

Approved at the 10/27/2017 meeting
BOARD OF TRUSTEES OF THE COLORADO SCHOOL OF MINES
MINUTES OF THE BOARD MEETING
Friday, September 15, 2017
COLORADO SCHOOL OF MINES
1500 Illinois Street, Coors Boardroom

I. Trustee Breakfast – 7:30am, Ballroom C, Student Center

Executive Session

7:30 am Motion to move into executive session by Trustee Haddon; motioned seconded by Trustee Bliss. Motion approved 7-0.

To receive legal advice pursuant to §24-6-402 (3)(a)(II), C.R.S. and discuss personnel matters per §24-6-402(3)(b)(I) C.R.S.

9:10am Motion to adjourn executive session and move into regular session by Trustee McNeil; seconded by Trustee Truly. Motion approved 7-0.

II. Regular Meeting

9:30 am Trustee Jordan called the regular meeting to order.

Trustees present: Chairman Jordan, Trustees Bliss, Haddon, Truly, Starzar, Salazar, McNeil and Hogue.

CSM executives and directors were also present including: President Johnson, EVP Volpi, Interim Provost Boyd, GC Walker, VP Fox, VP Han, AVP Boyd, Dean's Moore, Kaufman and Graves, and Dr. Richards.

a. Student Trustee Oath of Office

Chairman Jordan administered the Oath of Office to new student trustee Severn "Sevy" Swift.

b. Consent Agenda

The minutes from the June 2, 2017 and the July 24, 2017 meetings were submitted and approved. Trustee McNeil motioned to approve; seconded by Trustee Truly. Motion approved 7-0.

c. Reports and Updates

Board Committee Reports Trustee Haddon reported that the Finance and Audit Committee (FAC) and the Investment Advisory Committee (IAC) met on September 5, 2017. At that meeting the committee reviewed the performance of monies with the Foundation and noted all very favorable returns. They also reviewed the administrative fees being charged by the Foundation. Trustee Haddon deferred discussion of the Finance and Audit committee items to Ms. Volpi to cover in the financials section, which includes a review of PERA-related impacts. Trustee Haddon noted that the Internal Auditor provided information on risk identification and management, and defining risks occurring at universities.

President's Report President Johnson reported on the first month of the new semester noting that Admissions brought in close to the targeted enrollment numbers. He thanked the Trustees who participated in Convocation. President Johnson provided brief information on the Oredigger Camps, a new component to the signature student experience. He briefly noted the new programs that have Alumni involvement and introduced the new space resources programs, which will include degree granting noting there will be a presentation to the Board

in a later meeting. President Johnson provided information about the Trajectories event conceived and organized by alumni in the aerospace industry. Chairman Jordan would like to know what other campuses are doing and what the competition is regarding space resources programs. President Johnson provided a brief overview of the Career Fair noting that there were 293 companies on campus, the biggest Career Fair in the state. President Johnson provided information on the most recent US News rankings, noting that Mines moved up to 75 among national universities, and is in the top 30 among public universities. There was discussion regarding rankings and new opportunities for visibility. Mr. Han was asked to provide information on the Mines and CBS-4 partnership for future leaders in STEM. He noted that a student and a teacher would be selected every month to highlight in the news program. Mines would be the prime education sponsor. Mr. Han provided details on the advertising Mines would receive as a partner to this program. He also noted that Mines had already been in partnership with CBS-4 in the annual Girls and Science event. Dr. Johnson provided information on the Payne Institute Director candidates as well as the VPRTT interviews. He also noted that the Provost search would be starting later in the semester. Trustee Haddon asked Dr. Johnson to discuss the State's strategic plan based on the event they attended last week.

Research Activities Dr. Richards provided an overview of research activity highlights noting that the funding started strong and finished strong. He briefly discussed the transition in government and the reprioritizations of federal funds, noting that federal funds represent 50% of Mines' research funding. He gave a brief overview of the range of projects coming in. He also provided information on the x-ray defraction system for which Mines has been chosen to be a demo site. Dr. Richards briefly reviewed tech transfer updates. There was a brief discussion regarding SBIR grants for start-ups and what Mines receives from the start-ups.

