

**BOARD OF REGENTS  
MINUTES OF THE MEETING  
August 10-12, 2010**

The South Dakota Board of Regents met on August 10-12, 2010 in the Club Buzz Room in the David B. Miller Yellow Jacket Student Union at Black Hills State University in Spearfish, South Dakota, with the following members present:

Terry Baloun, President  
Kathryn Johnson, Vice President  
James Hansen, Secretary  
Harvey Jewett, Regent  
Dean Krogman, Regent  
Randy Morris, Regent  
Carole Pagonis, Regent  
Patrick Weber, Regent  
Randy Schaefer, Regent

Also present during all or part of the meeting were Jack Warner, Executive Director and CEO; James Shekleton, General Counsel; Monte Kramer, System Vice President for Administrative Services; Sam Gingerich, System Vice President for Academic Affairs; Janelle Toman, Director of Information and Institutional Research; Michelle Anderson, Internal Auditor; Janice Minder, Director of Human Resources; Paul Turman, Associate Vice President for Academic Affairs; Gary Johnson, System Vice President of Research; Paul Gough, Director of Policy and Planning; Mary Turman, Executive Administrative Assistant; James Abbott, USD; David Chicoine, SDSU; Doug Knowlton, DSU; Kay Schallenkamp, BHSU; James Smith, NSU; Robert Wharton, SDSM&T; Marjorie Kaiser, SDSBVI and SDSD; Mark Lee, UC-Sioux Falls; Kathleen Parrow, Dawn Kennedy, Tim Martinez, Holly Downing, Charles Lamb, Leone Geppert, Karen Williamson, Diane Watson, Myron Sullivan, Corrine Hansen, Micheline Hickenbotham, Roger Miller, Kathy Johnson, Lois Flagstad, Warren Wilson, Nancy Grassel, Kristi Pearce, Verla Marcus, Danielle Brady, Sheila Aaker, Lynne Munger, David Gancy, and Don Coble, BHSU.

## **AUGUST 10, 2010**

IT WAS MOVED by Regent Hansen, seconded by Regent Pagonos that the Board dissolve into executive session at 6:30 p.m. on Tuesday, August 10, 2010, in order to discuss personnel matters; that it adjourn at 8:30 p.m. and reassemble on Wednesday, August 11, 2010, at 8:00 a.m. through 5:00 p.m. for its retreat; meet on Thursday, August 12, 2010, at 7:30 a.m. with local legislators; reconvene in executive session at 11:15 a.m. in order to discuss personnel matters; and that it rise from executive session at 12:00 p.m. to resume the regular order of business, and otherwise to adhere to the schedule for executive sessions at the times and for the purposes as set forth in the published agenda for the meeting, with the report of deliberations in all executive sessions being delivered on Thursday, August 12, 2010, when the Board reconvenes at approximately 2:00 p.m. All members voting AYE. The MOTION CARRIED.

## **AUGUST 12, 2010**

Regent President Baloun called the meeting of the Board of Regents to order at 2:00 p.m. and declared a quorum present.

IT WAS MOVED by Regent Hansen, seconded by Regent Johnson that the Board amend the motion that it adopted upon convening at the time and place announced on its published agenda, insofar as that motion called for adherence to the schedule for executive sessions at the times and for the purposes as set forth in the published agenda for the meeting, that it advance the time of the executive session scheduled for 11:15 a.m. to 10:30 a.m. and that it otherwise adhere to the published schedule, as to the time and purposes of its meeting. All members voting AYE. The MOTION CARRIED.

## **REPORT AND ACTIONS OF EXECUTIVE SESSION**

Regent Hansen reported that upon convening at the time and place announced on its published agenda, the Board adopted a motion to dissolve into executive session at 6:30 p.m. on Tuesday, August 10, 2010 in order to discuss personnel matters; and that it adjourned at 8:30 p.m. and reassembled on Wednesday, August 11, 2010, at 8:00 a.m. through 5:00 p.m. for its retreat; met on Thursday, August 12, 2010, at 7:30 a.m. with local legislators; reconvened at 9:00 a.m. to resume the regular order of business, amended the original executive session motion to meet in executive session at 10:30 a.m. rather than at 11:15 as had been published and previously adopted. While in executive session, the Board considered personnel matters, pending and prospective litigation, collective bargaining, contract matters and gave directions to its executive director and general counsel concerning these matters.

