

**BOARD OF REGENTS
MINUTES OF THE MEETING
December 1-3, 2015**

The South Dakota Board of Regents met on December 1-3, 2015 in Spearfish at the David B. Miller/Yellow Jacket Student Union on the campus of Black Hills State University with the following members present:

Randy Schaefer, President
Bob Sutton, Vice President
Terry Baloun, Secretary – Absent
Jim Morgan, Regent
John Bastian, Regent
Harvey Jewett, Regent
Kathryn Johnson, Regent
Joe Scharz, Regent
Kevin Schieffer, Regent

Also present during all or part of the meeting were Mike Rush, Executive Director and CEO; James Shekleton, General Counsel; Guilherme Costa, General Counsel Designate; Paul Turman, System Vice President for Academic Affairs; Nathan Lukkes, System Assistant Vice President for Research and Economic Development; Michele Anderson, Internal Auditor; Kayla Bastian, Director of Human Resources; Monte Kramer, System Vice President of Finance and Administration; Dave Hansen, Director of Information Technology; Jay Perry, Director of Academic Programs; Molly Hall-Martin, Director of Student Preparation & Success; Molly Weisgram, System Director of Student Affairs and Board Secretary; Janelle Toman, Director of Communications; Leah Ahartz, Budget Manager, Mary Ellen Garrett, Accounting Manager; Daniel Palmer, Director of Institutional Research, BOR; James Abbott, USD; David Chicoine, SDSU; José-Marie Griffiths, DSU; Tom Jackson Jr., BHSU; Marjorie Kaiser, SDSBVI/SDSD; Heather Wilson, SDSM&T; Carissa Hauck, Kie Tatsukawa, Karin Humar, Sumire Matsumoto, Rob Houdek, Diane Houdek, Don Coble, Stephanie Harmon, Jody Gabriel, Amy Fuqua, Maxwell Kwenda, William Kelly, Urla Marcus, Justin Logue, Brittany Thompson, Janice Klug, Lois Flagstad, June Apaza, Janica Gbedemah, Erica Whitiker, Jessie Gramm, Bryan Shurigar Shandell Clutter Bailey Sadowsky, Madison Foster, Randy Culver, Kathy Johnson, Katie Greer, Shengxiong Wang, Mike Isaacson, and Lucas Fralick, BHSU; Marcus Garstecki, Judy Dittman, and Stacy Krusemark, DSU; Alan LaFave, Jory Kunzman, Cody Felden, Connie Smith, Alexis Ward, Thomas Hardcastle, Brooke Nelsen, Harrison Homelvig, Veronica Paulson, JoEllen Lindner, and Joelle Lien, NSU; Pat Mahon, Steve Malott, Jin Kim, Alex Muchow and Harrison Costello, SDSM&T; Olivia Siglin, Sememar Ghebrehidan, Iris Le, Doug Wermedal, Nancy Fahrenwald, Laurie Stenberg Nichols, Dean Kattelmann, Wes Tschetter, Brittney Lystad, Nick Reagan, and Matt Dahle, SDSU; Lindsay Sparks, Rich Nasser, Sami Zoss and Michael Buchanan, USD; Craig Johnson, University Center – Sioux Falls; and other members of the public.

TUESDAY, DECEMBER 1, 2015

The Board of Regents convened in open session at 6:00 p.m. on Tuesday, December 1, in the President's Conference Room 205 on the campus of Black Hills State University. Calling the meeting to order, Regents' President Randy Schaefer declared a quorum present.

IT WAS MOVED by Regent Sutton, seconded by Regent Schartz that the Board of Regents convene and dissolve into Executive Session at 6:00 p.m. on Tuesday, December 1, 2015 in order to consult with legal counsel; that it adjourn at 9:00 p.m. and reconvene in executive session at 8:00 a.m. on Wednesday, December 2 in order to discuss personnel matters, pending and prospective litigation, collective bargaining, contractual matters, and to consult with legal counsel; that it arise from executive session at 12:30 p.m. to resume the regular order of business and report deliberations while in executive session. All members voted AYE. The MOTION CARRIED.

WEDNESDAY, DECEMBER 2, 2015

Regents' President Randy Schaefer called the meeting of the Board of Regents to order at 12:50 p.m. on December 2, 2015, and declared a quorum present.

BOARD WORK

Approval of the Agenda

IT WAS MOVED by Regent Bastian, seconded by Regent Schartz to approve the agenda. All members voted AYE. The MOTION CARRIED.

Approval of the Minutes

IT WAS MOVED by Regent Johnson, seconded by Regent Morgan to approve the minutes of the meeting on October 7-8, 2015. All members voted AYE. The MOTION CARRIED.

CONSENT AGENDA

Regents' President Schaefer explained that the consent agenda is created to include items that are not anticipated to generate discussion because of their routine manner. He offered that all items will be approved on a single vote unless any regent would like to pull an item from the consent agenda and discuss it in committee.

IT WAS MOVED by Regent Schieffer, seconded by Regent Schartz to approve the consent agenda items 3-A through 3-N. All members excluding Regent Sutton voted AYE, Regent Sutton abstained. The MOTION CARRIED.

CONSENT AGENDA: Academic and Student Affairs

3-A Graduation Lists

Approve the BHSU, DSU, NSU, SDSM&T, SDSU, and USD Fall 2015 graduation lists 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.

3-B.1 Program Modifications – Northern State University

Approve NSU's program modification requests for its B.A.-Art in Graphic Design Specialization; and BA in Sociology programs. A copy of NSU's Program Modifications can be found on pages ____ to ____ of the official minutes.

3-B.2 Program Modifications – SD School of Mines & Technology

Approve SDSM&T's program modification request for its B.S. in Applied and Computational Mathematics program. A copy of SDSM&T's Program Modifications can be found on pages ____ to ____ of the official minutes.

3-B.3 Program Modifications – South Dakota State University

Approve SDSU's program modification requests for its M.S. in Computer Science; and M.S. in Nutrition and Exercise Sciences (Nutritional Sciences Specialization, Exercise Sciences Specialization, Dietetics & Nutrition Specialization) programs. A copy of the SDSU's Program Modifications can be found on pages ____ to ____ of the official minutes.

3-B.4 Program Modifications – University of South Dakota

Approve USD's program modification requests for its M.A. in Addiction Studies; B.B.A. to M.B.A. Business Administration; Entrepreneurial Studies Minor (Business Majors); Entrepreneurial Studies Minor (Non-Business Majors); German Minor; B.B.A. in Health Services Administration; M.M. in Music; B.S.N in Nursing; and B.A./B.S. in Philosophy programs. A copy of USD's Program Modification can be found on pages ____ to ____ of the official minutes.

3-C CLEP Guidelines Revision

Approve the modification to the CLEP guidelines and direct campuses to update their corresponding documentation as needed. A copy of CLEP Guidelines revision can be found on pages ____ to ____ of the official minutes.

3-D. Inactive Status and Program Termination Requests – NSU

Approve Northern State University's proposals to terminate the B.A.-Art in Advertising Design Specialization and the BA-Art in Advertising Design Specialization programs. A copy of NSU's termination requests can be found on pages ____ to ____ of the official minutes.

3-E.1 Articulation Agreements – South Dakota State University

Approve the articulation agreement between South Dakota State University and Northeast Community College. A copy of SDSU's articulation agreements can be found on pages ____ to ____ of the official minutes.

3-E.2 Articulation Agreements – University of South Dakota

Approve the modified articulation agreement between the University of South Dakota and Sanford Medical Center School of Radiologic Technology. A copy of USD's articulation agreement can be found on pages ____ to ____ of the official minutes.

3-F Affiliation Agreement – NSU

Approve the affiliation agreement between Northern State University and International Studies Abroad (ISA). A copy of the affiliation agreement can be found on pages ____ to ____ of the official minutes.

3-G.1 Agreements and MOU's on Academic Cooperation – SDSM&T

Approve the Memorandum of Understanding on academic cooperation between the South Dakota School of Mines and Technology and National Technical University of Ukraine "Kyiv Polytechnic Institute". A copy of the MOU can be found on pages ____ to ____ of the official minutes.

3-G.2 Agreements and MOU's on Academic Cooperation – SDSU

Approve the agreement on academic cooperation between South Dakota State University and Shaanxi Normal University. A copy of the agreement can be found on pages ____ to ____ of the official minutes.

3-H Naming Request – NSU

Approve Northern State University's request to name the Barnett Center addition as the Avera Center for Health and Wellness through May 12, 2020, in recognition of Avera St. Luke's gift of \$1.5 million towards the project. A copy of the NSU's naming request can be found on pages ____ to ____ of the official minutes.

CONSENT AGENDA: Budget & Finance

3-I M&R Projects

Approve the institutional maintenance and repair projects described in this document. A copy of the M&R Projects can be found on pages ____ to ____ of the official minutes

3-J FY16 HEFF M&R Allocation Update

Approve the revised FY16 HEFF M&R allocation and the projects lists as presented in the attachment. A copy of the FY16 HEFF M&R Allocation Update can be found on pages ____ to ____ of the official minutes.

3-K FY17 HEFF M&R Projects

Approve the HEFF allocation and the requested projects for FY17. A copy of FY17 HEFF M&R Projects can be found on pages ____ to ____ of the official minutes.

