond Resolution authorized the sale of the System Enterprise Revenue Bonds Series 2010A-C to finance the following projects:

<u>Project</u>	<u>Institution</u>	<u>Estimated Cost</u>
Engineering II	CSU	\$40,000,000
Braiden/Parmalee Addition	CSU	26,000,000
Library Expansion/Renovation	CSU	16,400,000
Classroom Renovations/Upgrades	CSU	10,000,000
Lory Theatre Repairs/Renovations	CSU	<u>6,000,000</u>
Total 2010A-C project funds		\$98,400,000

CURRENT ACTION OF THE BOARD

The Fifth Supplemental Resolution

The Fifth Supplemental Bond Resolution authorizes the sale of the System Enterprise Revenue Bonds, Series 2012A, on a parity basis with the Series 2007A-C, the 2008A, the 2009A and the 2010A-C Bonds, to finance the following projects:

<u>Project</u>	<u>Institution</u>	<u>Estimated Cost</u>
Lory Student Center Revitalization	CSU	\$60,000,000
Academic Village North	CSU	57,000,000
Animal Sciences Building Expansion	CSU	7,500,000
Engineering II Building	CSU	4,000,000
Walking Stick Apartments Refinancing	CSU-P	<u>3,400,000</u>
Total Series 2012A project funds		\$131,900,000

The Fifth Supplemental Resolution also:

- Authorizes the Chief Financial Officer to sell the 2012A Bonds on behalf of the Board with a maximum principal amount of

\$150,000,000, a maximum true interest cost not to exceed 6.0% and a maturity not later than March 1, 2044 (collectively, the “parameters”).

- Approves and authorizes the use of the Preliminary Official Statement (POS) in connection with the sale of the Bonds.
- Authorizes the Chair of the Board and/or the Chancellor of the System to determine when the POS is deemed final and to execute and deliver the Official Statement; and
- Authorizes the Chief Financial Officer to accept and execute the Transaction Documents.

Drafts of the Transaction Documents, including the Fifth Supplemental Bond Resolution, and the Preliminary Official Statement, have been made available for inspection and review by all Board members. Once the bonds are sold, the final form of the Transaction Documents will be signed by the authorized representatives of the Board, and others as appropriate, and will be filed with the Chief Financial Officer of the System.

It is anticipated that the Bonds will be priced on February 22, 2012 and the transaction will be closed (proceeds will be available) on March 1, 2012. RBC Capital Markets will act as Senior Managing Underwriter for this sale, with Morgan Stanley participating in the selling group.

CRS 23-5-139 – State Intercept Program

During the 2008 Session, the General Assembly passed Senate Bill 08-245, referred to as the “State Intercept Program,” which is codified at CRS Section 23-5-139. It applies to bonds issued after its effective date.

The State Intercept Program requires the State Treasurer to pay principal of and interest on revenue and refunding bonds issued by state institutions of higher education if the institution does not make such payment.

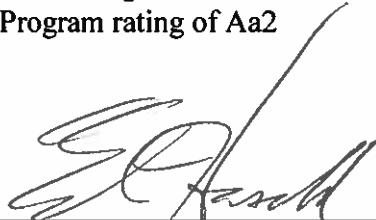
If the State Treasurer makes any such payments, it is directed to recover the amount of such payments by withholding amounts from the institution’s Fee for Service contract with the Department of Higher Education and from any other “state support” for the institution and unpledged tuition collected by the institution. This program is intended to enhance the rating of bonds issued by state institutions of higher education, and thereby reduce borrowing costs.

The State Intercept program has been utilized once by the CSU System, for the 2009A Bonds. Issuers who choose to utilize the State Intercept Program to back their bond sale will effectively receive the Program's expected Aa2 (double A quality) rating in the bond marketplace versus their own stand alone "unenanced" rating. This results in interest cost savings to the issuer due to the higher quality of the improved rating. By utilizing the State Intercept Program on our upcoming financing, the CSU System expects to realize a full one step increase in rating from our current underlying rating of Aa3 to the State Intercept Program rating of Aa2 when we market our bonds.



Approved

Denied



Ed Haselden, Secretary
2/9/12

Date

Stretch Goal or Strategic Initiative: None.

MATTERS FOR ACTION:

The Board of Governors of the Colorado State University System (Board): Approve the indemnification of First National Bank in its corporate cash management agreement with Colorado State University.