IT WAS MOVED by Regent Hansen, seconded by Regent Pagonos that the Board approve directions given to the executive director and the general counsel with respect to matters discussed in executive session, and that it approve the following:

- Appoint James Shekleton, Samuel Gingerich, Janice Minder and Paul Turman to represent the Board of Regents in bargaining with the Council of Higher Education, with Dr. Shekleton serving as lead negotiator.

- Accept the findings and conclusions and recommended decision of the hearing examiner and enter an order denying DSU Faculty Grievance No. 10-001.
- Accept the findings and conclusions stated in the opinions of the Executive Director and enter an order denying DSU Faculty Grievance No. 10-002.
- Accept the findings and conclusions stated in the opinion of the General Counsel and enter an order declining to accept DSU Student Grievance No. 10-001.
- Accept the findings and conclusions stated by the General Counsel and enter an order denying SDSM&T Faculty Grievance No. 10-001.
- Accept the findings and conclusions and recommended decision of the hearing examiner and enter an order denying USD Faculty Grievance No. 10-001.
- Approve the personnel actions as submitted by the Board office, campuses and special schools. A copy of the personnel actions can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.
- Approve the volunteer actions as submitted by the Board office and campuses. A copy of the volunteer actions can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.
- Approve awarding the title of Professor Emeritus of Wildlife and Fisheries Sciences to Dr. Charles R. Berry, Jr; the title of Professor of Consumer Affairs Emerita to Dr. Bernadine Enevoldsen; the title of Professor of Interior Design Emerita to Dr. Linda Nussbaumer (SDSU); and the title of Professor Emeritus to Daniel A. Neufeld (USD). A copy of the resolutions can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.
- Approve awarding three years of prior service credit toward tenure for Dr. William Berzonsky; three years of prior service credit toward tenure for Ying Fang; one year of prior service credit toward tenure for Jose Gonzalez; five years of prior service credit toward tenure for Dr. Brian Logue, Assistant Professor; and four years of prior service credit toward tenure for Paul J. Rushton, (SDSU).
- Approve the realignment of a sabbatical leave request for Ashraf Hassan to August 22, 2010 through August 21, 2011 (SDSU).

All members voting AYE. The MOTION CARRIED.

### **APPROVAL OF THE AGENDA**

Dr. Warner asked that the following items be added to the agenda: Item P – Resolution of Compliance with the South Dakota Environmental Policy Act; Item Q – South Dakota State University Greek Village Lease; and Item L – 17 – Meeting Schedule for 2011; and he referenced revised item O – FY12 Budget Request.

IT WAS MOVED by Regent Hansen, seconded by Regent Schaefer to amend the agenda as requested. All members voting AYE. The MOTION CARRIED.

### **APPROVAL OF THE MINUTES**

IT WAS MOVED by Regent Pagonis, seconded by Regent Morris to approve the minutes of the June 2010 meeting as printed and distributed. All members voting AYE. The MOTION CARRIED.

**PUBLIC HEARING TO ADOPT CHANGES TO SOUTH DAKOTA OPPORTUNITY SCHOLARSHIP**

Dr. Turman announced that this is the time and place designated for the rules hearing to adopt changes to the South Dakota Opportunity Scholarship Program. The 2010 legislature made a number of changes to the statute relating to the South Dakota Opportunity Scholarship which warrants providing additional clarity in the administrative rules. A public hearing is required before the rule changes go to the Interim Rules Review Committee of the South Dakota Legislature.

Regent Baloun opened the floor to comments from the public regarding the rules. There being no comments from the public or from the Board a motion was made by Regent Morris, seconded by Regent Krogman to adopt the draft South Dakota Opportunity Scholarship Program Rules presented in the attachment to the item, subject to such additional changes in matters of style and form as the Legislative Research Council may hereafter require; direct the Executive Director to forward the rules to the Interim Rules Review Committee of the South Dakota Legislature and to take such additional actions as are necessary and proper to secure their final approval in substantially the form here approved; and authorize the Executive Director to contract with eligible institutions who wish to participate in the Scholarship Program. All members voting AYE. The MOTION CARRIED. A copy of the Rules can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**INTRODUCTION OF STUDENT REGENT PATRICK WEBER**

Regent Baloun welcomed Patrick Weber who was just recently appointed to the Board, and invited him to make a few comments.