3-L FY17 Fee M&R Projects

Approve the FY17 Fee M&R project list funded with the maintenance and repair fee revenue. A copy of FY17 Fee M&R Projects can be found on pages ____ to ____ of the official minutes.

3-M FY17 Auxiliary M&R Projects

Approve the FY17 Auxiliary M&R projects to be funded with auxiliary revenues. A copy of FY17 Auxiliary M&R Projects can be found on pages ____ to ____ of the official minutes.

3-N FY17 AES M&R Projects

Approve the FY17 AES M&R project list to be funded by the pesticide tax. A copy of FY17 AES M&R Projects can be found on pages ____ to ____ of the official minutes.

PLANNING AND RESOURCE DEVELOPMENT

Welcome and Presentation by BHSU President Tom Jackson, Jr.

President Tom Jackson, Jr. welcomed regents and guests to Black Hills State University. Dr. Brianna Mount, Assistant Professor of Research at BHSU, presented information about the Sanford Underground Research Laboratory and described the work being done there. Additionally, President Jackson described the university's community involvement and showed a video showing this partnership.

Report and Actions of the Executive Session

After convening at 6:00 p.m. on Tuesday, December 1, 2015, the Board dissolved into executive session in order to consult with legal counsel. As shown on the published agenda, it adjourned at 9:00 p.m. and reconvened in executive session at 8:00 a.m. on Wednesday, December 2, 2015, in order to discuss personnel matters, pending and prospective litigation, collective bargaining, contractual matters, and to consult with legal counsel; rising from executive session at 12:30 p.m. to report its deliberations in executive session and to resume the regular order of business.

Regent Sutton reported that while in executive session, the Board considered personnel and administrative actions, pending and prospective litigation, collective bargaining, contractual

matters, consulted with legal counsel, and gave directions to its executive director and general counsel concerning these matters.

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

1. Authorize settlement of the litigation captioned as Smith and Smith Const. v. Board of Regents, acting through the Bureau of Administration and its representative the Office of the State Engineer, Gordon Hollenbeck, individually, Stockwell Engineers, Inc., and Andrew J. Wagstrom, P.E., Individually (Civ. 13-2952)(2nd. Cir. Minnehaha County), 49CIV13-002952, on the terms to be filed with the court.
2. Award an honorary Doctorate of Public Service to Ms. Jodi Archambault Gillette (BHSU).
3. Award the title of Professor Emeritus of Philosophy and Religion for Dennis Bielfeldt (SDSU); title of Professor Emeritus for Dr. LuAnn M. Eidsness (USD); and title of Professor Emeritus for Dr. David E. Sandvik (USD). A copy of the special resolutions can be found on page ____ of the official minutes.
4. Approve the leave request for June Larson (USD) for the Spring 2016 semester.
5. Approve the request for a one (1) year extension of time toward tenure consideration for J. Scott Pattison (USD).
6. Approve the appointment of Kayla Bastian as the system director of human resources at an annualized salary of \$85,000 effective October 12, 2015; accept the retirement of Dr. James F. Shekleton, II, as the system general counsel effective January 21, 2016; accept the appointment of Kelli Whiteing as the executive assistant to DSU President Griffiths at an annualized salary of \$46,000 effective October 30, 2015; accept the appointment of Laure A. Hoffman as the Vice President for Institutional Advancement at DSU effective October 14, 2015 at an annualized salary of \$150,000; accept the title change for David Overby from DSU's Chief Information Officer to DSU's Vice President for Technology and Chief Information Officer; accept the administrative change at DSU where Kacie Fodness will no longer report directly to President Griffiths due to her September 22, 2015, appointment as DSU's sponsored programs director; accept the administrative change at SDSU effective September 22 where Becky Degan, Director of Continuous Improvement, will no longer report directly to President Chicoine instead reporting to Dr. Laurie Nichols; accept the administrative change at SDSU effective September 22 where Sherri Newcomb, Associate VP for Institutional Effectiveness and Chief Data Officer, will no longer report to President Chicoine rather Dr. Laurie Nichols; accept the title change for SDSU's Dr. Laurie Nichols from provost and vice president of academic affairs to provost and executive vice president of academic affairs effective September 22, 2015.
7. 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.

All members voted AYE. The MOTION CARRIED.

Report of the Executive Director

Dr. Mike Rush described the new structure of the Board agenda and explained the rationale as to why topic items are organized under the various committee headings. He further explained that the Student Conduct Code, which was expected to come to this Board meeting, continues to be worked on in collaboration with the Student Affairs Council and Council of Presidents. He anticipates a draft to come to the March/April BOR meeting for first reading. Further, he touched upon the Enrollment Report that will be addressed later in the meeting.

A copy of the Interim Actions of the Executive Director can be found on pages ____ to ____ of the official minutes.

Alcohol Sales Task Force Update

Dr. Janelle Toman explained that an Alcohol Sales Task Force, represented by a broad-base of campus interests, was established to discuss whether statutory and policy changes should be pursued to permit sale of alcoholic beverages on public university campuses in South Dakota.

Without a specific desired outcome, the task force started by considering why any change would be desirable. She explained that although the conversation began with questions around revenue generation, it quickly moved the focus to the potential of enhancing participants' experiences at fundraising events and in loge/sky boxes while at athletic events. Conversations also considered how controlling alcohol sales in stadiums could actually help to manage risk. The group recognized that to pursue a change in alcohol sales on campus, enabling legislation or repeal of the existing legal prohibition would first need to be passed by the state legislature. While law change could be pursued first and then followed later by Board policy changes, it was the task force's general belief that the legislature is unlikely to authorize change without understanding how these sales might occur. She provided a brief synopsis of the regental universities' interest in alcohol sales and where they might be interested in implementing such sales. She additionally described feedback from the student federation on this possible change.

Overall, the task force lacked specific information on the expected increased costs for security, staffing, insurance, other risk management, janitorial costs, and general maintenance. Everyone believed there would be increased costs but did not have data to share on how much. She said more and more institutions around the country are exploring this change. She cited figures of universities around the country that include alcohol sales.

She said many of the regental universities explained that they would prefer that any move toward the potential sales of alcohol on campus grounds be done slowly and correctly. She described the recommendation of the executive director to move slowly and continue to study the topic. Additionally, she directed the Board to a later agenda item pertaining to 2016 Board sponsored legislation, which offers a potential repeal of the prohibition against alcohol sales at the universities. She explained that this was included so that the Board had every option to explore. However, she cautioned that an outright appeal would be difficult without the associated policy that would guide how the ability to sell alcohol would be used.

Regent President Schaefer asked about the recommendation to more narrowly examine this topic. Dr. Toman answered this could be as narrow or as broad as the regents wanted.

Regent Jewett said he would prefer not to repeal the entire prohibition; he preferred to carve out carefully worded language that narrows the ability to sell. He said currently the presidents possess the authority to designate areas where alcoholic beverages can be served not sold. He said this should deal with a narrow ability to sell at such places like alumni events, clubhouses for sponsors, or loge boxes.

Regent Schieffer asked whether or not there has been a public forum on this topic. Dr. Toman said there has been no scheduled public forum or open town hall meeting. However, the topic has drawn much media attention and calls from the public. He said it occurs to him that structured public input on this topic would be important. He said this is an important public policy issue and feels there should be an opportunity for public feedback.

Regent Sutton said we should have conversations with vested parties in the associated communities. He said that he has received many calls on this issue and private industry is very concerned. However, he wonders if their concern rests as much in the fact that they do not know the specific details of what might be proposed. He said we need to tread carefully and noted that we have the option to do this quickly or do it correctly.

Dr. Toman explained the conversation she had with the retailers' association. She said these conversations have begun but not in any detail considering the Board has not yet defined a direction.

Regent Morgan provided clarification that depending on the communities and municipalities in which the university is located the possibilities might look different. Regent Jewett provided one example by explaining that NSU plays its football games at the high school stadium, which does not allow alcohol.

Regent Johnson said it is clear that the students on the campuses are concerned that this could lead to increased underage consumption. She also noted that we have gone several years without this and does not think it needs to be rushed.

Regent Schartz asked the executive director of the student federation, Chance Costello, if he felt that the feedback of the student federation was representative of the student bodies. Mr. Costello explained the processes that the student associations employed to gather feedback. He felt that this was an accurate reflection of the student body perspective.

Regent Bastian referenced the recommended action of the executive director. He said the comments of the Board thus far bear out the recommended action. He agrees that a public forum or soliciting public input with defined policy options would be diligent and preferred. He would like to develop the policies with two or three options, none allowing sales of alcohol in the residence halls or student unions.

Dr. Rush explained that per legal review, there may be additional issues including tax implications, due to the way the legislation is written. Because of this, it would be easier to ask for a broad repeal and then scope back through policy.

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian to accept the Alcohol Sales Task Force report, and direct Board staff to develop a menu of BOR policy proposals that would more narrowly draw the scope of alcohol availability at fundraising and other limited special events on campus (receptions and conferences) for vetting at public forums. All members voted AYE. The MOTION CARRIED.

A copy of the Alcohol Sales Task Force Update can be found on pages ___ to ___ of the official minutes.

