

**METROPOLITAN STATE UNIVERSITY of DENVER
BOARD OF TRUSTEES**

Special Work Session

Friday, February 21, 2014

Executive Session: 7:30 a.m. – 8:00 a.m., SSB 440A (Trustees Boardroom)

Work Session: 9:00 a.m. – 12:00 p.m., SSB 400A

Student Success Building – 890 Auraria Parkway

I. EXECUTIVE SESSION:

An Executive Session may be held to confer with the Board’s attorney for the purpose of legal advice concerning pending or imminent litigation, concerning specific claims or grievances or legal advice on specific legal questions, confidential pursuant to C.R.S §24-6-402 (3) (a) (II) (2013); consideration of appointment, employment, dismissal, demotion, discipline, investigation of charges, investigation of complaints, promotion or compensation of a public official or employee, confidential pursuant to C.R.S § 24-6-402 (3) (b) (I) (2013):

II. BOARD GOVERNANCE ISSUES (Cohen):

- a. Election of Officers

III. STATE OF STRATEGIC PLAN (18 months in implementation):

- a. Student and Academic Success (Golich)
 - i. Student Enrollment & Retention
 - ii. Collegiate Structure
- b. Institutional Resources (Kreidler)
 - i. Bond Capacity
 - ii. Student Housing
 - iii. Aerospace and Engineering Science Program
 - iv. Fiscal Year 14 and 15 Budget

BREAK

IV. FOUNDATION BOARD UPDATE (Hanzlik/Mulligan):

V. LEGISLATIVE UPDATE (Staberg/Jordan):

VI. ACTION ITEMS:

- a. Approval of DCPD Amendment (Greene)
- b. Exception to Severance Pay Policy and Ratification of Release and Settlement Agreement (Martinez)

AGENDA ITEM: **Nomination and Election of Board Officers**

BACKGROUND:

Pursuant to Article III, Section A of the Bylaws of the Board of Trustees, officers of the Board shall be elected at the annual meeting of the Board. At the Board's annual meeting on June 6, 2013, a decision was made by the Board to retain current Board officers and postpone election of new officers until the Board had the opportunity to study and determine an appropriate succession model for Trustee terms and officer positions. The Board now desires to hold its postponed officer elections and for the terms of such officers to commence at this meeting.

RECOMMENDATION:

Nominations shall be taken from the floor for the positions of Chair and Vice-Chair.

Student Enrollment & Retention

As noted in the Fiscal 2014-2015 Budget document, MSU Denver's enrollment is down in headcount and FTE (Full-Time Equivalent) students for the third straight year. Between 2005 and 2007, fall undergraduate headcount enrollment rose at a steady annual pace of ~1.6%. The recession in 2008 introduced unprecedented enrollment growth at institutions of higher education (IHEs) across the United States; we were no exception: our enrollment peaked during Academic Year 2010-2011.

Although MSU Denver's enrollment decline parallels that of many other IHEs across the country and in the region, NO ONE is happy about our enrollment figures or our retention statistics. To meet federal and state goals for college completion we must do better at recruiting, retaining, and graduating students.

One of the more important steps we have taken is to initiate a Strategic Enrollment Management Council (SEMC) that meets regularly to analyze the "enrollment funnel." The latter starts with the demographic information garnered from WICHE (Western Interstate Commission for Higher Education) regarding the number of "potential" students, e.g., those graduating from high schools, community colleges, or – importantly in our case since 60% or more of our students are transfers – those attending 2- and 4-year IHEs in the region. The next steps of the funnel identify applicants, those admitted, those who attend orientation sessions, right down to who and how many enroll/register for classes.

A good strategic enrollment plan can provide IHEs with a good idea early on regarding how many students at what class levels and with which preferred major will be attending. This enables academic departments to build schedules to serve the students' needs and other campus units to be prepared for advising, financial aid, activities, and other kinds of support services. Had we an SEMC in place in 2009/10 or earlier, we might have been more prepared for the downturn in student enrollment.

As noted in the Educational Quality document prepared for the September 2013 Board of Trustees retreat, MSU Denver has only recently implemented a number of "best practices" – e.g., to charge an intent-to-enroll fee and to have an early end date for registration – to enable the campus to determine who will be attending the University earlier.

