

METROPOLITAN STATE COLLEGE *of* DENVER
BOARD OF TRUSTEES
Meeting

September 1, 2010
9:30 a.m.
Tivoli Center - Room 320

CALL TO ORDER

The meeting was called to order at 9:35 a.m.

ATTENDANCE

Chair Cohen, Vice Chair Lucero, Trustees Phelan, Robinson, Esquibel, Nees, and Alumni Representative Grimes were in attendance. Trustees Garcia-Berry and Hanzlik attended telephonically. Trustees Harris and Bookhardt were excused.

EXECUTIVE SESSION

The Board moved into executive session at 9:38 a.m. The open meeting reconvened at 10:20 a.m.

APPROVAL OF MINUTES

Trustee Esquibel moved for approval of the June 2, 2010 Board meeting minutes. Trustee Lucero seconded the motion. The minutes were **unanimously approved**.

SPECIAL PRESENTATION

Amendments 60 & 61 and Proposition 101 (Tamra Ward, Senior Vice President for Public Affairs and Communications, Denver Metro Chamber of Commerce)

Ms. Ward stated that Coloradans for Responsible Reform is an issue committee created to work to defeat Amendments 60 & 61 and Proposition 101. The campaign Web site is donthurtcolorado.com. Ms. Ward said that on the surface the measures seem like a good answer, but in reality, they would be devastating to Colorado if approved. The committee has about 200 endorsing organizations currently, and that number is growing daily. Economists have calculated the numbers for them and found that in addition to the 110,000 jobs already lost to the recession, another 73,000 primary jobs will be lost should these measures be approved. About half of those will be from private business and half from critical public service functions of state and local governments. In addition to those, Colorado would lose 8,000 classroom teachers. That means larger class sizes.

Amendment 61 would make it impossible to go to the bond market to finance projects such as the Hotel and Hospitality Learning Center, roads, bridges, prisons, etc. If Amendment 61 passes, Colorado will be the only state with such a law. The proposals together will create a \$4.2 Billion dollar deficit for state and local governments, and the proponents provide no options for making up that deficit. Specifics contributing to that

deficit include reductions in school revenues from property tax reductions, the road repair fee when one registers a vehicle is reduced drastically, so the 126 structurally deficient bridges in Colorado will not be repaired. Rural telecommunications in Colorado will be impacted by the passage of Proposition 101 as a fund created by telephone taxes would disappear. It will also overturn all of the voter-approved property tax limits in place since 1992, so local governments and schools would have to recalculate their spending limits. School Districts would also lose access to short-term cash flow notes, which are provided by the Treasurer's office because property tax revenues are collected in lump sums and school districts often don't have enough cash for day-to-day operations. Schools would need to re-arrange calendars which would impact businesses, as parents would also have to shuffle their schedules. Ms. Ward indicated the campaign against these measures will focus on the lost jobs, mostly from small businesses in construction, contracting, and healthcare, and those in the public sector in K-12 and higher education and prisons. Ms. Ward asked the Board of Trustees to join with other institutions in the higher learning community and take a formal action in opposition to Amendments 60 and 61 and Proposition 101.

Trustee Phelan moved to endorse the defeat of the measures. Trustee Esquibel seconded the motion. Chair Cohen directed the Board to review a draft Resolution stating the Board's position against Amendments 60 and 61 and Proposition 101. There was some discussion of the statutes regulating state agencies regarding political statements and spending state funds in support of or against ballot initiatives, and which groups affiliated with Metro State (i.e. the Alumni Association) could work in support of or against ballot initiatives. The SGA was urged to use the "Blue Book" for any educational material reflecting the pro side since proponents and their funders, to date, have been somewhat mysterious. Chair Cohen called for a vote, and the Board **voted unanimously to oppose Amendments 60, 61 and Proposition 101.**

REPORTS

Chair's Report - Robert Cohen

Chair Cohen stated his appreciation for the work of former Chair Phelan. He also expressed gratitude for the leadership of Alumni Representative Grimes, for whom this is the last Board of Trustees meeting, as her term ends September 15, 2010. Chair Cohen made a few announcements. He noted the dedication of the new Science Building, and asked all in attendance to support the Plain and Fancy Ball on September 25th, he reminded the Trustees of their Retreat on October 8 and 9, 2010, he reminded everyone of the groundbreaking for the Student Success Building later this year, and that Fall Commencement is on December 19th. Chair Cohen relayed his perspective on becoming Chair in an economic downturn. While others may think there are many problems, he sees great opportunity to make a difference over the next several years. He is excited to tell the story of all that is going on at Metro State.