2016 Board Sponsored Legislation

Dr. James Shekleton provided an overview of the five bills that have been developed for Board review and consideration during the 2016 legislative session. He additionally explained that several bills that were presented during the October Board meeting have not been brought forward at this time for various reasons.

Dr. Rush explained that the proposed misprision of felony statute amendment discussed in October was vetted by several interested parties, including attorney general, peace officers, and others. These discussions led to the conclusion that further conversation was needed if the Board wanted their support.

The Board discussed whether or not an amendment would be appropriate to add a Northern State University building project to the legislative package. Dr. Monte Kramer explained that this is possible but the first question that would be asked is whether or not there is money available for this building and if this project is on the 10-year plan. The Board generally agreed that there is a more appropriate place to discuss this issue later on the agenda.

Regent Sutton indicated that the bills being considered, except the repeal to the prohibition of alcohol sales at universities, were appropriate.

IT WAS MOVED by Regent Bastian, seconded by Regent Johnson to authorize the Executive Director to submit the proposed bills on agenda item 4-F, with the exception of number 5 Repealing of § 35-2-6.1, to prepare additional legislation that may be required, and to make such modifications or, following their introduction, amendments to the bills as may be in his best judgment prudent, provided that such modifications or amendments shall not change the fundamental purpose of the authorized legislation, and, after consulting with the Board President and other members of the Board, to submit such additional legislation as may be necessary and proper. All members voted AYE. The MOTION CARRIED.

A copy of the 2016 Board Sponsored Legislation can be found on pages ___ to ___ of the official minutes.

University Center – Sioux Falls Proposed Governance Model

Dr. Jay Perry explained that the regents authorized a committee to study and recommend a new operations and management structure at the University Center-Sioux Falls (UC-SF) following the August 2015 Board of Regents meeting. Since that time, the committee of regents has had multiple phone and face-to-face meetings with participating universities, which has resulted in a

proposed broad framework for the future operations and management of the UC-SF. He provided an overview of the principles of the framework.

Regent Morgan asked about the first guideline, which defines USD as the lead institution. He provided data points dealing with the current credit hour generation at the UC-SF by the three participating institutions, which shows each institution significantly contributing to the credit hour generation. He asked for further description of the authority of a lead institution.

Dr. Perry explained that it is envisioned that the lead institution would be able to make decisions such as what courses would be offered and at what times in order to keep a catalog that is structured, organized, and coherent so that students can move through their program with ease. He said currently that process is less than streamlined.

Regent Schieffer explained that he is sympathetic to Regent Morgan's concern, but per the center's director, the management by the existing committee structure is not working. The current structure creates unclear direction for the administration of the center. He said any change will require a collegial approach and common sense. He recognized that there is no ideal solution but believes this is making the most of the available situation.

Regent Johnson said she feels comfortable with the idea of a single lead institution. She said the fear that there will be unreasonable demands of participating universities by the lead institution is not realistic.

Regent Morgan asked if there were other options considered. He is less concerned about class scheduling but more concerned that this framework will add an additional layer of bureaucracy, which would make the center less nimble.

Dr. Perry said the intention is to shed a layer of bureaucracy. He said that adding a strong lead institution is actually responding to the request to be nimble.

Dr. Rush gave a brief overview of the different models that came forward and were considered. He said in any proposal that is considered we have to limit the number of the first two years of classes available, and the ones remaining have to be scheduled in a way that is reliable. He said under this model being proposed, the administrative issues can be dealt with and there continues to be financial incentive for each participating university. He also believes that if this is marketed correctly the strengths of all three institutions can be utilized.

In response to a question about the naming, Dr. Rush said they have not resolved that issue. However, the center will need to take much more significant advantage of the brand name of the three institutions providing programs there.

On the layer issue, Regent Schieffer said he goes back to the testimony of Director Craig Johnson that said good, well-intentioned people were giving him different directions. As it exists, in order to get simple things accomplished, he has several layers of people to work through.

Regent President Schaefer agrees with Regent Morgan that it is important to be nimble.

Regent Schartz also voiced concerned about the lead institution proposal.

Dr. Rush said that all institutions will be incentivized to participate in the UC-SF. He said in order to make this work, we need an administrative structure that is flexible and nimble when arranging programs and scheduling. If we do not give that authority to someone, the committee is not confident that it will be done.

Regent Johnson said under the current model, a new program already has to be approved by a committee of three. Under the proposed model, this committee of three changes to a committee of one. She does not understand the argument that we would be adding a new layer. Rather, she understands it as replacing the current layer.

Regent Jewett said that the current concept does not work. If the Sioux Falls community does not identify as a university town, nothing will change. In other words, we must pick a lead university.

Regent Sutton said the longer we delay any decision, the longer we extend the current situation.

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian to approve the guiding principles stated for a new operations and management model at University Center-Sioux Falls and authorize the Executive Director to continue working with the regents committee and participating universities to finalize the proposal. Regents Schieffer, Johnson, Sutton, Schaefer, Bastian, Jewett voted AYE; Regents Morgan and Schartz voted NAY. The MOTION CARRIED.

A copy of the University Center – Sioux Falls Proposed Governance Model can be found on pages ____ to ____ of the official minutes.

ACADEMIC AND STUDENT AFFAIRS

Student Federation Report

Chance Costello, executive director of the student federation, provided student feedback on both the proposed misprision of felony legislation and the alcohol sales question discussed by the task force. He explained that the feedback from the students on the misprision of felony proposal was generally supportive. Additionally, he explained that he provided student feedback regarding the alcohol sales task force, which was incorporated into the final report of the alcohol sales task force. He confirmed that SHED days will be held on January 24-25, 2015 in Pierre. Lastly he noted that the student federation significantly made modifications to its constitution at its meeting the previous evening.

Student Organization Awards – BHSU

Lois Flagstad, Vice President for Enrollment & Student Affairs, presented the BHSU Student Organization awards. The BHSU Art Club accepted the award for Academic Excellence; the BHSU University Programming Team accepted the award for Community Service; and the International Student Organization (ISO) accepted the award for Organizational Leadership.

A copy of the Student Organization Awards – BHSU can be found on page ____ of the official minutes.

BOR Policy 4:35 – Conflict of Interest

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Sutton to approve the first reading of the proposed amendments to BOR Policy 4:35. All members voted AYE. The MOTION CARRIED.

A copy of the BOR Policy 4:35 – Conflict of Interest can be found on pages ____ to ____ of the official minutes.

System Exports Control Policy

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to approve the second reading and final approval of BOR Policy 4:48 – Export Controls. All members voted AYE. The MOTION CARRIED.

A copy of the System Exports Control Policy can be found on pages ____ to ____ of the official minutes.

R&D Collaboration Grant

Mr. Lukkes provided a brief overview of the R&D Collaboration Grant.

A copy of the R&D Collaboration Grant can be found on pages ____ to ____ of the official minutes.

Discovery District (USD Research Park) Lease Amendment

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to grant the Executive Director the authority to finalize and execute the amended and restated lease. All members voted AYE. The MOTION CARRIED.

A copy of the Discovery District (USD Research Park) Lease Amendment can be found on pages ____ to ____ of the official minutes.

SDSU Research Park

Mr. Lukkes explained, by way of background, that some time ago the Board of Regents entered into a master lease with South Dakota State Growth Partnership (Growth Partnership) to permit the development of a research park on a 125 acre tract in Brookings occupied by South Dakota

State University and used by the Agricultural Experiment Station. The existing master ground lease requires Growth Partnership to provide permanent replacement land for the agricultural research plots, which existed previously on the 125 acres now comprising the Research Park at SDSU, on or before February 2, 2017.

He explained that to date, a number of discussions have been had regarding the foregoing obligation of Growth Partnership, in addition to a couple of other issues pertaining to their operation of the Research Park at SDSU. As a result, a subcommittee comprised of Regents Sutton, Jewett, Morgan and Baloun was formed in October to work to resolve the pending matters, which included a meeting with a delegation from Growth Partnership. A set of recommendations have been put together by the subcommittee regarding three areas of concern: 1) the obligation to replace the land, 2) the title to the Research Park land, and 3) the lease.

Regent Sutton provided a perspective as part of the group that met. He said the conversation was well thought out and well-reasoned. He acknowledged Nate Lukkes and Dwaine Chapel for their good work.

IT WAS MOVED by Regent Sutton, seconded by Regent Schieffer to approve acceptance of \$1,100,000 as a satisfactory alternative to Growth Partnership's obligation to provide for the permanent replacement of the agricultural research plots on or before February 2, 2017, and to direct staff to formalize an agreement regarding the same and to authorize the Executive Director, upon concurrence of the subcommittee, to execute the agreement. All members voted AYE. The MOTION CARRIED.

IT WAS MOVED by Regent Morgan, seconded by Regent Schieffer to authorize the Executive Director, with the concurrence of the subcommittee, to pursue and support legislation that would allow for the transfer to Growth Partnership of up to 25 acres of the tract of land currently leased to Growth Partnership, upon the request of the Board, and with the necessary restrictions on the deed to ensure the land is perpetually used for research park purposes. All members voted AYE. The MOTION CARRIED.