We have also implemented a number of new student success initiatives and opportunities – inclusive of faculty and staff – intended to support our students persistence through to graduation, e.g.,

- Equity in Excellence
- Gateways to Completion™ (G2C™)
- Adaptive Learning Initiative
- Success Coaches
- Supplemental Academic Instruction

Likewise, faculty have increasingly modified their pedagogy to incorporate high impact practices that research has demonstrated can "enhance the learning a personal development of all students, especially those from historically underrepresented groups and those who appear, by traditional measures of precollege achievements, to be underprepared for college-level work."¹

¹ Brownell, Jayne E. and Lynn E. Swaner (2010) *Five High-Impact Practices: Research on Learning Outcomes, Completion, and Quality* (Washington, DC: Association of American Colleges and Universities), p. v.

If graduation can be a measure of success, we should note that 50% of our transfer students graduate within nine (9) years. This suggests that our efforts to improve our practices are paying off.

Providing Supplemental Academic Instruction (SAI) to students is an example of one of our current initiatives. MSU Denver was the first Colorado IHE granted permission to use SAI for a subset of students who previously we would have sent to CCD for remedial instruction. After just one year of implementation in English, our DFWI (grades of D, F, Withdraw, or Incomplete) rate decreased by 18% in the first semester of our “Stretch English (SAI)” and by 16% in the second semester of the course.

In our foundation Math 1080 course, those students who had peer study (SI) support had a 87.1% success rate (passed the course) compared to those who took the same course without SI support, who had a success rate of 81.5%. In our NSF-grant-supported SI work in Chemistry, for the Academic Year of 2010-2011, students taking Organic Chemistry I with peer support had a 71% pass rate versus those who took the course without peer support and experienced a pass rate of only 58%.²

In our First Year Success Program (FYS), significant growth in the program is reflected in several areas. Since 2010 there has been a 112% increase in student participation with almost 58% growth from fall 2012 to fall 2013. This fall FYS enrolled almost 1,400 of the 1,699 full-time, first-time students (82%). The program is on track to enroll all such MSU Denver students in the fall of 2014. Since 2009 retention rates (fall to the following fall) for students in the FYS program have consistently run between five and 10% higher than for students not participating in the program.

It is a well-known axiom that tenure-line faculty – those who are tenured and on the tenure-track in probationary positions (the first six years) – interactions with students are particularly effective in supporting student success. This is also true for non-tenure-line, full-time faculty. Full-time faculty are on campus for longer periods of time and are more available to students beyond the classroom for all kinds of formal and informal advising. We have intentionally grown our full-time faculty since President Jordan came to MSU Denver and are close to the goal (in the aggregate) of 60% of our credit hours taught by full time faculty.

QUESTIONS FOR THE BOARD:

1. What are your reactions to this situation – what recommendations do you have for us to do something different?
2. Overall, what is MSU Denver doing well? Where can we improve?
3. Of all the initiatives and projects underway, which three should be our “top priority”?
4. Are we pursuing initiatives and projects that do not appear to be wise investments or time and resources at this point in time?
5. Are there initiatives and projects we should undertake, but we are overlooking?
6. Though clearly we need to improve recruitment and retention strategies, some ups and downs in enrollment are related to demographic and economic factors and are out of the institution's control. What suggestions do you have for how we can respond more flexibly to these inevitable variations in demand?
7. “In a national sample, approximately 59% of BA recipients graduated from a different college than the first institution they attended” (National Center for Education Statistics [NCES], 2003). Do we need to define “retention” differently, given that most institutions will fail to retain most of their students? For example, is there a better way to identify goals of students

² Gabel, C. M., D. Politica, and Rosie D. Walker (2012) “Use of Neural Scaffolding to Improve Comprehension of Organic Chemistry in a Supplemental Instruction Setting.” *Advances in Teaching Organic Chemistry*. 1108: 85-113. (Washington, DC: ACS Symposium Series).
<http://pubs.acs.org/doi/abs/10.1021/bk-2012-1108.ch006>.

and assess whether they meet their goals in attending MSU Denver? Goals other than graduation from MSU Denver might be to transfer to another institution, to improve career-related skills, or to take pre-requisite courses in preparation for doing graduate work.

8. What metrics would you recommend we use as part of our personnel evaluations that might support our retention efforts more effectively?