RECOMMENDED ACTION:

MOVED, that the Board of Governors of the Colorado State University System, under the authority granted by C.R.S. § 23-5-106 and in accordance with its indemnification policy, hereby approves the indemnification of First National Bank in its corporate cash management agreement with Colorado State University, as the Board has determined that this contract serves a valid public purpose and that any risks to Colorado State University are sufficiently limited and outweighed by the benefits of this contract.

FURTHER MOVED, that the President of Colorado State University or approved delegate is hereby authorized to sign the First National Bank corporate cash management agreement with modifications made in consultation with General Counsel.

EXPLANATION:

Presented by Michael Nosler, General Counsel; Jason Johnson, Deputy General Counsel

On August 10, 2011, the Board approved its indemnification policy. Under that policy, neither the Colorado State University System nor any of its institutions shall contract to indemnify or hold harmless any contractor, except as approved by the indemnification policy or without subsequent express approval of the Board. The indemnification policy allows the institutions to indemnify a contractor if the contract meets the criteria for an approved contract and only if certain procedural safeguards are followed.

Colorado State University is negotiating a corporate cash management agreement with First National Bank. Under that agreement, First National Bank would provide certain services for CSU, such as information and data delivery, online cash management, electronic transaction, paper disbursement, and depository services. The electronic transaction services, including Automated Clearing House services, are subject to the National Automated Clearing House Association (NACHA) rules and policies. The proposed agreement with First National Bank reflects those policies, which require CSU to indemnify First National Bank in connection with any reversal of a credit or debit entry that is requested by CSU. First National Bank is unwilling and unable to remove this indemnification obligation, because NACHA rules require the originating entity (CSU) to indemnify the bank that receives a reversal request (First National Bank).

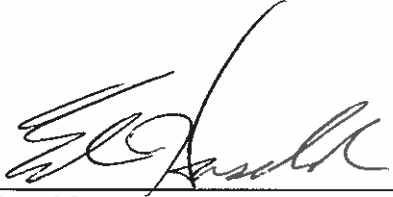
The proposed cash management agreement is attached. Section 25(d) of the proposed agreement states:

(d) [First National Bank has] no obligation to cancel or amend files or Entries after we receive them. If [CSU sends] us a Reversal and we are able to verify the authenticity of the Reversal using the Security Procedure, we will make a reasonable effort to act on your request. We will not be liable to you if such

Reversal is not effected. [CSU agrees] to indemnify us in connection with any Reversal as provided in Article 4A of the Uniform Commercial Code. Your foregoing indemnity obligation will survive termination of these Terms or any Service.

The proposed cash modification agreement with First National Bank does not meet the criteria for an approved contract under the Board's indemnification policy. Accordingly, Colorado State University could only enter into this agreement with the Board's express approval, and upon a finding by the Board that the services that would be provided under the proposed agreement with First National Bank would serve a valid purpose and any risks to Colorado State University are sufficiently limited and outweighed by the benefits of this contract. The cash management services that First National Bank would provide to Colorado State University the agreement would serve a valid public purpose.

X _____
Approved Denied


Board Secretary
2/9/12
Date

Board of Governors of the
Colorado State University System
Meeting Date: February 8, 2012
Action Item

Approved

Stretch Goal or Strategic Initiative: N/A. Board approval of this administrative action is required by statute, CCHE, Board, or university policy.

MATTERS FOR ACTION:

Land: Sale of Approximately 5 acres to the Soldier Canyon Filter Plant for water treatment plant expansion.

RECOMMENDED ACTION:

MOVED, that the Board of Governors of the Colorado State University System (Board) hereby approves the sale of approximately 5 acres of land at the Foothills Campus to the Soldier Canyon Filter Plant.

FURTHER MOVED, that the President of Colorado State University is hereby authorized to sign implementing contracts and other documents necessary and appropriate to consummate the transaction, including a purchase and sale agreement wherein the buyer agrees to accept the property in its current condition, including any known or unknown hazardous materials or other environmental contamination and agrees to release the Board of Governors from any claims arising from or related to any such contamination, and an amendment to the lease with the Colorado Division of Wildlife, with modifications made in consultation with General Counsel.

FURTHER MOVED, that the resolution to approve the sale of approximately 5 acres of land at the Foothills Campus to the Soldier Canyon Filter Plant, approved December 4, 2009 is rescinded.