Regent Bastian requested that once this piece of legislation is finalized, that it should be sent to the regents for their review. He suggested that if there is any concern by the Board that a short telephonic meeting be scheduled to further discuss.

Mr. Lukkes explained that he expected that the legislation would not be sponsored by the Board, but rather supported by the Board.

The regents further discussed whether or not they would be the sponsor of the legislation. Since the legislation pertains to property owned by the Board of Regents, it may be most appropriate. However, after further discussion, they agreed that if a legislator, who is also on the Board of Growth Partnerships, would prefer to carry the bill that would be appropriate as well. The group decided that this would be further discussed with the legislator in Brookings who also sits on the Growth Partnership Board. There was no opposition either way depending on this legislator's preference.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to direct staff to pursue revisions to the Growth Partnership lease, as necessary and appropriate, to clean up, simplify,

and better align the two leases and to authorize the Executive Director, upon concurrence of the subcommittee, to execute the amended lease. All members voted AYE. The MOTION CARRIED.

A copy of the SDSU Research Park can be found on pages ___ to ___ of the official minutes.

System-wide Title IX Readiness Assessment

Ms. Kayla Bastian explained that Margolis Healy and Associates (MHA) was contracted by the central office to do a system-wide Title IX readiness assessment of the South Dakota Board of Regents system. This project, conducted during the summer and fall 2015, has included a comprehensive review of Board policies, institutional policies and processes, training and education curriculum, documentation from formal and information complaints/reports made to the institutions, investigative files, and communication materials and various other materials that the institutions provide.

She explained that as part of this assessment, MHA conducted site visits at each of the universities, which included interviews with all institutional leadership and staff responsible for Title IX related matters.

Now that site visits have concluded, MHA will compile information and prepare an analysis of findings in order to develop a draft report for each institution that identifies the strengths, areas for improvement and recommendations. Upon receipt of the draft report, MHA will host individual debriefing sessions with campus leadership personnel and Board staff. A final report and exit interview is expected for Board-level presentation at the March/April 2016 Board meeting.

A copy of the System-wide Title IX Readiness Assessment can be found on pages ___ to ___ of the official minutes.

New Program Request – USD – Minor in Business Analytics

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to approve USD's new program proposal for a Minor in Business Analytics. All members voted AYE. The MOTION CARRIED.

A copy of the USD's New Program Request for a Minor in Business Analytics can be found on pages ___ to ___ of the official minutes.

New Program Request – USD – Minor in Operations Management

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to approve USD's new program proposal for a Minor in Operations Management. All members voted AYE. The MOTION CARRIED.

A copy of USD's New Program Request for a Minor in Operations Management can be found on pages ___ to ___ of the official minutes.

New Certificate Requests – USD – Graphic Design

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to approve USD's new certificate request for a Graphic Design Certificate. All members voted AYE. The MOTION CARRIED.

A copy of USD's New Certificate Request for a Graphic Design Certificate can be found on pages ___ to ___ of the official minutes.

New Certificate Requests – USD – Photography

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to approve USD's new certificate request for a Photography Certificate. All members voted AYE. The MOTION CARRIED.

A copy of the USD's New Certificate Request for a Photography Certificate can be found on pages ___ to ___ of the official minutes.

Intent to Plan Request – BHSU – B.F.A. in Photography

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to authorize BHSU to develop a proposal for a B.F.A. in Photography with the following conditions:

1. The university will research existing curricula, consult with experts concerning the curriculum, and provide assurance in the proposal that the program is consistent with current national standards and with the needs of employers.
2. The proposal will define the specific knowledge, skills, and competencies to be acquired through the program, will outline how each will be obtained in the curriculum and will identify the specific measures to be used to determine whether individual students have attained the expected knowledge, skills, and competencies.
3. The university will not request new state resources and the program proposal will identify the sources and amounts of all funds needed to operate the program and the impact of reallocations on existing programs.

All members voted AYE. The MOTION CARRIED.

A copy of the Intent to Plan Request – BHSU – B.F.A. in Photography can be found on pages ___ to ___ of the official minutes.

Intent to Plan Request – BHSU – B.F.A. in Graphic Design

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to authorize BHSU to develop a proposal for a B.F.A. in Graphic Design with the following conditions:

1. The university will research existing curricula, consult with experts concerning the curriculum, and provide assurance in the proposal that the program is consistent with current national standards and with the needs of employers.
2. The proposal will define the specific knowledge, skills, and competencies to be acquired through the program, will outline how each will be obtained in the curriculum and will identify the specific measures to be used to determine whether individual students have attained the expected knowledge, skills, and competencies.
3. The university will not request new state resources and the program proposal will identify the sources and amounts of all funds needed to operate the program and the impact of reallocations on existing programs.

All members voted AYE. The MOTION CARRIED.

A copy of the Intent to Plan Request – BHSU – B.F.A. in Graphic Design can be found on pages ___ to ___ of the official minutes.

Intent to Plan Request – BHSU – B.F.A. in Studio Art

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to authorize BHSU to develop a proposal for a B.F.A. in Studio Art with the following conditions:

1. The university will research existing curricula, consult with experts concerning the curriculum, and provide assurance in the proposal that the program is consistent with current national standards and with the needs of employers.
2. The proposal will define the specific knowledge, skills, and competencies to be acquired through the program, will outline how each will be obtained in the curriculum and will identify the specific measures to be used to determine whether individual students have attained the expected knowledge, skills, and competencies.
3. The university will not request new state resources and the program proposal will identify the sources and amounts of all funds needed to operate the program and the impact of reallocations on existing programs.

All members voted AYE. The MOTION CARRIED.

A copy of the Intent to Plan Request – BHSU – B.F.A. in Studio Art can be found on pages ___ to ___ of the official minutes.

Intent to Plan Request – USD – B.B.A. in Innovation and Entrepreneurship

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to authorize USD to develop a proposal for a B.B.A. in Innovation and Entrepreneurship with the following conditions:

1. The university will research existing curricula, consult with experts concerning the curriculum, and provide assurance in the proposal that the program is consistent with current national standards and with the needs of employers.
2. The proposal will define the specific knowledge, skills, and competencies to be acquired through the program, will outline how each will be obtained in the curriculum and will identify the specific measures to be used to determine whether individual students have attained the expected knowledge, skills, and competencies.
3. The university will not request new state resources and the program proposal will identify the sources and amounts of all funds needed to operate the program and the impact of reallocations on existing programs.

All members voted AYE. The MOTION CARRIED.

A copy of the Intent to Plan Request – USD – B.B.A. in Innovation and Entrepreneurship can be found on pages ___ to ___ of the official minutes.

Intent to Plan Request – USD – B.B.A. in Operational Analytics

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to authorize USD to develop a proposal for a B.B.A. in Operational Analytics with the following conditions:

1. The university will research existing curricula, consult with experts concerning the curriculum, and provide assurance in the proposal that the program is consistent with current national standards and with the needs of employers.
2. The proposal will define the specific knowledge, skills, and competencies to be acquired through the program, will outline how each will be obtained in the curriculum and will identify the specific measures to be used to determine whether individual students have attained the expected knowledge, skills, and competencies.
3. The university will not request new state resources and the program proposal will identify the sources and amounts of all funds needed to operate the program and the impact of reallocations on existing programs.

All members voted AYE. The MOTION CARRIED.

A copy of the Intent to Plan Request – USD – B.B.A. in Operational Analytics can be found on pages ___ to ___ of the official minutes.

Associate Degree Design Committee Report

NSU President James Smith overviewed the findings of the task force that has been working since spring 2015. As the chair of the task force, he recognized the time and effort of the committee members.

Dr. Perry indicated that institutions will continue to investigate associate degree opportunities with the intent of bringing forth action items for the Board's consideration at the March/April 2016 meeting. He made clear the important distinction between the various types of associate degrees.

Regent Schieffer asked how aggressive our system was at awarding associate degrees relative to the surrounding states. He would like a breakout out of what "associate degree and higher" means on the materials provided.

A copy of the Associate Degree Design Committee Report can be found on pages ____ to ____ of the official minutes.

Distance Education Report

Dr. Daniel Palmer explained that the data from the annual *Distance Education Report* suggests that the human footprint of the university system's distance education offerings is large, and continues to grow.

He pointed out that 14,000 out of 33,000 students took a distance education course this last fall. This trend has continued to grow rapidly. At present, more than half of our students take at least one distance course. In addition, he said students are taking distance courses with more intensity and more are likely to enroll exclusively in distance education.

Regent Johnson asked for the definition of in-person. Dr. Palmer answered by saying any course delivered in a face-to-face format no matter where the location.

A copy of the Distance Education Report can be found on pages ____ to ____ of the official minutes.

Graduate Placement Report

Dr. Palmer explained that the *Graduate Placement Report* examines the extent to which graduates from the public university system ultimately remain in South Dakota following graduation, either as a worker or as a continuing student. He explained that the results of the analysis indicate that a robust majority of students do remain in the state following the completion of a degree. This finding underscores the economic importance of intensifying efforts to boost graduate production in the state. The report is made possible through the combined efforts of three different data providers: the South Dakota Board of Regents, the South Dakota Department of Labor and Regulation, and the National Student Clearinghouse.