AHEC Board – Trustee Maria Garcia Berry

At the last AHEC Board meeting, Trustee Garcia Berry believed there was a meeting of the minds and all the institutions were comfortable with the movement of the tennis courts and the creation of a multi-purpose field near the Administration Building off 5th Street near Parking Lot G. The Master Plan Committee will re-visit the issue of public-private space and how it fits in with the campus. The search for the Executive Vice President of AHEC is continuing. One hundred sixty five applications have been submitted. Interim Chancellor Wartgow of UCD, who knows this campus very well, will have the opportunity to give input.

President – Dr. Stephen Jordan

President Jordan also saw an emerging consensus on the movement of the tennis courts and development of the recreational field from the three Auraria Presidents in their last meeting. A recreational field in front of the Tivoli will maintain some open space and be shared by the three institutions. He thanked Trustee Garcia Berry for her leadership as Chair of AHEC's Planning Committee. The Governor's Strategic Planning Group met and reviewed all of the subcommittee reports. The Mission Subcommittee agreed that there is a misalignment between the emerging populations that will be accessing higher education in Colorado and the number and nature of higher education institutions in Colorado. There are too many research universities and not enough regional comprehensives. A number of elements were added to the conclusions of the Mission Subcommittee. Included in the report was a charge to the Commission on Higher Education to examine, within 18 months, the missions of UNC, UCD, and UCCS to see if some changes should be made to move them toward serving those upcoming populations with less focus on being research universities. They also asked the Commission to look at the Auraria Campus to see if it continues to serve the purpose it should, or if the configuration of institutions should be changed. They also encouraged the Governing Boards to actively participate and have regular dialog with the Commission on Higher Education. Part of those conversations should be looking at collaboration on degrees and courses, and considering mergers, both at Governing Board and institutional levels. The Strategic Planning Group is taking input from around the state, but first, they will test out their presentation at a MetroLeads meeting. President Jordan reiterated the importance of the Campus Climate Survey, and Metro State's intent to build off the results to chart the future directions of the college. Recommendations and ideas will be utilized by the new Strategic Planning Committee, which has been charged with developing a new strategic plan.

Legislative Report – Capstone Group, LLC (no report)

President Jordan stated that the next significant milestone is September 20, when the next revenue projection occurs.

Student Government – Student Government Assembly President Sammantha O’Brien

Jesse Altum, Speaker Pro Tem of the SGA Senate gave the report for Sammantha O’Brien. Mr. Altum shared the SGA’s mission and goals, developed at their retreat the previous weekend. The new mission of the SGA is to organize and advocate on behalf of the Metro State student body, to maximize the value and quality of the college experience. Their new vision statement is to inspire the campus community that values diversity, integrity, leadership, and excellence. The SGA also set six goals, each with sub-goals. Mr. Altum provided the main categories, which were to build more student involvement, increase the student body’s voice - more toward the community than the campus - and relationship building with the campus, the community, and the state. Another goal is campus improvement, for assets held by Metro State and AHEC. Others include academic improvement, increasing faculty research, accountability, the honors program, increasing advisorship, recognition programs, and internal improvements within SGA. He brought some pamphlets on the Runners Program, which is off to a very successful start. At the 45th Birthday Party, SGA unveiled the new Rowdy mascot costume. SGA, along with UCD, hosted Senator Michael Bennet, who spoke about higher education, financial aid, and the state. SGA plans to host other candidates as well prior to the November elections in order to increase the student vote. SGA will also work with the Denver Election Commission to procure an early voting location on campus. Five new bike racks will be placed on 10th Street. Their calculator rental program will be run by the Auraria Library, and NTI Texas Instruments has donated 35 calculators. SGA will fund 40 calculators. They hope the other Auraria institution’s SGAs will also fund calculators as students from all three institutions will benefit from the program. Every year Texas Instruments will donate calculators based on enrollment in math classes. The SGA is also working on a school fight song contest.