Regent Weber indicated that he grew up in Montrose, SD, went to undergraduate school at South Dakota State University, and is now starting Law School at USD. He is excited about the opportunity to serve on the Board of Regents, noting that it is an incredible honor and chance to do a lot of good for students. He said he did a lot of work with student government while attending SDSU and this is an opportunity to help and influence higher education in South Dakota. He said he looks forward to working with the Board members, presidents and Superintendent , and the staffs.

**REPORT OF THE COUNCIL OF PRESIDENTS AND SUPERINTENDENT**

Dr. Warner said that the items that appear on the COPS agenda are vetted through the system councils: the Academic Affairs, Student Affairs, Business Affairs and Research Affairs Councils, prior to appearing on the Board of Regents agenda. In addition, there are a number of discussion items that are discussed by the Council of Presidents and Superintendent that they anticipate they may want to work on during the year. At the last COPS meeting on July 28, the COPS discussed Veterans' education issues, agency recruitment regarding students abroad; LLC for Dusel, and focused a lot of discussion on admission standards, student preparation and student success. He added that there will be a statewide conference on student success later in the year when they expect to engage a number of professionals in the planning effort.

## **REPORT FROM INDIVIDUAL PRESIDENTS AND SUPERINTENDENT**

Dr. Schallenkamp thanked the Regents for meeting on campus, and indicated that she hoped the Regents and others appreciated the newly renovated Student Union as much as the students do. She said staff would be available to conduct tours of the Student Union and view the sustainability issues, noting that this is the first building on a university campus in South Dakota that has achieved the Silver LEED certification. She said that tours of the new Science Facility could also be arranged if there is interest.

The Regents thanked Dr. Schallenkamp for the hospitality and commended her on the beautiful campus and Student Union.

## **REPORT AND ACTIONS OF THE EXECUTIVE DIRECTOR**

Dr. Warner thanked Dr. Schallenkamp and her staff for the hospitality and commended her on the service quality that speaks well for the institution. He said given the priority to serve students well, they too will feel well served by the institution.

Dr. Warner referenced the actions taken by the Executive Director on behalf of the Board since the last meeting. A copy of the Interim Actions can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

## **INFORMATIONAL ITEMS**

Regent Baloun referenced the Informational Items on the agenda and indicated that if a Regent would like to discuss any of the items, they could certainly do so.

### **Institutional Items of Information**

The institutional items of information are provided from BHSU, DSU, NSU, SDSMT, SDSU and USD. A copy of the Institutional Items of Information can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Building Committee Report**

Through building committees the following items were approved: the SDSU McCrory Gardens Education Center - Facility Design Plan; the partial Facility Design Plan for the University Center-Sioux Falls; the SDSU Central Heating Plant Boiler Control Upgrades and Energy Conservation bid documents; and the SDSU Electrical Engineering and Computer Science Facility Addition - Facility Design Plan. A copy of the Building Committee Report can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Technology Fellow Taskforce**

Information was provided from the Technology Fellow Taskforce regarding a tiered funding structure that would disconnect student funding from yearly increases in student tuition and fees,

as well as a more definitive set of duties and responsibilities to be aligned with the stipend amounts. System guidelines were also developed to establish consistency in the selection procedures, allocation of funds, recipient requirements, program management, and duties/responsibilities. A copy of the Technology Fellow Task Force report can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **LEAP Grant Program Update**

The LEAP grant program was approved with other fund authority up to \$500,000; the U.S. Department of Education allocated to South Dakota \$92,585 to participate in the program during the 2010-11 academic year and the SDEAF Board of Directors approved a second year of support for the program to be distributed to needy students at each of the participating institutions. The report provides detail on the students served and the institutional allocations during the first two years of the program. A copy of the LEAP Grant Program Update can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Public Improvement Claim Notice – University Center - Rapid City Project**

CMC Steel Fabricators, Inc, dba CMC Joist & Deck, a subcontractor on the University Center - Rapid City project filed a claim for \$104,243.56 plus interest. A copy of the Public Improvement Claim Notice – University Center-Rapid City Project can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Public Improvement Claim Notice – SDSU Mykelbust Gymnasium Project**

Sioux City Insulation, Inc., a subcontractor on the SDSU Mykelbust Gymnasium project filed an \$8,495 plus interest claim. A copy of the Public Improvement Claim Notice – SDSU Mykelbust Gymnasium project can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **CONSENT CALENDAR**

Regent Baloun said the consent calendar contains a large number of items and asked for a motion to approve the entire consent calendar, however, he said if a Regent has an item on the consent calendar that they have a question on or desire clarification they should ask.