EXPLANATION:

Presented by Dr. Tony Frank, President, Colorado State University

On December 4, 2009, the Board of Governors approved the sale of approximately 5 acres of land for the expansion of the Soldier Canyon Filter Plant. Since the land being sold has been used by the Colorado Division of Wildlife to study chronic wasting disease, the Board of Governors added a condition to the sale requiring the purchaser to accept the property in its current condition, including any known or unknown hazardous materials or other environmental contamination, and provide indemnification for any liability arising from such contamination.

The parties have been negotiating the purchase contract for the land which contains provisions regarding their acceptance of the land "as is" with no warranties given as to the condition of the land. However, since the parties purchasing it are three water districts which are quasi-municipal corporations under Colorado law, they have advised us that they do not have the legal authority to agree to indemnification. They are, however, willing to release the Board of Governors from all claims related to the condition of the property, including any environmental contamination.

The Soldier Canyon Filter Plant, located adjacent to the Foothills Campus, is owned and operated by three (3) water districts: Fort Collins-Loveland Water District, North Weld County Water District, and East Larimer County Water District. The Plant provides drinking water to parts of Fort Collins Larimer County, and Weld County including a number of Colorado State University properties.

The Plant needs to expand water treatment services to accommodate increased population and they have determined that the only option for plant expansion is to the north, onto land owned by the Board of Governors. The Plant owners want to purchase an approximate 5 acre tract to allow for settling pond construction. This land is a portion of the land is presently leased to the Colorado Department of Wildlife (DOW). The DOW has indicated their willingness to vacate a portion of their lease for this sale to the Plant.

X
Approved

Denied



Board Secretary

2/9/12
Date

Board of Governors of the
Colorado State University System
Meeting Date: February 8, 2012
Action Item

Approved

Stretch Goal or Strategic Initiative: Goal 23–Issues-Based Research; Goal 25–Agriculture; and Goal 26–Natural Resource Stewardship.

MATTERS FOR ACTION:

Land: Long-term no-cost land lease to USDA-ARS of 36 acres in Weld County for cooperative water management research.

RECOMMENDED ACTION:

MOVED, that the Board of Governors approve a long-term land lease, not to exceed 20 years, to the United States Department of Agriculture-Agricultural Research Service ("USDA-ARS") of approximately 36 acres of agricultural land at Weld County Roads 45 and 64, located 3.5 miles northeast of Greeley.

FURTHER MOVED, that the President of Colorado State University is hereby authorized to sign implementing contracts and other documents necessary and appropriate to consummate the transaction with modifications made in consultation with General Counsel.

EXPLANATION:

Presented by Dr. Anthony Frank, President, Colorado State University.

The University wishes to enter into a 20-year land lease with the USDA-ARS for use by its Northern Plains Area, Water Management Research and Agricultural Systems Research Units, a site consisting of approximately 36 acres of property in Weld County, now used for cooperative water management research known as the Limited Irrigation Research Farm (the "Site"). The low-flow irrigation studies conducted at this Site are used to develop water and weed management technologies and practices for irrigated agriculture in water deficit areas to improve water use efficiency, increase agricultural productivity and sustainability, and to reduce negative environmental impacts. The USDA-ARS is presently under a five-year no-cost lease that ends on November 30, 2012 and has requested a long-term lease of the Site to continue the collaborative research in progress.

Land: Long-term Land Lease to USDA-ARS

Approved

The long-term lease will be at no-cost (nominal or \$0 rent) to the USDA-ARS, the land use value being deemed a part of the University's contribution to the cooperative research projects conducted on Site. At this time, multiple CSU departments have collaborative research projects with the USDA-ARS at this Site, including: Soil & Crop Sciences; Horticulture & Landscape Architecture; and Bioagricultural Sciences & Pest Management. In addition, the USDA-ARS employs a number of CSU undergraduate and graduate students to assist in their research efforts.

The USDA-ARS will be responsible for all costs incurred at the Site, including utilities, for the duration of the long-term lease. The University will allow USDA-ARS to construct improvements on the Site with CSU's prior approval of the construction plans for such facilities. Any future construction is subject to and contingent upon availability of Federal funding. Should USDA-ARS construct improvements on the Site, upon the termination or expiration of the long-term lease, CSU shall have the option of: (1) requesting USDA-ARS to remove all the improvements, buildings and facilities from the Site and restore the Site as nearly as is practicable to the condition of the land existing at the commencement of the lease, all at USDA-ARS's expense; or (2) purchasing, at fair, market value, all right, title and interest in and to the improvements, buildings and facilities from the USDA-ARS.