Collegiate Structure

On July 2012, Metropolitan State College of Denver became – by statute – Metropolitan State University of Denver. MSU Denver sought this change to enhance the value of its degrees conferred upon graduates. Soon thereafter, President Jordan tasked Provost Golich with the responsibility of addressing the question of whether and how this statutory change might affect MSU Denver’s collegiate structure. She convened a group that included representation from the Schools (Deans and Faculty), the Faculty Senate, Council of Chairs, and the Student Government Assembly. The team:

- Researched how other campuses define Schools and Colleges and found very little guidance; only Boise State University and Eastern Washington University had any documents with such definitions;
- Examined several of our comparator institutions – urban, public, comprehensive, regional universities – to see if an organizational or structural pattern could be identified; one could not; and
- Held 11 focus groups during Spring 2013 with approximately 25 participants from faculty and staff.

With this information in hand, a set of criteria emerged around which the team developed definitions of Schools and Colleges appropriate for MSU Denver. In summary, a college or school:

- Must be able to demonstrate that the new unit can accomplish functions and activities as effectively as already existing structure(s);
- Be easy to navigate by students and contribute to student success;
- Align with the MSU Denver mission and Strategic Plan;
- A School would house multiple closely-related degree programs and faculty; a College would offer more diverse programming, while still constituting a collection of related disciplines;
- New units should be fiscally sustainable and have the appropriate organizational capacity in terms of staffing and support, e.g., advising, physical space;
- Must be sensitive/responsive to any relevant regulatory issues from government(s), accrediting agencies, professional organizations, etc.;
- New unit should increase the visibility of the unit so as to enhance the potential to
 - ✓ attract a diverse student population
 - ✓ attract high quality faculty and staff
 - ✓ increase the amount of external funds through grant writing and/or fundraising
 - ✓ provide a greater focus on the educational mission of the unit; and
- Should be of the appropriate size – create a critical mass of faculty, staff, and students *and* accommodate a logical grouping of disciplines.

It was particularly important to the Student Government Assembly that they want

- Clear, easy-to-follow navigation tools to facilitate their graduation;
- Obvious, easy-to-find course rotations for majors; and
- Clearly delineated calendar indicating when courses are offered on a regular basis.

MSU Denver currently plans to change the names of our current academic Schools – Letters, Arts, and Sciences, Professional Studies, and Business – to Colleges effective July 1, 2014. The team wishes to emphasize the fact that proposals for new academic units – be they Schools, Colleges, Centers, or Institutes – should begin locally, with faculty and staff, and that the process of establishing new academic units will be flexible and evolve over time.

Several projects related to our evolving collegiate structure are underway:

1. A College of Education – based on the recommendations in the *Academic Restructuring Report of 2009* and with significant financial support from a Federal Title III Grant – is in the works and is expected to be implemented no later than Academic Year 2014-2015.
2. A proposal for a College of the Arts has been drafted – again based on the *Academic Restructuring Report of 2009*.
3. A Center for Professional Selling has just been approved to be housed in MSU Denver’s School of Business.
4. The planned Aerospace and Engineering Sciences Building will house four distinct departments currently residing in SPS and LAS, enabling the disciplines to work together in the delivery of curriculum in advanced manufacturing. New curriculum development is necessary to fulfill this mission and, given that no one department with “own” the curriculum, an Institute will be created as the curriculum’s “home.” This will provide a central place for the students to receive advising and mentorship, facilitating retention and graduation. The Institute format with a director will also assist in coordinating collaboration, curriculum development, programing and outreach to industry.

It will be important as we move forward to balance administrative costs against the anticipated enhanced value that smaller, more clearly delineated academic units should add to our students – prospective, current, and alums. The former actual cost of a Dean’s Office, for example, is easier to identify than the latter:

Looking at salaries only, a typical Dean’s Office will cost roughly \$400,000:

- Dean (salary + benes) = \$165,000
- Associate Dean (salary + benes) = \$126,000
- Budget Analyst (salary + benes) = \$56,000
- Program Coordinator (salary + benes) = \$54,000

The benefits to be derived are less immediately tangible, but as noted above, the goal is for students to find their academic homes more easily and for those units to be able to provide enhanced advising and support services to students because of their narrower focus. This, in turn, should lead to increased retention and persistence to graduation and to alumni who are more satisfied with their collegiate experience.

Questions for the Board:

1. What are your reactions to this approach to an evolving collegiate structure?
2. Are their Schools, Colleges, Centers, Institutes – Economic Clusters – you believe we should be considering at this time? What are they? Why are they important?
3. What do you think should be our top three priorities as we build out our neighborhood with academic units?
4. What should we NOT do?