IT WAS MOVED by Regent Morris, seconded by Regent Pagonis to approve the following items on the consent calendar:

### **Program Modifications – DSU**

Approve DSU's request to revise the admission standards and requirements for the Master of Science in Information Assurance and the Master of Science in Information Systems. A copy of the DSU Program Modifications can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Program Modification – SDSU**

Approve the program modification for the PhD in Computational Science and Statistics program for SDSU. A copy of the SDSU Program Modifications can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Program Modification – USD**

Approve the program modification for the Coaching minor program for USD. A copy of the USD Program Modifications can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Cooperative Agreement – SDSU & Guangdong Academy of Agricultural Science, Institute of Veterinary Medicine**

Approve the agreement on research and diagnostic cooperation between Guangdong Academy of Agricultural Science, Institute of Veterinary Medicine, China and SDSU. A copy of the SDSU Cooperative Agreement with Guangdong Academy of Agricultural Science Institute of Veterinary Medicine can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **New Certificate Program – BHSU**

Approve the Energy Management Technology Certificate (EMTC) for BHSU effective the Fall 2010 semester. A copy of the BHSU New Certificate Program request can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Articulation Agreements**

Approve USD's request for approval of articulation agreements for the B.S. in Health Sciences program. A copy of the Articulation Agreements can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **Graduation Lists**

Approve the graduation lists for BHSU, NSU, SDSU and USD contingent upon the students' completion of all degree requirements. A copy of the Graduation Lists can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **New Site Request: DSU B.B.A. in Marketing, Internet**

Authorize Dakota State University to deliver its B.B.A. in Marketing using the Internet as described in Attachment I. A copy of the DSU New Site Request for the B.B.A. in Marketing, Internet request can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**New Site Request: DSU Minor in Sociology, Internet**

Authorize Dakota State University to deliver its minor in Sociology using the Internet as described in Attachment I. A copy of the DSU New Site Request for the Minor in Sociology, Internet request can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**New Program: USD, Minor in Health Sciences**

Approve the University of South Dakota’s proposal for a Minor in Health Sciences as described in Attachment I. A copy of the USD New Program request for a Minor in Health Sciences can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**Memorandum of Understanding – BHSU and City of Spearfish**

Approve the new memorandum of agreement between Black Hills State University and the City of Spearfish to continue their joint use and operation of a softball complex. A copy of the BHSU and City of Spearfish Memorandum of Understanding can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**Minnesota Reciprocity Rates**

Approve the Minnesota Reciprocity Rates for FY11 as follows: \$258.90 for Undergraduate; \$398.90 for Graduate; Pharmacy - \$592.55; Law School - \$543.50; and Medical School - \$22,262 annually; and authorize the Executive Director to execute the Administrative Memo of Understanding with MNHESO. A copy of the Minnesota Reciprocity Rates can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**South Dakota State University – Electrical Engineering and Computer Science Building Addition – Facility Design Plan**

Approve SDSU’s Electrical Engineering and Computer Science Building Addition at a cost of \$4,850,000. Funding for this project will come from designated SDSU Foundation funds totaling \$4.4 million along with \$450,000 in indirect/plant and royalty funds. Moving forward is contingent upon the ability to obtain the land through condemnation procedures. A copy of the SDSU Electrical Engineering and Computer Science Building Addition Facility Design Plan can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**South Dakota State University – McCrory Gardens Education Center – Facility Design Plan**

Approve SDSU’s McCrory Gardens Education Center at an estimated cost of \$4,107,000. Funding for this project will come from designated gifts to the SDSU Foundation earmarked for McCrory Gardens. A copy of the SDSU McCrory Gardens Education Center Facility Design plan can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**University Center-Sioux Falls – Facility Design Plan**

Approve the University Center-Sioux Falls’ request of their initial Facility Design Plan for a replacement facility with a maximum cost of \$10,530.172. Funding for this project will come from HEFF bonds, lease-payment buy-out funds, private funds, grants or local funds. A copy of the University Center-Sioux Falls Facility Design Plan can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**University Center - Sioux Falls Lease Amendment and Termination Agreement**