The leased premises at the Site exclude portions of the property currently used by the CSU department of Atmospheric Sciences' CHILL Weather Radar & Remote Sensing Program, as well as surface areas used to support the existing oil and gas lease in the Wattenberg field with Noble Energy, Inc. See attached map on Exhibit A.

Approved Denied

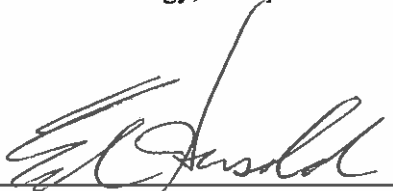
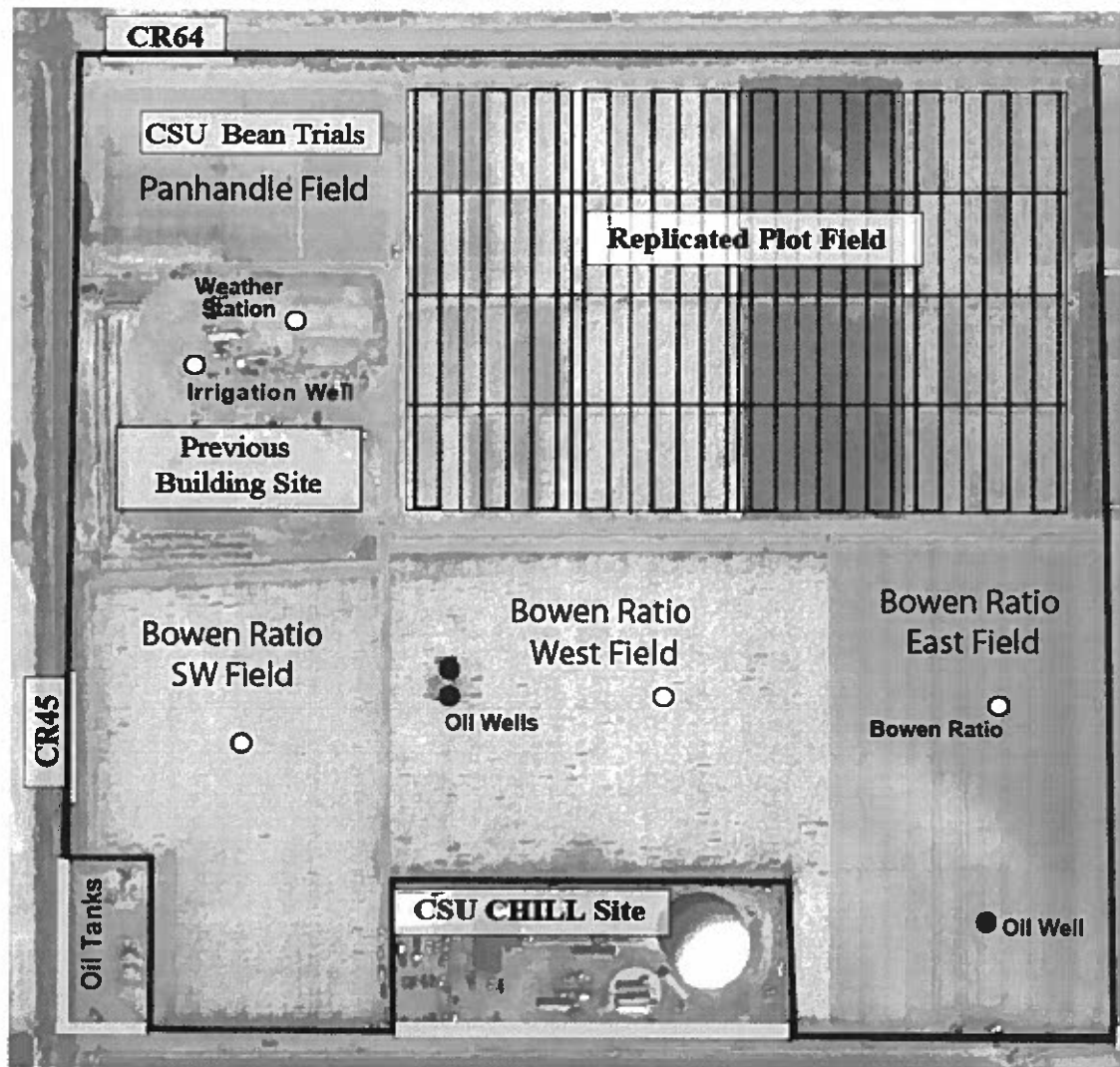