Bond Capacity Overview

Metropolitan State University of Denver (MSU Denver) continues to maintain strong “A1” Moody’s and “A” S&P credit ratings. The S&P rating was reaffirmed this past fall, and the Moody’s was reaffirmed in spring 2013. Recently George K. Baum and North Slope Capital analyzed the University’s debt capacity based on fiscal year 2013 financial information. The analysis determined:

- MSU Denver’s approximate debt capacity is \$123 million. At this level, the **University could issue an additional \$52.9 million of debt while maintaining an “A1” rating.**
 - If housing is built and owned by either MSU Denver or one of its component units, the incremental revenues of housing would increase the University’s debt capacity.
- **If the University determined to issue greater debt and maintain an “A2” rating, the University’s debt capacity would be \$146.6 million. This would be additional debt of \$76.5 million.**
 - The difference in the cost of capital from “A1” to “A2” is modest, approximately 5 to 50 basis points. Additionally, if the State’s Intercept program is used, the difference is even more minimal.
- The above capacities are only related to the ratings of the bonds. The University must use several additional parameters to establish the limit on the total debt capacity to sustain its financial health and eliminate any risk of default. These factors include: cash flow, the dollar amount of the University’s pledged revenue, and the revenue generated through the Student Bond Fee.
 - The University currently dedicates 70% of the Student Bond Fee funds to pay debt. Currently, there remains approximately \$2.0 million to service additional debt. To issue debt greater than this amount would require either additional revenue streams or an increase to the student bond fee.
 - Staff does not advise full use of the \$2.0 million available for debt service. Annual uncertainties regarding student headcount and variations in the bond subsidies from the Federal government suggest that some amount should not be allocated to ensure full ability to repay bonds if headcount decreases or subsidies are further reduced.
- The above information is important to considerations for further debt issuance. The debt that can be borrowed to sustain construction of the AES building could range from \$20 million to \$30 million, depending on the size and timing of donor gifts. A 250 bed residence hall could cost as much as \$17 million. Even at the upper range these are well within the A1 rating maintenance parameters. However, based on current circumstances the university could nearly exhausted our bond capacity and ability to pay for any further projects without substantial new revenue sources.

Questions for the Board:

1. What guidance do you have relative to the desire to maintain an A1 or an A2 rating?
2. What ideas do you have regarding the near and long term future of our debt capacity and ability to pay for other emerging projects?

Student Housing

1. **Market Demand Survey** was completed by Anderson Strickler and suggested that demand for approximately 1,800 beds was present. The report also reviewed the off-campus housing market and living and unit-design preferences of traditional and non-traditional students.
2. **Privatized Housing Options** were examined through a presentation from George K. Baum. There are 5 common models used for student housing today across the US: wholly university owned and operated; turnkey development, design and contracting owned and operated by the university; university related not-for profit ownership managed by the university; unrelated not-for-profit owned and managed; and developer owned and managed. Each model has pros and cons and we are evaluating each model to determine a best fit for MSU Denver.
3. **Positive Retention Impact** is the premise upon which the Board began its discussion regarding student housing. However, some research indicates improvements in these areas for on-campus living and others indicate little to no difference. Reconciliation of this research is underway to determine the cost/benefit of using housing to improve retention rates.
4. **Construction Cost Estimates** have been examined on a national basis. Until a program plan and desired size can be determined a total cost of a specific MSU Denver project is difficult. Of the last 40 projects around the country, the cost per bed average is \$67,973 and \$199.90/sf. The range is from \$34,570/bed to \$88,030/bed. The two great differentials for this large range stems from amount of square foot allowed for living spaces and for ancillary teaching, learning, dining, and communal spaces in the various residence halls. These are construction costs, which may or may not include all FF&E, parking lots, outdoor spaces, etc. At the average, a 250 bed project could cost \$ 17 million.
5. **Land Use** decisions loom large for MSU Denver. Due to the current limitations of the campus and neighborhood footprint, the decision for any new building on campus must include a true long-term consideration of the trade of land use for one purpose versus many other needs now and in the long future.
6. **Current Campus Housing Projects' Performance** is not fully understood at this point. The AHEC housing project is located in LoDo and has been in default for 4 years. The University of Colorado Foundation project has high occupancy but casual conversation has indicated that financial performance is extremely weak. More research is needed to understand these dynamics.
7. **Total Cost of Ownership** will be a part of any financial input to a final decision. The cost of construction is only one factor. The pro-forma calculation will need to indicate that all costs of operation and capital re-investment are well funded through operational income. Residence halls are rarely significantly net revenue positive until the debt is retired.