Dr. Palmer explained the exclusions in the data, which includes anyone who is placed out-of-state, self-employed, or employed by the federal government.

Regent Jewett clarified that the report shows that 73.7% of our students, considering the few exclusions, remain in the state. Of the students who come from out of state, 33% remain.

A copy of the Graduate Placement Report can be found on pages ____ to ____ of the official minutes.

Enrollment Trends in the University System

Dr. Palmer explained that the system-wide fall enrollment totals have remained relatively stable over the last few years. This overall stability, however, has masked significant changes in the type and location of students that make up those totals. This report provides an in-depth look at those enrollments, showing how the system has undergone a series of crucial transitions. These transitions have significant implications from program delivery to system finance.

He said the trends noticed in this analysis are not unique to the South Dakota system. They are seen nationally and globally as well.

A copy of the Enrollment Trends in the University System can be found on pages ____ to ____ of the official minutes.

Dual & Concurrent Credit Update

Dr. Paul Turman explained that during the October 2015 BOR meeting, an informational item on the fall enrollments for the High School Dual Credit (HSDC) program was presented to the Board in order to provide an overview of the program's growth since it was established in Fall 2014. As a result of questions that arose from those discussions, the Dual & Concurrent Credit Update report was compiled to provide Board members: 1) clarification for the distinction between HSDC and Concurrent Credit opportunities for students; 2) information on the guidance provided for South Dakota high school students completing Advanced Placement; and 3) analyses on the subsequent enrollments of HSDC students.

A copy of the Dual & Concurrent Credit Update can be found on pages ____ to ____ of the official minutes.

Exception to 120 Credit Degree – Art Education

Regent Johnson provided a brief overview of the item.

IT WAS MOVED by Regent Johnson, seconded by Regent Sutton to approve the exceptions to the 120 credit degree requirement and corresponding program modifications for BHSU's BSED in Art Education; NSU's BSED in Art Education; SDSU's BFA in Studio Art – Art Education Specialization; and USD's BFA in Art Education programs. All members voted AYE. The MOTION CARRIED.

A copy of the Exception to 120 Credit Degree – Art Education can be found on pages ____ to ____ of the official minutes.

CAAP Exemptions

Dr. Turman explained that during discussion of the CAAP examination during the November 2015 Academic Affairs Council meeting, the Council indicated a need to develop an alternative test-option to accommodate distance delivery students since administration of the CAAP to students via distance violates ACT testing protocol. The Council supported a modification to Board of Regents Policy 2:28 to waive those students who either entered the Regental system prior to the implementation of the CAAP examination, or who had completed General Education requirements, stopped out for 5 or more years, and then returned to fulfill the requirements of existing degree programs. Additional language has been added to BOR Policy 2:28: Proficiency Examinations to reflect this approach.

Regent Sutton asked if there is an opportunity to get rid of this requirement altogether. Dr. Turman explained that this requirement will likely change with the change in general education and assessment, which is nearly a year out.

Regent Bastian asked how the year 1998 was determined in the policy. Dr. Turman said that 1998 was when the policy was first implemented.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to approve the first reading of the proposed revision to BOR Policy 2:28. All members voted AYE. The MOTION CARRIED.

A copy of the CAAP Exemptions can be found on pages ____ to ____ of the official minutes.

IGR Elimination Proposal – BHSU

Dr. Turman explained that as part of the Board of Regent's system-wide examination of general education, some considerable discussion has occurred across the campuses about the role of the Institutional Graduation Requirement (IGR). Historically, the requirement provided a mechanism through which the campuses could define an academic niche and align their curriculum with their distinctive academic cultures. However, over the years, several key factors have diminished the value of the IGRs. In some cases IGRs have also reduced the flexibility of the faculty to structure academic programs of study to align with national trends and best practices. To address these concerns, BHSU is seeking to eliminate IGRs on their campus to further encourage students to expand their academic options by pursuing an additional degree or minor. To facilitate this request, revisions to BOR Policy 2:7 are being brought forward for first reading which strikes IGRs from BHSU in the "*Institutional Graduation/Globalization/Global Issues/Writing Requirements*" section of the policy. BHSU is intending to retain the Globalization/Global Issues and the Writing Requirements as comprehensive outcomes for their respective degree programs.

IT WAS MOVED by Regent Schieffer, seconded by Regent Schartz to approve the first reading of the proposed revisions to BOR Policy 2:7. All members voted AYE. The MOTION CARRIED.

A copy of the IGR Elimination Proposal – BHSU can be found on pages ____ to ____ of the official minutes.

GEAR UP Program Update

Dr. Turman explained that after the partnership contract was not renewed with MidCentral, the SD Department of Education (DOE) (with guidance from the U.S. Department of Education) has been working with Board of Regents central office to identify a new lead grant partner. Since that time, BHSU was selected as lead institution and the other institutions will partner. Dr. Turman provided the Board an update on the current status of these processes. He said they are still working to finalize the in-kind match requirements. Once done, an MOU between BHSU and DOE will be drafted for next steps.

Regent Johnson said that as she understands that the assessment of outcomes has not always been done properly. She wants to know that metrics and assessments will be put in place so that we can clearly explain that the goals have been met. Dr. Turman said there are a number of entities that could be appropriate evaluators. He agreed that the evaluation portfolio should be able to be compiled to appropriately show the impact of BHSU and partner institutions.

A copy of the GEAR UP Program Update can be found on pages ____ to ____ of the official minutes.

Program Productivity Review

Dr. Turman explained that one of the primary goals of the program productivity review is to use the process to aid institutions as they administer their own program review processes on campus. As institutions evaluate their current program review schedules, those programs that are flagged in this process warrant immediate review. At the November 2015 AAC Meeting, representatives were asked to review the data for their institution and work with campus administrative teams to evaluate next steps. These steps may include: adjusting timelines for program reviews; submitting the necessary waiver requests to the Board of Regents; or providing notification of an intent to consolidate or terminate/inactivate underperforming programs.

He said an update of these potential action steps will be brought forward to be evaluated by the Board of Regents during the March/April 2016 meeting. Those programs that are on this list warrant institutional review this year. If they are expected to appear on the list of programs failing to meet graduate production thresholds, the Board will be asked to either further consider the current program designation or encourage that the program be inactivated/terminated.

A copy of the Program Productivity Review can be found on pages ____ to ____ of the official minutes.

2015 General Education Modifications Summary

Regent Johnson provided a brief overview of the item.

A copy of the 2015 General Education Modifications Summary can be found on pages ____ to ____ of the official minutes.

Program Review Reports – BHSU, DSU, & SDSU

Regent Johnson provided a brief overview of the item. Dr. Turman said this report and the program productivity review item work in tandem.

A copy of the Program Review Reports – BHSU, DSU & SDSU can be found on pages ____ to ____ of the official minutes.

Perkins Loan Program Termination

Dr. Turman explained that for a number of years, the U.S. Department of Education (USDOE) has sought to terminate the Federal Perkins Loan (FPL) program in an attempt to further simplify the federal student aid program for students. The USDOE signaled their intentions to institutions in a letter on January 20, 2015, noting that institutions could not make FPL disbursements to new borrowers after September 30, 2015, except under a limited number of circumstances. Currently, there are no federal loan programs that will replace this program which may adversely impact a number of degree programs since the loans were forgivable for certain occupations (i.e., teachers and nurses who work five years in the critical need field). Additionally, FPL has been the only subsidized loan program available to graduate students.

Dr. Turman said our financial aid directors have anticipated this termination. He noted that students are able to be grandfathered into this loan program if they remain in the same academic program.

Regent Jewett asked if this is the only federal student loan program available. Dr. Turman responded that this is not the only student loan program.

A copy of the Perkins Loan Program Termination document can be found on pages ____ to ____ of the official minutes.

BOR Policy 1:29 – South Dakota State Authorization Reciprocity Agreement

Dr. Turman explained that South Dakota has recently completed its first year of State Authorization Reciprocity Agreement (SARA) membership, and as the system has reached the anniversary dates for the first institutions to join, it has become evident that BOR Policy 1:29 – South Dakota State Authorization Reciprocity Agreement (SARA) is in slight conflict with the National Council for State Authorization Reciprocity Agreements' (NC-SARA) practices regarding institutional annual renewal. In current practice under both the state and national policies, institutions are being asked to apply for annual renewal twice a year. The proposed change to the Board of Regents policy will remove the state annual report due in May, and in its place, institutions will complete the form created by NC-SARA on its anniversary date of membership. The payments for the SD-SARA state fee will still be due by July 1, as that must remain in line with our fiscal calendar. Taking this approach should eliminate unnecessary paperwork for both campus personnel in charge of SARA and for BOR staff administering the program. This strategy has been discussed with personnel from NC-SARA, and they support this course of action

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to approve the first reading of proposed revisions to Board Policy No. 1:29. All members voted AYE. The MOTION CARRIED.

A copy of the BOR Policy 1:29 – South Dakota State Authorization Reciprocity Agreement (SARA) can be found on pages ____ to ____ of the official minutes.

Institutional Items of Information

The Board received Institutional Items of Information submitted by Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, University of South Dakota, South Dakota School for the Blind and Visually Impaired, and South Dakota School for the Deaf. No action required. A copy of the Institutional Items of Information can be found on pages ____ to ____ of the official minutes.

