

**THE BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM**  
**Audit and Finance Committee Meeting**  
**MINUTES**  
**November 24, 2021**

**ROLL**

**Governors present:** Russell DeSalvo, Treasurer (Chair); Jane Robbe Rhodes; Armando Valdez; Melinda Smith, CSU Faculty Representative.

**Administrators and staff present:** Jason Johnson, General Counsel/Secretary to the BOG, CSU System; Henry Sobanet, Senior Vice Chancellor for Administration and Government Relations/Chief Financial Officer, CSU System; Lynn Johnson, Deputy Chief Financial Officer, CSU System, and Vice President of Operations, CSU; Susy Serrano, Director of Internal Auditing, CSU System; Margaret Henry, Treasurer, CSU System; Juanita Pena, CFO, CSU Pueblo; Meg Brewer, Director of Budgets, CSU Pueblo; Yvonne Harris-Lot, CSU Global; Bridget Mullen, Director of Budgets and Finance, CSU System; Melanie Geary, Board Liaison. Angie Neilson, Director of Budgets, CSU Fort Collins.

**CALL TO ORDER**

Chair DeSalvo called the Committee Meeting to order at 10:02 a.m.

Ms. Serrano reviewed the status of the Internal Audit Dashboard noting that two vacant positions would be filled by mid-January 2022.

**Status of FY 21-22 Audit Plan**

Director Serrano reviewed the status of the FY22 audit plan.

**Review of Audit Reports Issued**

Director Serrano then reviewed the CSU Pueblo cybersecurity audit evaluating vendor controls to mitigate potential third-party risks. She also reviewed the overdue recommendations report noting there were no concerns at that time.

**State Budget Update**

CFO Sobanet introduced a presentation on the Governor's budget request, which proposes a 4.6% budget increase and no tuition increases for resident students. He noted that there would be a process for exemptions based on a school by school basis. CFO Sobanet also noted that the proposed budget increase did not meet the increased mandated costs associated with the CSU System's budgets. He then discussed the Governor's proposal for \$9.8 M for state financial aid and the \$139 M for Higher Education Capital Maintenance and Capital Construction.

**FY 2022 1<sup>st</sup> Quarter Financial Statements**

CFO Sobanet thanked the Business and Financial Services team that prepares the financials and noted that the materials included summary notes to interpret the large amount of data and noted the reports stood as submitted.

**FY 2023 Campus Budget Scenarios with Enrollment Update and Tuition Discussion**

CFO Sobanet introduced the three scenarios for campus budget models: 1) flat tuition; 2) zero resident increase with 3% increase for non-resident and graduate; and 3) 3% across the board increase. He then discussed the process for budget discussions that will unfold during the legislative session.

**CSU Fort Collins**

CSU Fort Collins CFO Lynn Johnson presented three scenarios and explained differences in revenue based on the three scenarios and the projected shortfalls associated with each scenario.

### **CSU Pueblo**

The university presented two tuition scenarios: flat and 3% across the board. They noted shortfalls were similar to what was presented in September.

### **CSU Global**

CFO Yvonne Harris-Lott explained that current enrollment was lower than projected but they were able to modify expenses and maintain their operating margin. Ms. Harris-Lott also noted that they were reducing their rent expenses in June 2022 by pushing 50% of their office building back to Aurora Public Schools.

### **Annual Reserves Report and Reserves Withdrawal Discussion**

Henry Sobanet reviewed the proposed reserves draw of \$48,237,249 to go to the following investments: CSU-Pueblo Sustainability (\$11,686,000); System Infrastructure (\$6,400,000); and System initiatives, including for the CSU Medical School (\$7,362,135), System IT upgrades (\$632,114), Spur Campus Operations (\$6,494,000) with matching funds of (\$14,688,000), Todos Santos (\$545,000), and State Engagement Hubs support (\$430,000).

### **CSU System Treasury Update**

CFO Sobanet thanked CSU System Treasurer Margaret Henry for her work and commitment to cross-training others as she prepares for retirement. He explained that Margaret will continue as a member of the Investment Advisory Committee. He also noted that Jack Blumenthal had joined the Investment Advisory Committee. CFO Sobanet then provided an overview of the portfolio performance.

### **Action on Fourth Amendment to the Fifteenth Supplemental Resolution**

CSU System Treasurer Henry explained the resolution to re-authorize the amendment to the supplemental resolution, noting that this is an annual housekeeping item and the resolution allows the Treasury to refinance long-term anything that we are borrowing short-term through our commercial paper program, enabling the Treasury to act quickly to take advantage of favorable interest rates.

### **Action on CSURF Capital Lease Annual Line of Credit Renewal**

CSU VPUO Johnson explained the line of credit leasing program and resolution to re-authorize the line of credit, noting that this is an annual housekeeping item.

The Committee adjourned at 11:05 a.m.