Financial Report Ms. Volpi provided information on the fiscal year end 2017 financial statements. She noted that total assets increased slightly primarily due to construction activity on campus and an increase in cash and investments. Total liabilities were up 11.7% primarily due to the timing of year end payroll and changes in the pension liability. Ms. Volpi noted the total net position is currently a negative primarily due to the net pension liability; the negative however was slightly offset by a positive performance in operations. Ms. Volpi provided an overview of the GAAP basis statement of revenue, expenses and changes in net position. She noted there was an increase of 1.4% in operating revenue that included an increase in tuition revenue but a decrease in total grants and contracts. The decrease is primarily due to a decline in our nongovernmental grants, which have been down over the past few years. Operating expense was up 35% due to \$84.5 million in pension adjustment. Ms. Volpi noted that without the pension adjustment the increase would be 1.4%. Ms. Volpi provided an overview of the non-GAAP all-funds operating statement noting there is a total actual net positive of \$10 million for the year. She also noted that the restricted funds show a loss of \$5.6 million due to funds held year over year that can only be expended for restricted purpose. Operating revenue was higher than forecast due to strong summer enrollment. Ms. Volpi reviewed expenditures and noted they were up due to auxiliary expenses for renovating traditional dorms. She noted that out of the operating funds of \$10.8 million, \$4.8 million was set aside into reserves. Ms. Volpi reviewed the statement of cash flows and noted the slight decrease year over year, due to normal payment on debt as well as no bond issue in fiscal year 2017.

Ms. Volpi reviewed the impact on the PERA adjustment. She noted that GASB 68 requires all governmental agencies to report their portion of net pension liability on the balance sheet. She noted that PERA's net pension liability increased significantly. She provided information on PERA's State division trust fund (includes all higher education) net pension liability and its impact on Mines. She noted that the increase in net pension liability was due to two factors: changes to actuarial assumptions due to life expectancy changes and changes in the discount rate used to calculate the liability. There was discussion and review of the changes to the net pension liability and the primary reasons for the shift in the liability. There was further discussion on the potential impact of the increase in the liability could have on Mines bond ratings. Ms. Volpi reviewed actions being taken by PERA to improve the unfunded liability followed by discussion. Ms. Volpi provided information on the plan Mines brought in to replace PERA noting that 111 new employees are enrolled in the new plan and 78 existing moved into the new plan.

Ms. Volpi reviewed the results of the recent bond issue and reviewed the aggregate debt service. She provided information on Moody's key indicators noting that strength in our wealth, liquidity and cash flow metrics will be key to holding the rating.

Faculty Senate Report _____ Dr. Linda Battalora reviewed the make-up of the Faculty Senate and how the Senators are appointed. She also reviewed the Senate's priorities and focus for the year. Dr. Battalora provided information on the posthumous degree request for Frances Manu.

d. Presentation and Discussion

New Faculty Hires _____ Dr. Boyd provided a summary of the faculty hiring over the past year. Noting that Mines recruited and hired 25 new academic faculty members. He provided information on the new hires. There was discussion regarding the applicant pool and how to achieve 40% target of new female faculty members. Dr. Boyd noted that Mines must be more proactive in targeting specific applicants. He reviewed what more Mines could do to draw top faculty, programs like family friendly initiatives, cost of living adjustments, etc. There was discussion on what is needed to increase the candidate pool and achieve Mines' hiring goals. There was a discussion on the definition of a Professor of Practice.