2014 High School Transition Report

Regent Johnson provided a brief overview of the item.

Regent Sutton asked about the category of students who met no college benchmarks. Dr. Turman acknowledged that roughly 10% of our entering students do not meet college benchmarks.

A copy of the 2014 High School Transition Report can be found on pages ____ to ____ of the official minutes.

Graduate Debt Analysis

Regent Johnson provided a brief overview of the item.

A copy of the Graduate Debt Analysis can be found on pages ____ to ____ of the official minutes.

Legislative Reports 2015

Regent Johnson provided a brief overview of the item.

A copy of the Legislative Reports 2015 can be found on pages ____ to ____ of the official minutes.

Annual Curriculum Report

Dr. Turman provided a brief overview of the item.

A copy of the Annual Curriculum Report can be found on pages ____ to ____ of the official minutes.

Licensure and Certification Report

The Board received the annual Licensure and Certification Report. The examinations included in this report are those that must be passed before a person may be fully licensed or certified to engage in the occupation or profession. Optional examinations are not included.

A copy of the Licensure and Certification Report can be found on pages ____ to ____ of the official minutes.

BUDGET AND FINANCE

2016A Housing and Auxiliary Facilities System Revenue Bonds

Dr. Monte Kramer summarized the projects that will be funded through the upcoming bond issuance. He explained that the 2015 bond rating assigned by Moody is 3.6%. Piper Jaffray & Co. is the bond underwriter for the bonds as they agreed to acquire BMO Capital Markets GKST Inc. on October 9, 2015.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton to approve Action Items I, II, III, IV, and V.

Action 1

1. I move to authorize the issuance of an additional series of Bonds under the Amended and Restated Bond Resolution adopted by the Board on October 21, 2004 (the "*Original Resolution*") to finance:

- (i) the DSU Project;
 - (ii) the USD Project, which will be funded by the upfront savings from the refunding described in clause (iii) below;
 - (iii) the refunding of the Refunded Bonds, but only if (a) the net present value of the savings from the portion of the Bonds attributable to the refunding shall be at least \$720,000 and (b) the aggregate debt service on the portion of the Bonds attributable to the refunding does not exceed the aggregate debt service on the Refunded Bonds;
 - (iv) interest on those Bonds relating to a portion of the DSU Project;
- and
- (v) costs of issuance of the Bonds

(Attachment I—Eleventh Supplemental System Revenue Bond Resolution (the "*Eleventh Supplemental Bond Resolution*"));

Action 2

2. I move to approve the contract with the underwriter, Piper Jaffray & Co., who will market the Bonds for the Board; *provided, however*, that the aggregate principal amount of Bonds sold pursuant thereto shall not exceed \$27,000,000, shall mature not later than April 1, 2040, shall bear interest at a true interest cost not exceeding 5.00%, and shall be sold at an underwriter's discount of not more than 0.625% of the proceeds of the Bonds (Attachment II—Bond Purchase Agreement);

Action 3

3. I move to approve an escrow agreement with The First National Bank in Sioux Falls, Sioux Falls, South Dakota, the Bond Registrar for the Refunded Bonds, to provide for the defeasance of the outstanding Refunded Bonds (Attachment III - Escrow Agreement);

Action 4

4. I move to approve the distribution of the preliminary official statement and approving the distribution of the official statement to reflect the actual terms of the transaction once they are determined and the Bonds are ready for sale (Attachment IV—draft Preliminary Official Statement);

Action 5

5. I move to approve the President of the Board, the President of Dakota State University, the President of South Dakota State University, the President of the University of South Dakota, the Executive Director of the Board and other Board officials to perform those acts and to execute those documents necessary to complete the Bond issue and the refunding of the Refunded Bonds and the execution and delivery of the Eleventh Supplemental Bond Resolution, the Bond Purchase Agreement and the Escrow Agreement; and

6. Make the certifications required prior to the issuance of additional Bonds under Section 14(K) of the Original Resolution based on the Actual Net Revenues of the System for each of the two most recent Fiscal Years and the Projected Net Revenues of the System for each of the specified three Fiscal Years (Attachment V).

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - ABSENT
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE

Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

A copy of the 2016A Housing and Auxiliary Facilities System Revenue Bonds can be found on pages ____ to ____ of the official minutes.

Building Committee Report

The Board received information regarding the activities of the various building committees since its last meeting. A copy of the Building Committee Report can be found on pages ____ to ____ of the official minutes.

Capital Project List

The Board received the Capital Improvement Project List identifying the current capital improvement projects along with the Regental representative, estimated dollar amount, the source of funds for the project, and the current status of the project. A copy of the Capital Project List can be found on pages ____ to ____ of the official minutes.

FY16 Tuition Projected Credit Hour & Revenue

The Board received information about the FY16 Tuition Projected Credit Hour & Revenue. A copy of the FY16 Tuition Projected Credit Hour & Revenue can be found on pages ____ to ____ of the official minutes.

System Tuition Pool Condition Statement

The Board received information about the System Tuition Pool Condition Statement. A copy of the System Tuition Pool Condition Statement can be found on pages ____ to ____ of the official minutes.

USD Muenster Student Union Financing Update

The Board received information on the USD Muenster Student Union Financing Update. A copy of the USD Muenster Student Union Financing Update can be found on pages ____ to ____ of the official minutes.

ADRDL Planning Funds

Dr. Kramer summarized the need for the addition and renovations proposed to the existing Animal Disease Research and Diagnostic Laboratory (ADRDL). He explained that at the October 2014 meeting, the Board approved the Preliminary Facility Statement and the Facility Program Plan with the recommendation that SDSU investigate alternatives and cost options for the renovation and enhancement of the existing ADRDL building.

SDSU has partnered with a number of agencies and commodity groups to further discuss the need for the building upgrades. Meetings led by State Veterinarian/Executive Secretary of the SD Animal Industry Board Dustin Oedekoven have been held with legislators, multiple state agencies, commodity groups, Governor's office staff, Office of the State Engineer staff, SDSU leadership and facilities and finance staff as well as BOR staff. The group has discussed how the facility would be funded and intends to ask the Legislature for construction funding in the 2017 session. In order to keep the project moving, another \$2.21M is needed to get through the design development.

SDSU has already committed \$532,000 to the project from ADRDL testing fees. A business plan for continued operation and maintenance of the existing and new facility will be developed. At each stage of the planning, the project will be assessed to determine if it is feasible and whether it should move forward to the next phase. The Board has been asked by the ADRDL Constituency Group to support the funding at the full cost of \$2.21M.

Dr. Kramer indicated that he does believe the governor will recommend money for this building. Until the governor's budget address, however, we do not know to what extent. If there is a gap to the total amount, the Board will need to understand where this money will come from. He indicated that the constituent group is engaged, so the correct people are involved in the discussions. The constituent group has asked that the Board carry legislation for the entire cost of the planning so that the cost of construction and equipment can be better understood. The \$2.21M is the amount necessary to complete the design.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to approve support of legislation and the need for \$2.21M of ADRDL planning funds necessary to complete Design Development at a cost not to exceed \$2.21M. All members voted AYE. The MOTION CARRIED.

A copy of the ADRDL Planning Funds can be found on pages ____ to ____ of the official minutes.

Child of Alumni Update

The regents received an update on the child of alumni program.

Regent Schartz asked if there has been discussion about opening this program to children of alumni of any institution or if this will remain limited to only the school the parent attended.

Dr. Kramer said that this has been discussed. Originally, when this program was discussed by the Council of Presidents, the number of current students this would apply to was so great that we were not willing to open it to the larger numbers. At that time, the institutions were concerned they could not make up the numbers required to make this a revenue neutral proposition.

A copy of the Child of Alumni Update can be found on pages ____ to ____ of the official minutes.

BOR Policy 5:1 – Institutional Representation Account

Dr. Kramer reviewed the request to change BOR Policy 5:1. The change involves increasing the institutional representation account limit from \$10.00 per student to \$20.00 per student based on the prior year fall headcount enrollment. The minimum authorized for each campus would change from \$5,000 to \$10,000. This is the Board's first reading of this policy change. The request for final policy approval will be brought to the Board at the March/April 2016 meeting.

Regent Jewett clarified that this is not a fee on students, only a reallocation of existing funds.

Regent Johnson asked for clarification about the section of the policy that indicates a minimum of \$10,000 per institution. Dr. Kramer explained that this was meant so that the special schools would also have money in an institutional representation account.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton to approve the first reading of policy changes to BOR Policy 5:1 – Institutional Representation Account. All members voted AYE. The MOTION CARRIED.

A copy of the BOR Policy 5:1 – Institutional Representation Account can be found on pages ____ to ____ of the official minutes.

BOR Policy 5:21 – System Collection Policy

Dr. Kramer reviewed the policy change that was brought to the Board at the October 2015 meeting. Student accounts that are less than \$500 will be handled using in-house collection procedures. Amounts over \$500 that have not been collected via in-house collection procedures within 120 days from the date the account becoming delinquent will be referred to the State of South Dakota's Obligation Recovery Center for collection efforts. He said the previous amount of referral was \$100 versus the requested \$500 amount.