Questions for the Board:

1. What final decision points are most important?
2. Are there early "go no-go" indicators?
3. What else should be considered in this decision?

Aerospace and Engineering Science Program/Facility

1. **State of Colorado Funding** is essential to this project's future. This week the CDC approved a list of projects for capital funding for the entire State and the AES building remains on that list as the #7 priority for Higher Education, # 21 overall of 32 projects, and within the money that the JBC wishes to dedicate.
2. **Ability to Borrow** is as an important consideration for the AES building as is our bonding capacity. While the construction of this building is anticipated to be funded by \$20 million each from the State, University, and Industry, it is most unlikely that all the cash from donors will be received during the construction phase. Some large gifts could be spread across more than 5 years.

Based on current circumstances the Student Bond Fee's available stream of revenue is \$ 2.0 million/year. A rough calculation suggests that at an this amount of debt service could support \$ 33.3 m over a 30 year fixed-rate note based on today's interest rate of 4.5%. The student bond fee is subject to two annual fluctuations – credit hour production and our interest rate subsidy as impacted by sequestration. Our amount available will also be impacted by interest rates at the time of issuance and the costs of issuance.

The prudent decision would be not to dedicate 100% of the current available stream of revenue from the Student Bond Fee to debt service due to these two unpredictable annual fluctuations. We could consider several options including leaving a percentage aside to accommodate those fluctuations, accelerate donor gifts, seek a student vote to increase the bond fee in order to create enough funding to support this project, etc.

3. **Curriculum and Program Review with Industry** is taking place. The concepts for this integrated program were developed with aerospace and advanced manufacturing trade and industry leaders. Two meetings are scheduled to review the proposed curriculum and program elements with those leaders and others to ensure that our outcomes meet the needs of the firms.
4. **Construction Schedule** has some dependency on the timing of State funding, major leadership gifts, and bond market response to the university bonds. Assuming the State funds our first phase request of roughly \$5 million for FY 14-15 and completes the funding request of the remaining \$15 million in FY 15-16, the schedule could be:
 - a. July 1, 2014 Begin design phase, fund raising, and borrowing process
 - b. July 1, 2105 Begin construction using State funds, then donor funds, then borrowed funds to complete the construction phase.
 - c. July 1, 2017 Doors open for the AES building
5. **Total Cost of Ownership** projections are underway. We will learn the projected annual operating increases and project capital replacement and repair budgets.

Questions for Board:

1. What advice do you have for the issues regarding ability to borrow and total cost of ownership?
2. What other data would you desire in order to make a quality decision regarding funding and supporting this facility and the AES program?

FY 2013-14 and FY 2014-15 Budget

Spring 2014 Enrollment status:

As of the Spring 2014 census, total state-funded FTE decreased by 3.57% from Spring 2013. Total resident students decreased by 370.46 FTE, which represents 2.54%. Non-residents decreased by 175.06 FTE or 26.66%. This decrease is mainly due to ASSET students converting from non-resident to resident students. From the total resident students, 315 are ASSET students accounting for 3,003 Credit Hour Production (CHP). In Spring 2013, there were 264 Colorado High School students, for a total of 1,935 CHP. For Spring 2014, we have seven students that are Colorado High School/GED students with 24 CHP.

ANALYSIS:

FY2013-14 General Fund Revenue Update

The total tuition revenue estimate has been revised to consider the decreased enrollment for Spring 2014. Based on the current enrollment information, the university must further reduce its tuition revenue projections by \$1,232,000 for the fiscal year. This is in addition to the \$1,865,329 reduction that was presented in the November BOT meeting. The amount set aside in FY 2013-14 for the enrollment shortfall will not be sufficient to cover the total reduction due to the decrease in enrollment. The university has currently exhausted all of its undesignated General Fund reserve. Therefore, an additional estimated \$765K will need to be covered from alternate reserves. The following tables summarize the above projection and proposed use of nearly \$3.1 million of the reserve to cover the shortfall for the fiscal year:

Summary of FY2013-14 Adjustments:

Tuition Revenue	\$ Amount
November estimated adjustment	\$(1,865,329)
February estimated adjustment	\$(1,232,000)
Total estimated adjustments	\$(3,097,329)

Reserve Summary:

Enrollment shortfall reserve-FY14	\$2,332,512
Add from undesignated	\$573,163
Add remaining from fringe pool reserve	\$191,654
Total reserve used toward enrollment shortfall	\$3,097,329

Due to the enrollment shortfall, we are also projecting a decrease of approximately \$2.5 million in COF Stipends. The University has requested that the JBC convert this amount to Fee For Service funding, which would ensure that we maintain the State Support budget of \$39 million.