Update on enrollment _____ Ms. Boyd provided an overview of the makeup of this year's incoming class, noting there are 1331 new students including freshmen and transfers. She noted one of the challenges is the decrease in application submissions due to the new FAFSA cycle. She also highlighted the increase in women and ethnic minority applicants. Ms. Boyd provided information on the evaluator subjective elements of the SLATE system. Ms. Boyd reviewed the expanded list of campus visit opportunities, as well as the increased personal attention opportunities via SLATE. Ms. Boyd provided a summary of all the departments who support Admissions' mission. She noted that Admissions launched the 2018 applications earlier this year, noting that the hurricanes slowed response times for getting transcripts, etc. Admissions is working with marketing and communications regarding messaging. There was a discussion regarding the students affected by hurricanes. It was noted that Mr. Han is leading an ad-hoc committee to assist those faculty, staff, students and alumni in need. Dr. Fox noted that it will be some time before we know who or how many are impacted by the storms, but he estimated that approximately 200-400 students may be impacted. It was noted by Mr. Winkelbauer that crowdfunding sites have been set up to aid and support students and families in urgent situations due to hurricanes, fires, etc.

USGS partnership update _____ Dr. Boyd provided an update on the proposed USGS partnership collaboration and co-location effort. He noted that the academic departments had been asked to provide the pathways of distinction documents to build business cases for providing extra institutional resources to departments to support their efforts to develop distinctive educational and research programs. Dr. Steve Enders was introduced to provide an overview of the broader effort across campus and review the collaborative possibilities with USGS. He also provided an overview of where the partnership is now. It was noted that the missions of both the USGS and Mines are aligned in critical ways. Dr. Boyd reviewed the missions of both entities and emphasized that their core missions both overlap and are synergistic. Dr. Boyd reviewed the possible positive impact to Mines and Mines programs that could be achieved by moving additional USGS functions to campus and how a partnership could enhance departments beyond our earth science departments. He presented the next steps that include finalizing the vision by October 15, 2017 and gaining enthusiastic endorsement from USGS leadership. There will be a presentation to the Board on the vision and strategy on October 27, 2017, after which Dr. Boyd will ask the Board for a go/no-go decision. If the Board votes to "go" then work will begin on the financial and operational details for presentation to the Board and action in a later meeting. Discussion followed regarding integrating the USGS team, assessments of collaborations, and of the timing of the co-location. Ms. Volpi is looking at the financial aspects of the collaboration and co-location.

Business process re-engineering and compensation study update Ms. Volpi provided information about the initiative to assess Mines business processes. The initial part of the assessment included campus feedback. The

feedback sessions were facilitated by our consultant, Sibson, over the spring semester and included one-on-one and focus group interviews, and town hall meetings. Recommendations from those sessions as well as assessment of best practices were synthesized into seven key areas.

Ms. Volpi noted that the total compensation study that is looking at both salary and benefit levels is still in the assessment phase. Two teams were formed to support the initiative: Academic Faculty and Administrative Faculty Steering Committees. We anticipate receiving the initial draft results in mid-September with the final presentation targeted for the end of October.

Private-Public Partnerships Ms. Volpi introduced Ms. Stephanie Chichester to provide general information about Public Private Partnerships (P3), and an overview of the various applications of and opportunities created by P3's. Ms. Chichester reviewed the reasons why a public entity would use a P3 and provided an overview of common misconceptions about P3's, noting that they are not a funding source or revenue stream. She reviewed the checklist used to determine what is needed and whether a P3 is a good fit for a particular institution and transaction. Ms. Chichester provided information on the credit implications of a P3, which are measured in two ways: on or off balance sheet and on or off credit. She noted that all P3's are on credit, and can be positive, neutral or negative depending on the structure of the arrangement and the ongoing operations. Ms. Volpi discussed the examples of the P3 structures and noted Mines has been talking to a developer about a property site that has potential to be utilized as a student housing project that would fit in the P3 scenario.

e. Action Items

BOT policy revisions Ms. Walker requested approval of the amended Campus Free Speech Policy, and requested that the Board adopt it as a stand-alone Board policy, independent of Mines' current Facilities Use Policy (FUP). She reviewed the background information on the current policy and noted terminology was updated to match the relevant State statute. Ms. Walker reviewed the second piece of approval which is to restructure and update the remaining facilities use provisions and integrate them into the Mines' administrative procedures entitled "Facilities Use Procedures."