Regent Johnson asked if \$500 was too low. She asked about the logic of that amount.

Dr. Kramer said that BAC thought that putting \$500 on the collection level was a compromise.

Regent Bastain noted that he would like to see this at \$1,000.

IT WAS MOVED by Regent Schieffer, seconded by Regent Schartz to approve the second reading of the policy changes to BOR Policy 5:21 – System Collection Policy.

IT WAS MOVED by Regent Bastian, seconded by Regent Johnson to amend the motion to insert \$1,000 rather than \$500. All members voted AYE. The MOTION CARRIED.

The motion was approved as amended.

A copy of the BOR Policy 5:21 System Collection Policy can be found on pages ____ to ____ of the official minutes.

BOR Policy 5:22 – Graduate Assistants and Fellows

Dr. Kramer explained that since the October 2015 Board meeting, SDSM&T and USD have decided to not move forward with the policy change at this time. Only SDSU will be moving forward with the change in FY16.

Regent Jewett received clarification that participating institutions will continue to receive a bill for the HEFF portion due for the academic credits taken by these students.

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian to approve the second reading of the policy changes to BOR Policy 5:22 – Graduate Assistants and Fellows for SDSU only. All members voted AYE. The MOTION CARRIED.

A copy of the BOR Policy 5:22 Graduate Assistants and Fellows can be found on pages ____ to ____ of the official minutes.

BOR Policy 6:6 – Maintenance & Repair

Dr. Kramer reviewed the policy changes that were brought to the Board at the October 2015 meeting. The major policy change is an increase to the project cost that can be handled by the universities going from \$25,000 to \$99,999. He explained that the intent of the policy was to make the process more efficient.

Dr. Kramer said that moving forward with this policy in practice is currently on hold due to a political issue. Regent Schieffer said he supports this policy and asked for ways to move forward.

After discussion of the regents' interest and support of this policy, they decided to move forward with the vote but with delayed implementation until after the following meeting.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton to approve the second reading of the policy changes to BOR Policy 6:6 – Maintenance & Repair and to delay implementation to the day after the March/April BOR meeting. All members voted AYE. The MOTION CARRIED.

A copy of the BOR Policy 6:6 – Maintenance & Repair can be found on pages ____ to ____ of the official minutes.

Regent President Schaefer indicated that the Board would move to the community forum portion of the agenda and would reconvene the following day.

THURSDAY, DECEMBER 3, 2015

Regent President Randy Schaefer called the meeting of the Board of Regents to order at 9:24 a.m. on December 3, 2015, and declared a quorum present.

RESOLUTION OF RECOGNITION FOR DR. JAMES SHEKLETON

Regent Jewett asked to rise to a question of personal privilege. Regent President Schaefer acknowledged his request.

IT WAS MOVED by Regent Jewett, seconded by Regent Schieffer to amend the agenda for purposes of adding a resolution of recognition to recognize the current legal counsel and his service to the state of South Dakota and the South Dakota Board of Regents. All members voted AYE. The MOTION CARRIED.

Regent Jewett described his appreciation for the service provided by Dr. James Shekleton over the last 32 years. He asked Dr. Rush to read the resolution of recognition prepared for Dr. Shekleton. Dr. Rush read the resolution of recognition.

WHEREAS, James Shekleton served the South Dakota public university system for 32 years, from January 1984 to July 1989 at Northern State University and from July 1989 to January 2016 at the South Dakota Board of Regents' central office in Pierre; and

WHEREAS, he advised the Board of Regents on all legal matters and represented the Board before administrative agencies and state and federal courts, conducted special investigations, reviewed pending legislation, and served as the Board's chief negotiator in bargaining with its organized faculty; and

WHEREAS, Dr. Shekleton's significant accomplishments include developing an effective evaluation and salary distribution system, laying the groundwork for technology transfer systems, creating a system-wide student conduct code, helping establish a system-wide revenue bond, and effectively representing the Board in national higher education dialogues; and

WHEREAS, Dr. Shekleton, throughout his service to the Board and this state, produced work of the highest quality and has acted with enthusiasm, integrity, and persistence;

NOW, THEREFORE, BE IT RESOLVED, that the South Dakota Board of Regents, its staff, campus administrators, and faculty wish to recognize and express appreciation and sincere thanks to Dr. James Shekleton for his dedicated service to higher education in South Dakota;

BE IT FURTHER RESOLVED, that Dr. James Shekleton be accorded special recognition for his outstanding service, and it is ordered that this Resolution be spread upon the minutes of this Board and that a copy thereof be forwarded to Dr. Shekleton.

BHSU Tuition & Fee Proposal

Kathy Johnson, BHSU's Vice President of Finance, presented BHSU's proposal to pilot a new tuition and fee structure to replace the current state-support tuition and fee model for on-campus classes. The new model will assess a single rate per credit hour similar to the self-support tuition that is currently assessed. The new tuition structure would take effect with the 2016 summer session and be in effect for three years in the initial pilot phase.

Regent President Schaefer asked for clarification that the pilot phase would be reviewed on a regular basis.

Dr. Kramer said that increases to cost have traditionally gone onto the tuition rate. He further explained that the General Activity Fee and the University Support Fee would need to be categorized within the tuition amount. Regent Jewett asked how HEFF would be affected by this change. Dr. Kramer said they continue to work on how to handle HEFF.

Dr. Kramer said he believes this is a smart and innovative marketing tool.

Regent Sutton asked about the timing of the launch of this pilot. He also asked that the assessment be done at the front end.

Regent Johnson asked about the appropriateness of timing considering the tuition fee proposal with the legislature. She also asked about the associate degrees relation considering the work of the associate degree task force.

BHSU Kathy Johnson said that in regard to the tuition freeze, they are very hopeful that that will pass as they recognize it is a great benefit for students. She touched upon the idea that some students may pay slightly more but this would be a very small amount that will likely balance out by the end of the students' career.

BHSU Kathy Johnson also indicated that the possible changes with associate degrees may work well with this single rate.

Dr. Kramer further iterated that the pilot will continue to be fleshed out and a proposal with additional details will be brought to the Board in March/April.

Regent Jewett agreed that simplifying the rates is a very important initiative. He asked if anything being done in this proposal could create problems for the other campuses.

Dr. Kramer said that the only schools this works for is BHSU and NSU because the other schools have high discipline fees and it would be difficult to blend those into one rate.

IT WAS MOVED by Regent Johnson, seconded by Regent Schartz to support the substance of BHSU's tuition and fee pilot proposal for a three-year period with additional details to be discussed by the Board at its March/April meeting. All members voted AYE. The MOTION CARRIED.

A copy of the BHSU's Tuition & Fee Proposal request can be found on pages ____ to ____ of the official minutes.

USD Iowa Tuition Proposal

Sheila Gestring, Vice President for Finance at USD, presented USD's request to offer in-state tuition to students from Iowa as a tool to manage enrollment. She presented some information on the concerted effort that Iowa is making to keep its students in-state. She said USD believes if they can provide an even playing field they might be able to reverse the downward trend.

Regent Jewett noted the large number of Iowa students who historically attended USD. This changed after the out-of-state rate moved to 325% for all non-residents, which provided a large disincentive for these students to attend South Dakota schools. He said USD is still suffering the effects of that decision.

Regent Morgan asked about the USD approach with Minnesota students.

Regent Johnson explained that under university managed resources, it is the university that is taking the risk.

Regent Schieffer asked about the marketing and outreach efforts being planned for Iowa. He would like to know if that differs from Minnesota and Nebraska. Ms. Gestring noted that the marketing department definitely plans to increase the marketing effort in this area and noted that she would be happy to provide further information.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton to support USD's Iowa tuition proposal. All members voted AYE. The MOTION CARRIED.

A copy of the USD Iowa Tuition Proposal can be found on pages ____ to ____ of the official minutes.

SDSU FY16 General Activity Fee (GAF) Rate Change

Dr. Doug Wermedal, Interim Vice President of Student Affairs at SDSU, provided an explanation of the SDSU FY16 General Activity Fee (GAF) Rate Change. He said the current structure is unfair because, although the food providers in the student union are utilized by a larger group of students, the fee is only assessed to those who have a meal plan. He noted that the food service area in the student union is a strong student convener and it now serves a broader range of students than previously done. He indicated that the fee itself it is a revenue neutral move for the university.

That being said, he acknowledged the perspective of the student association at SDSU and noted that the association is concerned about the proposed change to the fee, considering that many upper classmen have already been assessed the full charge during their freshmen and sophomore years. They are concerned that some students in the transition will be assessed more than their portion. He further explained that the SDSU residence hall association, which represents nearly 4,000 students, has unanimously voted in support of the change.

Regent Schartz asked Matt Dahle, vice president of SDSU student association, to address the Board and to comment on the disagreement as outlined in the approved resolution of the student association. Mr. Dahle indicated that although there is a proposal to phase in the fee, it does not satisfy the concerns of the student association.

Regent Jewett and Regent Johnson both felt that more time should be devoted to looking at this.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to increase the GAF in two \$2.95 increments with the first \$2.95 increase in FY2017 and the second in FY2018 for a total of

\$5.90. The existing \$188.80 per semester bond and utility fee would be eliminated in two phases with half in FY2017 and entirely in FY2018.