Approve the agreement to amend and to terminate the August 23, 1999 lease between the Board and the Sioux Falls School District for approximately 49,672 square feet of space in their joint use facility. A copy of the University Center-Sioux Falls Lease Amendment and Termination Agreement can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**SDSM&T – Ratification of an Agreement to Rename the Center for Advanced Materials Processing**

Ratify the oral agreement between the South Dakota School of Mines and Technology and the family of William Arbegast to permit SDSM&T to rename the Center for Advanced Materials Processing as the William Arbegast Center for Advanced Materials Processing. A copy of the SDSM&T Ratification of Agreement to Rename the Center for Advanced Materials Processing can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**FY11 Operating Budget Approval**

Approve the FY11 Operating Budget of \$714,383,294. A copy of the FY11 Operating Budget Approval can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**Proposed Change to BOR Policy 3:4 Student Conduct Code**

Approve amending BOR policy 3:4 Student Conduct Code to permit discipline for failure to comply with emergency response measures. A copy of the proposed change to BOR Policy 3:4 Student Conduct Code can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**Student Health Insurance Renewal and Policy 3:14 Update**

Approve the proposed changes to BOR policy 3:14 – Student Health Insurance. A copy of the Student Health Insurance Renewal and Policy 3:14 Update can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**BOR Policy 3:22 Public Access to Student Directory Information**

Approve proposed policy 3:22 governing student records. A copy of BOR Policy 3:22 Public Access to Student Directory Information can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**BOR Policy 4:45 – Lactation/Breastfeeding in the Workplace**

Approve BOR Policy 4:45 – Lactation/Breastfeeding in the Workplace. A copy of BOR Policy 4:45 – Lactation/Breastfeeding in the Workplace can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**BOR Policy 5:19 – System Funding**

Approve the changes to BOR Policy 5:19 – System Funding. A copy of BOR Policy 5:19 – System Funding can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**BOR Policy 5:24 – Effort Certification**

Approve Policy 5:24 – Effort Certification. A copy of BOR Policy 5:24 – Effort Certification can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**2011 Meeting Schedule**

Approve the proposed meeting schedule for 2011. A copy of the 2011 Meeting Schedule can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

All members voting AYE. The MOTION TO APPROVE THE CONSENT CALENDAR CARRIED.

**RESOLUTION TO CONDEMN PROPERTY**

Dr. Shekleton said the resolution to condemn property has been revised to empower SDSU to purchase real estate at a cost not to exceed \$275,000, as provided in legislation that authorized the purchase, upon approval of the Executive Director. Information received in the eleventh hour after conversations with the seller made it clear that there remained a possibility that a purchase might yet be effected without the necessity of completing condemnation proceedings. If such an opportunity were to arise, SDSU might be able to advance construction of the second phase of the SDSU Electrical Engineering and Computer Science Building. The property is currently occupied by the SDSU chapter of the ΑΞΔ sorority.

Regent Baloun said the Board had not succeeded prior to this meeting in negotiating the purchase, so it was now ready to proceed with a condemnation of the property. If eleventh hour negotiations prove successful, the Board is prepared to seize the opportunity. The revised motion will permit completion of the transaction if the negotiations are successful, but if negotiations fall through, the condemnation will move forward.

IT WAS MOVED by Regent Krogman, seconded by Regent Morris to adopt a resolution to rescind the outstanding offers to purchase land owned by Alpha Xi Delta Corporation of Brookings.

Adopt a resolution of necessity to condemn land owned by Alpha Xi Delta Corporation of Brookings, a South Dakota nonprofit corporation, and occupied by the ΑΞΔ Sorority, in order to take the property for the purpose of constructing the Phase II Expansion of the South Dakota State University Electrical Engineering and Computer Science Building, as authorized by chapter 100 of the 2010 Session Laws, which property is described as:

W 85' of Lots 1, 2, and 3, Block 1, Wheaton's addition, City of Brookings, Brookings County, South Dakota, also known as 1203 Eighth Street.

Authorize South Dakota State University, upon approval by the Executive Director, to purchase the subject property for a sum not to exceed \$275,000, in the event that the Alpha Xi Delta Corporation of Brookings offers to sell the property.