Motion to approve by Trustee Haddon; seconded by Trustee Salazar. Approved 7-0.

BE IT RESOLVED that the Board of Trustees hereby: (1) approves and adopts the proposed Campus Free Speech Policy; and (2) authorizes the administration to restructure the existing University Facilities Use Policy by moving the current provisions not encompassed within the Campus Free Speech Policy into Mines' administrative procedures, and amending these as necessary to ensure consistency with Mines' existing business and operational needs and practices.

Gift designations Ms. Volpi provided information on an unrestricted trust distribution of \$25,000 from the estate of an alum's spouse, Samuel Sandusky She noted that the trustee, the decedents' son, would like to create an endowment to support student' travel in the Humanitarian Engineering program. Ms. Volpi recommended that the intentions of the son be honored and the gift be designated as an endowment to support student travel in the Humanitarian Engineering program.

Motion to approve by Trustee McNeil; seconded by Trustee Truly. Approved 7-0.

BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines approves the designation of the Dorothy D. Sandusky trust distribution of \$25,000 as follows:

- *Create an endowment with the \$25,000 as the corpus; and the*

- *Annual distribution to be used to provide financial support for student travel in the Humanitarian Engineering program.*

Housing and Parking projects _____ President Johnson introduced the need for the proposed new residence hall, parking garage, and utility infrastructure projects and their respective timing in order to achieve his vision (Mines@150). Ms. Volpi provided an overview of the current needs and where Mines is in the master planning process now, noting the plan was last updated in 2010. She provided an overview of Mines@150 and reviewed enrollment projections. This was followed by discussion regarding growth projections. It was noted that the primary increase in enrollment is online master's non-thesis students. It was discussed that the online strategy is currently being developed and this will be discussed at the October meeting. Dr. Boyd provided a brief overview of online activities to date. Ms. Volpi provided a summary of the master housing plan that would essentially double current student housing. She noted that the key goals to the housing master plan are to institute a campus residential requirement for all freshmen and sophomores, as well as provide more housing for graduate students. Ms. Volpi reviewed the proposed next phase of that plan, which would be a 400-bed residence hall in order to accommodate additional freshmen and increase the number of sophomores living on campus. Ms. Volpi reviewed the project costs of \$49 million as well as reviewed the operating revenue and related expenses. She reviewed Mines' break-even point for housing and dining today and in the future, as well as with the new residence hall. She noted that with inclusion of the new dorm and taking into account planned housing rate increases, housing and dining will be net positive. This was followed by discussion regarding increases in rates and a recent study that was commissioned to assess the housing needs and market demand.

There was a brief discussion regarding management's preliminary discussions with a developer who purchased the land at 1750 Jackson Street. The developer is planning on building residences, primarily aimed at students and would like to work with Mines on providing the right solution for Mines students as well as the City of Golden.

Ms. Volpi provided an overview of the parking garage project. She noted that tightening capacity on campus is creating parking pressures. She reviewed the goals for the proposed parking garage including adding parking spaces and limiting neighborhood impact. She also noted that the garage would be wrapped with an academic building to include classrooms and innovative learning spaces. The anticipated opening for the parking garage is the Fall 2019. Ms. Volpi provided an overview of the current and proposed parking rates and reviewed the revenue for parking on a system wide basis. There was brief discussion regarding electrical charging stations and the rationale of over-selling parking permits. Volpi provided an overview of the current study being conducted by Walker Parking Consultants who are looking at the rates and revenue for the whole campus parking system. There was discussion about revenue earned by the parking garage itself versus the system as a whole, and Ms. Volpi reported that the university tracks parking (as well as housing) revenues systemwide versus by individual project or lot. Ms. Volpi stated the projected cost of the garage is \$15 million, and the garage academic building wrap is \$8 million, for a total project cost of \$23 million.