Finance Committee – Trustee Ellen Robinson

Trustee Robinson reported that the Finance Committee had had its first meeting and the dates for future meetings will be available shortly. They are waiting to see outcomes from the exigency committee, CCHE’s report, and the effects on next year’s budgets.

Academic and Student Affairs Committee – Trustee Antonio Esquibel

Trustee Esquibel reported that the Academic and Student Affairs Subcommittee met by teleconference last week. They are recommending approval of the London and Transatlantic Slave Trade Study Abroad Course.

Public-Private Partnerships – Trustee Dawn Bookhardt

No report.

Foundation Report - Trustee Rob Cohen (report given by Vice President Carrie Besnette Hauser)

Ms. Besnette Hauser reported in lieu of the new representative from the Foundation Board, yet to be determined. She stated that a more comprehensive report from Institutional Advancement would be addressed later in the agenda. The Foundation Board held its retreat on June 22, 2010. They worked on a fundraising strategy for the Hotel and Hospitality Learning Center (HLC) with Walter Isenberg. Posinelli & Shughart, PC has been conditionally retained as legal counsel for the Foundation. The paperwork is in process. The investment committee met this week and meets again before the next full meeting of the Foundation Board on September 21, 2010. They are looking at investment strategies and endowments.

Faculty Senate – Professor Kamran Sahami, President

The Faculty Senate meets next week. Dr. Sahami described two items they will be working on. First, over the last year, many have worked on the implementation of the General Studies program and its curriculum and assessment system. Second, Faculty Senate will revisit grading policies, specifically a plus/minus grading to move the college more in line with other state institutions of its size. He thanked the Board on behalf of the faculty for the salary adjustments, saying that they sent a very powerful message to the faculty.

Council of Chairs – Professor Greg Watts, President

No report.

Alumni – Alumni Representative Gerie Grimes

Ms. Grimes updated the Board on the search for the Executive Director of Alumni Relations and the Alumni Association. Interviews are occurring this week and next week. Their Annual Meeting is September 14, 2010. They will bring eight new members onto the Board and new officers as well. Jim Garrison is recommended for President, Cassandra Johnson for Vice President, Victoria Hannu for Secretary, and Judy George for Treasurer. Eric Peterson, the past president, will be taking her place as Alumni Representative to the Board of Trustees.

ACTION ITEMS

Third Supplemental Resolution to Master Enterprise Bond Resolution

General Counsel Martinez stated that legal and financial advisors for the Hotel and Hospitality Learning Center (HLC) were present, and there would be a couple short presentations on the design development of the hotel and the financing of the project.

Lisa Lorman of Metro State's Facilities group began with the design. The schematic design package was completed at the end of August. Ground breaking is anticipated to

be in February of 2011. The construction schedule will run for 17 months. The opening will be in July or August of 2012. There are three fundamental components to the project. The hotel portion is located along Auraria. The HLC portion will be at the intersection of 12th and Walnut, and the parking structure will be to the west, forming a triangular shape on the site. The total square footage is 126,000, with the hotel being 86,000 of that. The conference center will be 10,000 square feet, and includes the kitchen. The HLC is 28,000 square feet. Traffic will flow into the property from Auraria at the 12th street entrance and flow to a plaza with access to the parking garage for the hotel, and exits back onto Auraria. The hotel is six stories with a brick exterior. The conference center is all glass, and is raised so vehicles may pass underneath. The primary entrance to the HLC faces what is currently the soccer fields, back toward campus. There is also a service drive on the backside of the HLC for fire department access, deliveries, etc.

