

## RECORD OF PROCEEDINGS

Colorado School of Mines  
Golden, Colorado  
September 17, 2010

The Board of Trustees met in regular session on September 17, 2010 in the Coors Board Room.

Present: Trustees Bliss, Cowart, Fox, Hutson, Misra, Spaanstra and Truly; and Student Trustee Bristow. Absent: Faculty Trustee Dorgan.

Also in attendance: President Scoggins, Provost Castillo, Senior Vice Presidents Volpi and Middleton, Vice Presidents Fox and Williams and other staff and visitors.

Trustee Hutson presided.

Regular Session. The Trustees convened in regular session at 9:15 a.m.

Approval of Minutes. Trustee Bliss made a motion, seconded by Trustee Spaanstra, to approve the minutes of the May 24, 2010 meeting as submitted. Motion carried.

Chairman's Report. Trustee Hutson thanked Dr. Rod Eggert for the excellent presentation he made at breakfast on the School's critical and strategic minerals initiative.

Trustee Hutson, on behalf of the entire Board, congratulated Trustee Fox on her recent appointment to the Court of Appeals.

Trustee Hutson reported that he had attended the dedication of the new track and field complex and Harry Campbell football field.

Trustee Hutson remarked that a recent meeting of Colorado Concern was focused on the importance of addressing the issue of adequately funding higher education in Colorado.

Board Committee Reports. Trustee Cowart reported that the Finance and Audit Committee met on September 8. In addition to reviewing the year end financial statements, the Committee reviewed the easement agreement and bond issue items to be considered later in the agenda. The Committee also discussed two items to be considered in the Executive Session. Trustee Cowart thanked Trustees Bliss and Spaanstra for their work on the Finance and Audit Committee.

Trustee Spaanstra reported that the Strategy Committee met in late spring to look at the issue of technology incubation at Mines and indicated that a sub-committee had been formed to pursue this issue further.

President's Report. President Scoggins expressed his sadness on the passing of Al Provost '62, Chairman of Harrison Western, and a dedicated supporter of the School. At his family's request, Mr. Provost's memorial service was held on the campus on June 25.

President Scoggins reported that the new academic year is off to a strong start and commented on a number of events, including the new faculty orientation, the M-Climb, and the Faculty Conference.

President Scoggins gave an update on the Colorado Renewable Energy Collaboratory, and indicated that Representative Perlmutter expressed interest in helping support the Collaboratory at a recent meeting with the chief executive officers of the participating institutions.

President Scoggins reported that on August 25 Governor Ritter was on campus to entrust the keeping of one of the state's moon rocks to the Geology Museum; Trustee Truly spoke at the event, drawing on his experiences as an astronaut and NASA administrator.

President Scoggins reported that on September 10 he and Mrs. Scoggins hosted a reception at the Library in honor of the new academic faculty.

President Scoggins reported on another successful Career Day, held on September 14. All of the booth space was sold out and there was strong interest in our students.

President Scoggins reported that he and Trustee Hutson had attended the Society of Women Engineers annual Evening with Industry event on September 13.

President Scoggins reported on the planned activities to be held in conjunction with Homecoming on October 7 – 9, including the CSM Foundation Board of Governors meeting, groundbreaking for Marquez Hall, the Athletics Hall of Fame dinner, and the Mines Century Society dinner.

President Scoggins reported that the School's performance contract will be reviewed at the Colorado Commission on Higher Education meeting on October 7. There are no significant issues with the performance contract.

President Scoggins asked Senior Vice President Volpi to give an update on current construction projects. Ms. Volpi indicated that the Brown Hall addition is proceeding well and is slightly under-budget, with a projected opening date of next August. Ms. Volpi also reported that the City of Golden has vacated 16<sup>th</sup> Street between Maple and Illinois Streets, which will enable this area to be developed as a

pedestrian mall. The construction of a new residence hall, scheduled to open in August 2011, is proceeding on time and under budget. The old Annex building has been demolished in preparation for the construction of Marquez Hall, and planning is underway for the new Student Health Center and the renovation of Weaver Towers. Ms. Volpi remarked that the School's Master Plan will be on the October 29, 2010 Board agenda; a series of public meetings are being held to garner input on the plan from the campus and broader Golden communities.