Ms. Volpi provided a brief overview of the utility infrastructure needed and stated the cost of this project is \$6 million.

Ms. Volpi discussed the financing for the projects and provided management's philosophy on how to deliver buildings, whether managed in house or by an external party. Consistent with that philosophy, management is recommending to self-fund and self-manage these particular projects. In order to self-fund the projects, Ms. Volpi provided an overview of the proposed capital projects bond financing options. She compared the pro forma for a 400-bed residence hall both on a self-funded and externally funded basis. This was followed by discussion regarding the bond market and where Mines would be in that market for this upcoming bond offering. Ms. Volpi reviewed Mines' current Moody's ratings score card, noting that a one notch down-grade could occur with the next bond issue, which would result in a slightly higher interest rate. Ms. Chichester reviewed the cost of capital and the current rate environment noting that rates are generally at an all-time low and even with a possible down grade, rates are still very favorable. Trustee Bliss recapped the conversations and management's

recommendation and asked Ms. Volpi to confirm her recommendation. She asked the Board to approve the capital projects as well as pursuing Mines bond funding for the housing, parking garage/wrap, and utility infrastructure projects.

Ms. Volpi also asked the Board's approval to move forward on due diligence in working with the developer on a proposed new residence hall off campus.

Motion to approve by Trustee Bliss; seconded by Trustee Truly. Approved 7-0.

BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines approves the capital projects as follows:

- *Housing for a total project cost of \$49m*
- *Parking Garage and innovative classroom wrap at a total cost of \$23m*
- *Extension of the utilities tunnel at a total cost of \$6.0m*

Be it resolved that the Board of Trustees of the Colorado School of Mines approves management to pursue funding of the capital projects to be financed by issuing university tax exempt debt. The bond approval will be approved by the Board at a future time when appropriate.

Be it resolved that the Board of Trustees of the Colorado School of Mines approves management to pursue additional housing opportunities working with a developer on the plot of land located at 1750 Jackson Street.

Tenure Recommendations Dr. Boyd provided information and an overview of the tenure recommendations for two new faculty members. He requested approval of the recommendations for promotion and/or tenure for: Sebnem Duzgun, Mining Engineering; and, Thomas Gennett, Chemistry.

Motion to approve by Trustee Charlie; seconded by Trustee Bliss. Approved 7-0.

BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines approves the following recommendations for tenure:

Tenure at Hire

Sebnem Duzgun (Mining Engineering): Recommend Professor with Tenure
Thomas Gennett (Chemistry): Recommend Professor with Tenure

Posthumous Degree Request: Francis Manu Dr. Boyd provided an overview of the posthumous degree requirement per the Undergraduate Bulletin. He noted that there is every reason to believe that the degree requirements would have been fulfilled prior to the student's tragic accident and that Francis Manu is deserving of being awarded his degree posthumously. Therefore, Dr. Boyd requested the Board approve awarding a BS in Petroleum Engineering to Francis Manu posthumously.

Motion to approve by Haddon; seconded by Trustee Salazar. Approved 7-0.

BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines approves the awarding of the degree, BS in Petroleum Engineering, to Francis Manu. This degree shall be awarded posthumously at the December, 2017 commencement ceremony.

f. Regular Written Reports

Undergraduate Admissions No additional comments

Graduate Admissions No additional comments

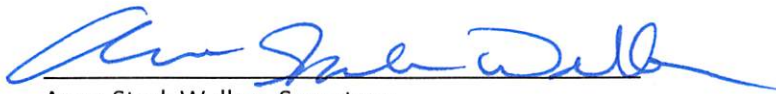
Enrollment and Persistence Report No additional comments

Capital Projects Update No additional comments

CSM Foundation No additional comments

1:20 pm Trustee McNeil motioned to adjourn; seconded by Trustee Truly. Approved 7-0.

There being no further business the meeting was adjourned.



Anne Stark Walker, Secretary