Stephanie Chichester of North Slope Capital, the financial advisor, presented an overview of the plan of finance for the project. The team is working to get the transaction into the market as early as a month from now with the lowest borrowing cost while minimizing risk. The project is \$45 million and the debt service reserve fund requirement is equal to one year's maximum annual debt service. Interest borrowed during construction is estimated at \$5.5 million. There are also \$1 million in issuance certificates. There is a cushion provided for interest rates moving around prior to getting to the market. The financing is for 32 years. Principal repayment begins in 2013, the first full year of operations of the hotel, and runs through 2042. Bonds will be a mix of tax exempt, Build America and recovery zone bonds, depending on market conditions at the time of sale and what provides the lowest interest rate. The financing is secured by net revenues from the hotel. The HLC portion of the debt will be repaid from gift revenue. Debt service will climb and level off in the sixth year. The hotel and conference center are self-supporting. The HLC is not supported by hotel revenues and will cost \$10 million, needing \$12 million in bonds. Once that debt is paid off, project cash flows will improve by about \$800,000 per year. She has been assured that the county assessor will determine that the property is exempt from property taxes, which will decrease the deficit and move the project to a small surplus after 5 years. Ms. Chichester expects to have credit packages out to the rating agencies in the next two weeks to get a rating on the transaction. Mortenson will provide a guaranteed maximum price by the end of September, and the transaction will be ready for the market.

Trustee Robinson requested updates at every Board meeting on the progress of the fund raising for the HLC portion of the project since it is repaid with gift revenue.

Fred Marienthal, attorney with Kutak Rock, serving as bond and disclosure counsel on the transaction, presented on the Third Supplemental Bond Resolution and the agreements therein. The special purpose corporation, HLC@Metro, Inc., approved at the Special Meeting of the Board, will serve as the owner/operator of the project. One of the first things this resolution does is to approve a ground lease between Metro State and AHEC. Metro State will then sub-lease the ground to HLC@Metro, Inc., which allows the owner/operator to build and operate the facility. The second document in the

Resolution is an intergovernmental agreement between Metro State and HLC@Metro, Inc. to create the Metropolitan State College of Denver RoadRunner Recovery and Reinvestment Act Finance Authority, which will issue the debt. It is a better platform from which to issue the bonds. It is also a cleaner structure for the franchise agreement with Marriott, and the management agreement with Sage Hospitality. Mr. Marienthal noted that the bonds issued may be taxable or tax exempt, depending upon instruments chosen, and that the bonds will be either a fixed or variable rate. It could be a mix of those depending upon market conditions. The resolution also authorizes, if a variable rate option is chosen, the use of an instrument, such as an interest rate exchange agreement or interest rate swap agreement, to control exposure to rising interest rates. The resolution also appoints North Slope Capital as the financial advisor and pricing agent.

It was clarified that the RoadRunner Finance Authority is an entity specific to this project, and is not an ongoing entity.

Trustee Robinson moved for approval of the Third Supplemental Resolution to the Master Enterprise Bond Resolution. Trustee Esquibel seconded the motion. A vote was taken and the Third Supplemental Resolution was **approved unanimously**. Chair Cohen thanked all the staff and consultants who worked so hard to bring us to this point.

Appointment of Board Members and Alternates to Finance Authority Board

Chair Cohen stated that the recommended Board members and alternates for the RoadRunner Finance Authority Board are: Rob Cohen and President Jordan, and alternates Ellen Robinson (for Rob Cohen) and George Middlemist (for President Jordan). Trustee Esquibel moved for approval of the Board members and alternates. Trustee Robinson seconded. The motion was **approved unanimously**.

CONSENT ITEMS

The Consent Items below were approved by the Board in an aggregated vote. Trustee Phelan moved for approval of all three Consent Items. The Board **unanimously approved** them.

- **Office of Human Resources Report of Personnel Actions which have occurred since the last Board meeting of June 2, 2010**
- **Study Abroad Course: London and the Trans-Atlantic Slave Trade**
- **FY2011 State Appropriated Non-Base Allocation**

INFORMATION ITEMS *(Requires no approval by the Board of Trustees)*

Office of Human Resources report of personnel actions for the Board's information, which have occurred since the last Board Meeting on June 2, 2010

No discussion

Office of Institutional Advancement Year End Report for 2009-10

Vice President Besnette Hauser stated that the Institutional Advancement Report is broad in scope, addressing all the activities that constitute advancement. New Foundation Board members will be announced at the next full meeting. Development achieved 123% of their goal. Faculty and staff have donated over \$100,000. They achieved a hundred percent in giving from all three Boards as well. Net new funding from grants is over \$6 million.

ADDITIONAL ITEMS

There were no additional items.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

The meeting adjourned at 12:09 p.m.