All members voting AYE. The MOTION CARRIED. A copy of the Resolution to Condemn Property can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**RESOLUTION REMOVING CERTAIN RESIDENCE HALLS AT THE UNIVERSITY OF SOUTH DAKOTA FROM THE HOUSING AND AUXILIARY FACILITIES SYSTEM**

Dr. Shekleton stated that the bond covenants provide for a mechanism to remove from the housing project, facilities when the cost or maintenance, repair or renovation exceeds revenues. Two housing projects at the University of South Dakota reached the point at which the cost of trying to refurbish them and renovate them exceeds their revenue generation capacity. USD requests authorization to remove Cypress Court and Redwood Court from the housing stock and bond counsel has prepared the appropriate resolution to accomplish that, consistent with the bond covenants. The facilities will continue to be used on an interim basis for cold storage.

IT WAS MOVED by Regent Morris, seconded by Regent Jewett to adopt the Resolution Removing Certain Residence Halls at the University of South Dakota from the Housing and Auxiliary Facilities System.

**VOTE ON MOTION**

AYE: Hansen, Jewett, Johnson, Krogman, Morris, Pagonis, Schaefer, Weber, Baloun

**MOTION CARRIED.**

A copy of the Resolution removing certain residence halls at the University of South Dakota from the Housing and Auxiliary Facilities System can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

**FY12 BUDGET REQUEST**

Mr. Kramer reported that the Board met with the institutions in a roundtable in June and there were three priorities identified at that time. The priorities include the replacement of the federal stimulus dollars in the Board's base budget; the support of salary policy; and the concern that our budget cannot sustain additional cuts. Over the last two fiscal years the Board of Regents have had a 5% cut in their base, or a total of about \$10.3M. This is happening at a time when our

research activity is at an all time high, but that is not sustainable in an environment where we are cutting our faculty and the people who are conducting the research.

Mr. Kramer said the Budget has been discussed with the Board over the past few days and two of those items have been put into a priority called “Maintain Base Public Support”. That simply means that the Board is requesting the same base public support that it had in the FY11 budget. The second priority is the salary policy. The Board has had salary policy as a priority for many years and as a result the Board adopted the Salary Competitiveness Fee. The Regents need the ability to retain and recruit quality staff for the Board office and the institutions. The Board is asking for a modest increase in the General Fund Base to fund a salary policy.

Regent Baloun said the Regents understand and have been a partner with the State in these last two years, going into the third year, as we work through the budget crisis that all states are in. It is important to note that two years ago the Regents shared in 100% of the state budget cut, or \$3.8M and last year the Regents received about 80-85% of the budget cut to state agencies. He said the Regents are asking the citizens, the taxpayers of the state, to let us continue to maintain the success that we have had after those cuts over the last two years. Therefore, the Regents are asking for a flat budget request. He said there still may be some challenges in the budget, i.e. how do we handle utility payments, how do we handle health care needs; and that does not include any increases in inflation that occur. The Regents understood that this budget crisis was a three or four year process and have carried more than their fair share the first two years, and now it is hoped that other agencies will take their share of the cuts so that the Regents can get caught up.

Regent Jewett commented that simple fairness dictates that if we comprise 15% of the state budget, we should not be compelled to pay 100% of the cuts one year and 85% of the cuts the next year. He said that is not budgeting! It is not money out of Regents’ pockets; it is money out of the students’ pockets and the students’ opportunities.

Regent Krogman commented on what the Regents are going to do to “sell” this budget since we have not had real success in the last few years. He said what the Regents have done differently is that they are looking at three different initiatives or a combination of initiatives on how to market the university system, and while that doesn’t sound like anything new, it really is. When we get traction in the legislature, it is because we can make the argument of economic development and moving forward in that area. The other area of not only talking about the value of a degree earned by students, it is the value of the university in each community. We really have to get the community behind us more than they have in the past and for legislators to understand the importance of each university in each community. We will use the Economic Impact Study that was just completed in the best way we can to sell higher education. Regent Krogman said that is the proactive side of what the Regents are going to do when they talk to communities and to legislators.