FY2014-15 Budget projections:

For FY 2014-15 the Governor, JBC and Senate Bill14-001 are currently proposing an 11% increase over FY 2013-14 in base appropriations while imposing a restriction on maximum tuition increases of 6%. There are still discussions around this proposal and uncertainties persist as to the dollar amount of state support that MSU Denver may be receiving for the next fiscal year.

The Long Bill has not been presented yet and by the April BOT meeting it may not be feasible to have a final estimate for the next fiscal year state appropriation. Therefore, the University must build its FY 2014-15 budget using various scenarios. Assuming flat enrollment, the 6% tuition increase will bring us an estimated \$5.7 million in tuition revenue. The \$4.3 million increase in state funding and the tuition increase equate to an estimated total of over \$10 million in additional revenue.

Every 1% decrease in enrollment would result in a \$1 million loss in revenue.. Current trends for the fall semester indicate an increase in applications and acceptances over this time last year. However it is much too early to project fall enrollment trends. MSU Denver will continue to monitor this critical factor in budgeting scenarios.

Preliminary analysis of the University's projected *mandatory expense increase* is thus far a total of \$2.6 million per the following (other items are still being added):

AHEC Allocation	\$385,000
Library	\$184,382
Possible Classified Compensation increase (3% +1.5% merit)	\$551,165
Classified PERA increase	\$ 90,000
Est. Classified Health Insurance increase (final not yet available)	\$104,000
CHEIBA Increase (for Faculty and Administrators)	\$280,000
Faculty and Administrators PERA increase	\$186,000
Estimated Bad Debt increase	\$202,000
Land	\$360,000
Preliminary estimate for the Affordable Care Act Fees	\$200,000
Risk Management (preliminary estimate)	\$ 60,000

Please note the above total does not include any salary increases for Faculty and Administrators, CUPA adjustments, or the increases to the University's on-going contracts. For example, a 1% increase in Faculty and Administrators' salary means an additional \$850K increase in mandatory expenses.

The current state economy and the overall national concerns about tuition increases are indicators that the university should continue to seek opportunities for revenue generating ideas in order to become less dependent on state support. At the same time, as an institution, we are forced to adopt best business practices and become more efficient in our operations, so that we can make the best use of our resources.

There are areas where operating expenses could be budgeted with a focus toward more efficiency rather than expansion. For example, efforts should be focused on becoming a LEAN institution. LEAN can help the university to be more effective and efficient in our processes, and manage daily operations with a tighter budget. Current state budget cuts and insufficient funding to cover the University's initiatives are forcing the University to improve some of its outdated administrative processes and increase the level of productivity. The potential savings from this practice are as valuable as finding revenue-generating ideas.

The MSU Denver community is hard at work trying to increase our retention rate, which would help stabilize the downward trend in enrollment and provide new revenue.

Lastly, starting in summer 2014, the University will be exploring profit sharing practices for the summer semester. This model provides financial incentives for our departments to better manage their summer enrollment and profitability. The financial incentive of providing each School the opportunity to use their summer fund balances toward their one-time budget needs should encourage better decision making when offering summer classes.

Staff will continue to monitor the current year revenue and expenses along with the next fiscal year's projections. The Budget Office will provide an additional update for the Board members in the April meeting in order to finalize the fiscal year 2014-15 initial budget. Depending on the status of the Long Bill, the University will likely build the next year's budget using various scenarios due to the lack of final information on state support.

ACTION ITEM: Amendment to the Plan Document For the Four State Colleges /Universities in Colorado Defined Contribution Pension Plan (DCPP)

BACKGROUND:

Pursuant to Title 24, Section 54.5 of the Colorado Revised Statutes (C.R.S.) the Boards of Trustees for each of the four universities within this DCPP established a mandatory retirement plan in lieu of PERA on May 1, 1994. Section 11.4 of the current DCPP Plan Document allows for amendments to be made to this retirement plan. During the submission of retirement plan document materials for the related Deferred Compensation plan for one of the four universities, the retirement plan attorney recommended minor changes to the DCPP Plan Document. Since these changes are not required by the IRS to ensure continued tax compliance of the Plan, the governing boards must approve this amendment instead of the Plan Administrators at each university (as allowed under Section 11.4 (d)).