Board Secretary
2/9/12
Date

Exhibit A
Long-term Land Lease to USDA-ARS
36-Acres at Weld County Roads 45 and 64
3.5 Miles Northeast of Greeley, Colorado



Approved

Stretch Goal or Strategic Initiative: None.

MATTERS FOR ACTION:

Update of the "officers" of Colorado State University for Purposes of Exemption from State Personnel System

RECOMMENDED ACTION:

MOVED, that the following list of "officers" of Colorado State University is hereby approved by the Board for purposes of exemption from the State Personnel System pursuant to C.R.S. § 24-50-135:

1. President
2. Chief of Staff to the President
3. Executive Vice President and/or Provost
4. Vice Presidents and Vice Provosts
5. Associate and Assistant Vice Presidents
6. Associate and Assistant Vice Provosts
7. Director of the Colorado State Forest Service
8. Director of the Agriculture Experiment Station
9. Director of Cooperative Extension Service
10. University Controller
11. Deans of the academic Colleges and the Libraries
12. Athletic Director

EXPLANATION:

Presented by Tony Frank, President

Colorado Law (C.R.S. § 24-50-135) identifies certain types of administrative positions that are exempt from the State Personnel System. This exemption includes "officers of an educational institution and their executive assistants." The statute does not define the term "officers" and such definition is within the authority of the Board.

Pursuant to Board Resolution dated July 21, 1977, the State Board of Agriculture originally identified "officers" of Colorado State University to include the following:

1. President
2. Vice President
3. Associate and Assistant Vice Presidents
4. Associate and Assistant Vice Provosts
5. Director of Colorado State Forest Service
6. Director of Experiment Station
7. Director of Extension Service
8. University Controller

The Board of Governors of the
Colorado State University System
Meeting Date: February 9, 2012
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Approved

9. Deans of the academic Colleges and Graduate School; Director, Summer Session;
Director, Continuing Education.

The last addition was the Chief of Staff to the President on May 3, 2006.

It is important to note that this action does not grant any additional authority or modify any existing authority than has otherwise been previously delegated by the Board of the President. The sole purpose of this action is to clarify which positions are exempt from the State Classified Personnel System pursuant to the statute.

X _____
Approved Denied



Board Secretary
2/9/12

Date

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 February 9, 2012, the consent agenda items listed below were referred for consideration of approval and were adopted:

Approval of Board Committee Meetings and Board Meeting Minutes:

- December 6, 2011, Finance Committee Meeting Minutes
- December 6, 2011, Audit Committee Meeting Minutes
- December 6, 2011, Student Affairs Committee Meeting
- December 6, 2011, Real Estate/Facilities Committee Meeting Minutes
- December 6, 2011, Academic Affairs Committee Meeting Minutes
- December 7, 2011, Board of Governors Regular Meeting Minutes
- January 10, 2012, Academic Affairs Committee Minutes

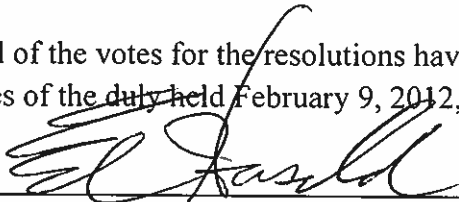
Referred by the Academic Affairs Committee in January, 2012:

- New Degree Program: Plan C Master of Professional Natural Sciences – College of Natural Sciences (2012-0055-020912-C)
- Sabbatical Leave Recommendations – CSU-Fort Collins (2012-0056-020912-C)
- Emeritus Rank Designations – CSU-Fort Collins(2012-0057-020912-C)
- Approval of Spring 2012 A Graduates – CSU-Global(2012-0058-020912-C)

Referred by Dr. Anthony Frank, President, CSU-Fort Collins:

- Nondelegable Personnel Actions (2012-0059-020912-C)

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 February 9, 2012, meeting of the Board of Governors.



Secretary



Date