President Scoggins asked Vice President Fox to provide an update on the School's student health insurance program. Dr. Fox reported that 1600 students currently participate in the plan, which has received national recognition for its excellent coverage. Dr. Fox indicated that upcoming ballot Initiative 63 could jeopardize this plan, since it prohibits requiring health care coverage. This unintended consequence of Initiative 63 would affect other colleges and universities in the state as well. The Trustees agreed that it would be prudent to engage the other universities and the Colorado Commission on Higher Education in this discussion. President Scoggins briefly reviewed the potential impacts of several other ballot initiatives; Trustee Truly asked for a factual summary of the potential impacts of each of the upcoming ballot initiatives.

President Scoggins remarked that the Foundation Board of Governors will be meeting on campus from October 7 – 9. President Scoggins will host a reception at the President's Residence the evening of October 7 for the Board of Trustees and the Board of Governors. During their meeting, the Foundation Board will be focused on the development of a new fundraising campaign. Campaign consultants are being interviewed and the next steps will be putting the campaign leadership in place and conducting a feasibility study. President Scoggins indicated it would be appropriate for the Trustees to have a designated liaison to the Foundation Board of Governors; the Foundation Board of Governors has indicated they would welcome such an appointment. Trustee Spaanstra suggested Trustee Truly to serve in this liaison role, and Trustee Truly indicated he would be happy to serve in this capacity.

President Scoggins indicated that Trustee Truly had requested that the Board receive an annual update on the athletics program, and asked the Trustees to let him know if there are other topics about which they would like to receive regular reports.

President Scoggins indicated that Governor Ritter has indicated his availability to speak at the December 17, 2010 commencement ceremony. Trustee Cowart made a motion, seconded by Trustee Bliss, to formally extend an invitation to Governor Ritter to serve as commencement speaker and to receive an honorary degree. Motion carried.

Research Activities. Vice President Poate provided an overview of research awards for FY10. Research awards reached \$53.6M, with the highest volume in the Departments of Chemical Engineering, Geophysics, Metallurgical and Materials Engineering, Physics, and the Division of Engineering. Dr. Poate indicated that industry currently funds around 30% of the research at Mines and he would like to see that percentage increase.

Financial Report. Senior Vice President Volpi reviewed the unaudited *Statement of Net Assets, Statement of Revenue, Expenses, and Change in Net Assets, and Statement of Cash Flows* for the period ending June 30, 2010, as well as the FY10 Operating Budget versus Actual. Ms. Volpi provided a recap of the School's financial position indicating that, despite the state's unfavorable financial position, the School had a strong year. Total assets increased significantly due to the capital construction on campus. There was \$20M growth in total net assets, including a 64% increase in unrestricted net assets. Enrollment at both the undergraduate and graduate levels was strong and research activity experienced a record year. The administration has continued its emphasis on cost containment. As a result, FY10 marked the third consecutive year in which the School ended the year with an operating surplus, which for FY10 was \$6.5M.

Student Trustee Oath of Office. Trustee Hutson administered the oath of office to Student Trustee John Bristow.

Easement Agreement. Senior Vice President Volpi introduced a request from Jefferson County Open Space to renew and expand their easement on the west side of 6<sup>th</sup> Avenue. This new easement will allow the trail system to be continuous from the new City of Golden bike path through Mines property onto Jefferson County Open Space. Trustee Cowart made a motion, seconded by Trustee Fox, to approve the following resolution:

*BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines hereby approves the following conditions in relation to the easement agreement with Jefferson County Open Space:*

- *The easement terms will be negotiated and drafted in a format that is consistent with current State Fiscal rules;*
- *The term will be in five-year periods, subject to renewal upon parties' written agreement;*
- *A one-time administration fee of \$10.00*

Motion carried.

Bond Issues. Senior Vice President Volpi provided background on the School's variable rate debt with letter of credit facilities with Dexia Bank that expire in March 2011. The administration, in consultation with the Board's Finance and Audit Committee, has been assessing options, given that there is some uncertainty regarding Dexia's financial position. After analysis, the recommended option is a direct purchase arrangement through which a bank purchases variable rate bonds for a period of time and holds them for a fixed fee. In this case, the administration and the Finance and Audit Committee recommend that the School sell its 2008A series bonds to Wells Fargo before November 1, 2010 through a direct purchase agreement for a three year term at an all-in rate of 4.32%. Trustee Bliss made a motion, seconded by Trustee Cowart, to approve the following resolution:

*BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines hereby approves the recommendation and authorizes the School to make the change in LOC provider now and to sell the 2008A series bonds to Wells Fargo through a direct purchase agreement.*

Motion carried.