ANALYSIS:

During the development and implementation phase of establishing a Deferred Compensation plan for one of the universities, the retirement plan attorney recommended the attached changes to the Four State Colleges/Universities in Colorado Defined Contribution Pension Plan (DCPP). The changes will more closely align the DCPP plan year to the participant contract year. The contract year at all four universities, (July 1 through June 30) serve as the compensation year for all administrators and faculty members at each of the universities. In addition, the changes will allow the universities to maximize contribution amounts up to the federal IRS allowable limits in any given DCPP plan year for participants that a deferred compensation agreement has been established by any of the four respective governing boards.

RECOMMENDATION:

It is recommended that the Board of Trustees approve Amendment XVI making minor changes to the Plan Document of the Four State Colleges/Universities in Colorado Defined Contribution Pension Plan (DCPP); specifically, the changes outlined in the attached Amendment XVI. MSU Denver's BOT is the only board to review and approve Appendix A. of this amendment.

RESOLVED: That Amendment XVI to the DCPP Plan Document be adopted with the effective dates outlined in Attachment A with the understanding that the Plan Administrator is authorized to make non-substantive changes to this amendment, following review and approval by legal counsel of Amendment XVI, if doing so will result in the Approval of the Amendment by the Internal Revenue Service.

ATTACHMENT A

Amendment XVI
To the Four State Colleges/Universities in Colorado
Defined Contribution Pension Plan (DCPP)
For Adoption by the Four Participating Employers

1. Amend the definition of "Year," "Plan Year," and "Limitation Year" in Section 2.15 to read as follows, effective January 1, 2014:

Section 2.15 -- "Year," "Plan Year," and "Limitation Year" means the period July 1 through June 30 for periods on and after July 1, 2014. For periods before July 1, 2014, this period is the six months from January 1, 2014 through June 30, 2014 and each calendar year ending before 2014.

2. Add the following as Section 4.6, effective July 1, 2013:

Section 4.6 -- Additional Employer Contributions. An Employer may amend this Plan as it pertains to the Employer's Eligible Employees to authorize additional contributions to the Contributions Account of a Participant or Participants, subject to the limitations set forth in Article VI.

3. Amend the first sentence of Section 5.1 to read as follows, effective July 1, 2013:

The Employer Contributions made to the Plan pursuant to Sections 4.1 and 4.6 shall be allocated to the Contributions Account of each Participant eligible to share in the Employer Contribution.

4. Amend Section 11.4(b) to delete the words ", and provided further that no amendment shall discriminate in favor of Employees who are officers, shareholders or Highly Compensated Employees."

APPENDIX A

TO AMENDMENT XVI

TO THE FOUR STATE COLLEGES/UNIVERSITIES IN COLORADO DEFINED
CONTRIBUTION PENSION PLAN

For Adoption by Metropolitan State University of Denver Board of Trustees

1. Add the following Appendix A to the Plan, effective July 1, 2013:

Appendix A

Additional Employer Contributions

Metropolitan State University of Denver shall make the following additional Employer contributions as described in Section 4.6:

Contribution on June 30, 2014 for Stephen M. Jordan, PhD: \$85,000, provided Dr. Jordan is an Eligible Employee and a Participant on June 30, 2014

Contribution on June 30, 2015 for Stephen M. Jordan, PhD: \$85,000, provided Dr. Jordan is an Eligible Employee and a Participant on June 30, 2015

AGENDA ITEM: Exception to Severance Pay Policy and Ratification of Release and Settlement Agreement

BACKGROUND:

Per the Handbook for Professional Personnel, the Board of Trustees limit the amount of severance that can be paid to an at-will employee to three month's salary and benefits unless the Board provides specific authorization for additional severance pay. Colorado law also limits the amount of severance pay that can be made by state entities to a former employee unless a bona fide dispute exists allowing for the payment of additional severance to resolve a claim.

RECOMMENDATION:

Staff recommends that the Board make a one-time exception to the severance pay policy for the reasons discussed in executive session and ratify the Release and Settlement Agreement presented therein pertaining to a former employee.