Regent Baloun said the Regents have also conducted research on national and local aspects of the value of the education, what it does in lifetime learning, what it does in a world environment that we are in, what it does in terms of economic impact for the individual and the state, what it does in difficult times in dealing with unemployment, what the value of it is in terms of

repayment ability for student loans, etc. This will be a collaborative process between the university and the system as a whole, and how it impacts our local community and how it benefits the entire state. He added that the economic impact engine that each of the universities has on the communities in which they exist is tremendous.

IT WAS MOVED by Regent Johnson, seconded by Regent Pagonos to approve the FY12 Budget Request to include maintenance of public support for the special schools and public universities, and funding for a 2% salary adjustment. Direct the staff to prepare and submit the FY12 Budget Request detail and justification to the Bureau of Finance and Management and to refine any budget request figures as necessary. Any needs for federal and other expenditure authority and full-time-equivalent (FTE) requests should be included. All members voting AYE. The MOTION CARRIED. A copy of the FY12 Budget Request can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **RESOLUTION OF COMPLIANCE WITH THE SOUTH DAKOTA ENVIRONMENTAL POLICY ACT**

Dr. Shekleton stated that the South Dakota School of Mines and Technology has a sub-grant to help administer some of the conversion projects for the Homestake Mine into the deep underground science laboratory. This circumstance raises the question whether the activities undertaken as part of the conversion project require an environmental impact statement pursuant to the South Dakota Environmental Policy Act. The Secretary of the Department of Environmental Resources has advised that there would not be a requirement for South Dakota to have an Environmental Impact statement, and the resolution memorializes the correspondence.

IT WAS MOVED by Regent Jewett, seconded by Regent Hansen to adopt a resolution finding that the environmental impact statement being prepared pursuant to National Environmental Policy Act of 1969, 42 U.S.C. § 4321, ff, and 34 C.F.R. §§ 1502.13 through 1502.16 and 1508.8, in order to assess the environmental impact of converting the Homestake Gold Mine into a Deep Underground Science and Engineering Laboratory will be consistent with the requirements of SDCL § 34A-9-7 and thus relieving the South Dakota School of Mines and Technology of any obligation to prepare an additional statement to comply with the South Dakota Environmental Policy Act, SDCL ch 5-22. All members voting AYE. The MOTION CARRIED. A copy of the Resolution of Compliance with the South Dakota Environmental Policy Act can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **SOUTH DAKOTA STATE UNIVERSITY GREEK VILLAGE LEASE**

Dr. Shekleton indicated that the Board approved a master ground lease with the South Dakota State College Development Association to assist in developing a housing site for fraternities and sororities. The attorney for one of the prospective sorority tenants requested that the Board amend certain provisions that relate to the options the sorority or a fraternity would have in the event that the entity gets into financial difficulty or is no longer able to maintain its status at the University. The affected provisions define options for chapter houses owned by fraternity or sorority-related student housing corporations. The amendments increase the security of the student housing corporations by allowing them to house non-member students if the fraternities

or sororities encounter financial difficulties. The amendments continue to make clear that chapter houses cannot operate as profit centers for an out-of-state corporation; if it becomes necessary to rent to non-members, their rental rates will not exceed the rates for members.

Dr. Shekleton added that the master lease agreement had also been amended to assure that the Board would honor non-disturbance agreements in the event that the State College Development Association and the Board decided to terminate the master lease. The original lease had only provided this assurance to subtenants in the event that the Board terminated the lease as a result of a default by State College Development Association. Hence, the amendment that covered mutual termination corrected an oversight.

IT WAS MOVED by Regent Morris, seconded by Regent Pagones to approve the amendment to the June 25, 2010 master ground lease between the Board and the South Dakota State College Development Association. All members except Regent Jewett voted AYE. The MOTION CARRIED. A copy of the South Dakota State University Greek Village Lease can be found on pages \_\_\_\_\_ to \_\_\_\_\_ of the official minutes.

### **SPECIAL THANKS**

Regent Baloun thanked the Regents for the time and effort, and more importantly for their engagement as they worked through the retreat agenda in planning for the coming year. These are long tiring days, but at the end of the day, they help pave the way for the coming year, and they have 35,000 students who depend on the Regents to do that. On behalf of all of the students in the public higher education system, he thanked the Regents for being actively engaged.

### **ADJOURN**

IT WAS MOVED by Regent Krogman, seconded by Regent Johnson to adjourn the meeting of the full Board at 2:40 p.m. All members voting AYE. The MOTION CARRIED.