Senior Vice President Volpi introduced a request to issue debt to fund the construction of the \$11M classroom wing of Marquez Hall, for which the students approved the use of their academic construction fee. The program plan for this classroom wing was approved by the Board of Trustees on August 6, 2010. The administration and the Finance and Audit Committee recommend that the School issue tax exempt and taxable Build America Bond fixed rate bonds with an anticipated interest rate of 4%, thirty year term for this purpose. Trustee Cowart made a motion, seconded by Trustee Bliss, to approve the following resolution:

*BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines hereby approves to proceed to issue tax exempt and taxable Build America Bond fixed rate bonds for the project cost of the Marquez Hall classroom wing plus necessary and customary closing costs.*

Motion carried.

Implementation of Residency Statutes. General Counsel Walker introduced a recommendation that the Board adopt a policy that provides in-state residency status to honorably discharged military personnel, in conformance with § C.R.S. 23-7-108.5. At a future meeting the Board will be asked to consider whether to provide in-state residency status to several other categories of individuals, per § C.R.S. 23-7-109 and § C.R.S. 23-7-111. Trustee Fox made a motion, seconded by Trustee Truly, to approve the following resolution:

*BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines hereby authorizes the President to extend in-state tuition eligibility to honorably discharged members of the military who qualify under § C.R.S. 23-7-108.5 effective immediately, and further authorizes the President or his appropriate designee to implement conforming amendments to relevant school policies and procedures.*

Motion carried.

Foundation Report. Executive Director Landrum reported that the Mines endowment total as of June 30, 2010 is \$166M, a 12% increase from the prior year. The portion of endowment assets invested by the Foundation earned an annual net return of 13.2%. Ms. Landrum also remarked that the Foundation looks forward to working with Trustee Truly in his new role as liaison to the Board of Governors.

External Auditor Report. Senior Vice President Volpi reported that BKD has provided the Board of Trustees with a standard, required communication regarding the planned scope and timing for the June 30, 2010 audits of the financial statements of the

School and its compliance with specified requirements applicable to its major federal award programs.

New Faculty Hires. Provost Castillo provided background information on the sixteen new faculty hires for 2010-11.

Undergraduate Admissions Report. Vice President Fox gave an update on the Fall 2010 freshman class. The class has 958 students, of whom 875 are freshmen and 83 are transfer students. The quality of the class is excellent, with more AP credits, higher GPA's and higher ACT/SAT scores than in previous years. Dr. Fox reported that over 90% of the freshmen live on campus, and that the residence halls are full.

Regular Written Reports. In response to a question on graduate student enrollment, Dean Boyd indicated that enrollments are strong, but graduate students are typically slow to register so a final count is not known at this point. He anticipates that total graduate student enrollment will be close to the recalibrated strategic plan goal of 1250. The metrics in terms of quality are outstanding, particularly in chemical engineering, geophysics, petroleum engineering, and the engineering division.

There were no questions on the other regular written reports.

Executive Session. Trustee Fox made a motion, seconded by Trustee Truly, that the Trustees go into executive session at 12:10 p.m. to receive legal advice pursuant to §24-6-402 (3)(a)(II), C.R.S. Motion carried.

Regular Session. The Trustees reconvened in regular session at 12:55 p.m.

Trustee Cowart made a motion, seconded by Trustee Fox, to approve the following resolution:

*BE IT RESOLVED that the Board of Trustees of the Colorado School of Mines approves the following recommendation of tenure:  
Azra Nur Tutuncu – recommend Tenure*

Motion carried.

Trustee Cowart made a motion, seconded by Trustee Bliss, to approve the following resolution:

*BE IT RESOLVED that the Board of Trustees of Colorado School of Mines hereby approves that the School authorize the President to execute the CSMRI contract with Stoller and authorize the use of Petroleum Institute (PI) funds to fund the contract. The PI fund will be reimbursed from the settlement funds received from other CSMRI parties.*

Motion carried, with Trustee Spaanstra recusing himself since Stoller is a client of Faegre and Benson.

Trustee Cowart made a motion, seconded by Trustee Spaanstra, to go back into Executive Session at 1:05 p.m. to receive additional legal advice pursuant to §24-6-402 (3)(a)(II), C.R.S. Motion carried.

The Trustees reconvened in regular session at 3:15 p.m. Trustee Cowart commented on the importance of the Trustees being donors to the School. There being no further business, the meeting adjourned at 3:20 p.m.

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Secretary