IT WAS MOVED by Regent Bastian, seconded by Schieffer to postpone this item to the March/April BOR meeting. All members voted AYE. The MOTION CARRIED.

A copy of the SDSU FY16 General Activity Fee Rate Change request can be found on pages ____ to ____ of the official minutes.

DSU Residence Hall/Student Services Space Renovation – Facility Program Plan

Marcus Garstecki, DSU Vice President of Student Affairs, and Stacy Krusemark, Vice President of Finance, explained DSU's request for approval of its Facility Program Plan to renovate the former Madison Community Hospital building into a residence hall and student services space at an estimated cost of \$7,000,000. He provided an explanation of the plans for interior, layout, and use. Funding for this project will come from bond proceeds supported with rent revenues from the new facility. Existing rent rates will also be increased by 4% above inflation for FY17 and FY18 to support maintenance and repair needs.

Regent Schieffer asked Dr. Kramer if there were any concerns that the Board should be aware of. Dr. Kramer explained that the Board approved the bonds for the facilities yesterday and would not have asked the Board to do so if he was concerned. Dr. Kramer said they considered a worst case scenario situation and he is comfortable.

IT WAS MOVED by Regent Schieffer, seconded by Regent Johnson to approve DSU's Facility Program Plan to renovate the former Madison Community Hospital building into a residence hall and student services space. All members voted AYE. The MOTION CARRIED.

A copy of the DSU Residence Hall/Student Services Building – Facility Program Plan can be found on pages ____ to ____ of the official minutes.

DSU Information Technology Building – Facility Program Plan and Facility Design Plan

President José-Marie Griffiths, Stacy Krusemark, and Judy Dittman, Vice President of Academic Affairs, explained DSU's request for approval of its Facility Program Plan and Facility Design Plan to construct a new Information Technology Building at an estimated cost of \$11,400,000. They indicated that funding for this project will come from \$6,000,000 in bond proceeds transacted in June 2015 and \$5,400,000 in private funding. The location of the facility will be the present parking lot between Heston Hall and the Girton House. They also gave an explanation of the space used for programming and collaboration.

IT WAS MOVED by Regent Schieffer, seconded by Regent Schartz to approve DSU's Facility Program Plan and Facility Design Plan to construct a new Information Technology Building at an estimated cost of \$11,400,000. Legislation will be drafted for the 2016 legislative session to purchase the land for an amount not to exceed \$40,000. All members voted AYE. The MOTION CARRIED.

A copy of the DSU Information Technology Building – Facility Program Plan and Facility Design Plan can be found on pages ____ to ____ of the official minutes.

DSU Trojan Center Student Union Renovation – Facility Design Plan

Stacy Krusemark explained DSU’s request to approve the Facility Design Plan to renovate and expand the Trojan Center Student Union and renovate first floor of Zimmerman Hall at an estimated cost of \$7,500,000. Funding for this construction/renovation project will come from \$5,000,000 in bond proceeds debt serviced by an \$11.50 per credit hour increase with one-half approved for FY16 and the second half approved for FY17. The additional \$2,500,000 will come from a capital investment from the DSU food service vendor.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to approve DSU’s Facility Design Plan to renovate and expand the Trojan Center Student Union and renovate the first floor of Zimmerman Hall at an estimated cost of \$7,500,000. All members voted AYE. The MOTION CARRIED.

A copy of the DSU Trojan Center Student Union Renovation – Facility Design Plan can be found on pages ____ to ____ of the official minutes.

NSU New Residence Hall – Facility Program Plan

NSU President James Smith and Veronica Paulson, Vice President of Finance at NSU, explained NSU’s request for approval of its Facility Program Plan to construct a new residence hall at an estimated cost of \$7,000,000. The Preliminary Facility Statement for this project was approved by the Board at its December 2014 meeting. The Design-Build method of construction will be used for this project. A maximum price will be established for the project and will include the architect and engineer fees and all construction costs. Funding for this project will come from housing bond proceeds from the new hall as well as increases on all rent revenues of 5% in FY17 and FY18.

IT WAS MOVED by Regent Schieffer, seconded by Regent Schartz to approve NSU’s Facility Program Plan to construct a new residence hall at an estimated cost of \$7,000,000. All members voted AYE. The MOTION CARRIED.

A copy of the NSU New Residence Hall – Facility Program Plan can be found on pages ____ to ____ of the official minutes.

SDSU South Dakota Art Museum Renovation and Addition - Preliminary Facility Statement

Dean Kattelman, Associate Vice President of Facility Services, explained SDSU’s request for approval of its Preliminary Facility Statement to plan for renovation and construction of an addition to the existing South Dakota Art Museum facility. This will allow SDSU to develop its Facility Program Plan and outline more specific plan details and cost estimates. The funding source will be private funds.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to approve SDSU's Preliminary Facility Statement to plan for renovation and construction of an addition to the existing South Dakota Art Museum facility. All members voted AYE. The MOTION CARRIED. Regent Jim Morgan was appointed to the building committee that will oversee the planning of this project.

A copy of the SDSU South Dakota Art Museum Renovation and Addition - Preliminary Facility Statement can be found on pages ____ to ____ of the official minutes.

SDSU Performing Arts Center – Facility Program Plan

Dean Kattelmann explained SDSU's request for approval of its Facility Program Plan to construct an addition to the Performing Arts Center for Theatre and Music Education at an estimated cost of \$48,391,807. Funding for this project will come from \$13,000,000 in HEFF bond proceeds and \$35,391,807 in donations and gifts to the project. The Board approved the plan to bond for the Performing Arts Center through South Dakota Building Authority as early as FY16 and cover only the principal payment from HEFF until FY22. The interest payments will come from university support fees captured in the university's Strategic Investment and Risk Management funds. This commitment cannot create any internal obligations and the uncommitted cash must be maintained above 10% for all years involved. The Board will receive an annual report of the total project cost, expenditures, fund sources, and commitments.

Dr. Kramer explained that the proposal indicates that the Board would bond for this project in the coming year, which is different than what was discussed in October. HEFF would only be responsible for paying principal until FY22 at which time it would cover both principal and interest.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to approve SDSU's Facility Program Plan to construct an addition to the Performing Arts Center for Theatre and Music Education at an estimated cost of \$48,391,807 as stipulated in the item. 2016 legislation will need to be prepared to increase the spending authority for this project. All members voted AYE. The MOTION CARRIED.

A copy of the SDSU Performing Arts Center – Facility Program Plan can be found on pages ____ to ____ of the official minutes.

SDSU Harding Hall Renovation and Addition – Facility Program Plan

Dean Kattelmann explained SDSU's request for approval of its Facility Program Plan to renovate and construct an addition to Harding Hall at a cost not to exceed \$12,000,000. Funding for this project will come from \$1,800,000 in accumulated FY15 & FY16 HEFF M&R funds, \$1,500,000 from FY17 HEFF M&R, \$1,350,000 from FY18 HEFF M&R, \$1,350,000 from FY19 HEFF M&R and \$1,000,000 from FY20 HEFF M&R. The remaining \$5,000,000 will come from university support fees captured in the university's Strategic Investment and Risk Management funds. This commitment cannot create any internal obligations and the uncommitted cash must be maintained above 10% for all years involved. Any funds spent before received will be considered a commitment against current unrestricted non-appropriated cash and count against the 10% reserve.

Dr. Kramer provided perspective by saying that SDSU is committing its discretionary monies for two years to this project.

Regent Johnson said we need to be thoughtful about adding more space considering every campus shows available capacity. She wants the Board to take a close look at how we are utilizing space at our campuses. She noticed this project does not add a lot of square footage, so she is not particularly concerned. However, when we look at a new 10-year plan she would like close consideration of how our buildings are being used.

Regent Jewett said he is concerned that this building is being built with M&R funds that are distributed for upkeep of buildings. He questioned how we can build buildings with these funds.

Regent Johnson agrees with Regent Jewett's sentiment. She said the magnitude of this is troubling. Regent President Schaefer agreed and said that in addition to campus utilization, he would also like the Board to pay close attention to how replacement space is dealt with. In other words, is replacement space being demolished or repurposed?

Dr. Kramer explained that if there is trouble with the plan for Harding Hall, it would be before the legislative body. He explained the reasons this would need to go through a special bill.

After discussion, the regents understood that this project falls under the purview of BOR Policy 6.0 and is defined as a capital improvement plan. Dr. Kramer explained that BOR Policy 6.0 requires that a fund source be identified, and SDSU has identified Maintenance & Repair as the fund source for this project.

Regent Bastian said that he appreciates that many of the Board agenda items will preface the Board policy, describe the university's request, and describe why it is consistent with Board policy. He said before a project like this should go to the legislature, it would have to go with the Board's recognition that it is an exception to Board policy and all need to be clear as to why there is good reason to provide this exception.

Regent Jewett expressed concern about the way this issue will be received by the legislature. He said the concern is that the legislature's appropriations committee may believe it overfunded the M&R budget over the next few years, considering the fact that the university does not plan to use the money for the budgeted purpose.

Regent Schieffer believes this is a credibility issue with the legislature.

Wes Tschetter agreed that this project is a capital improvement project. He said that the proposal indicated that SDSU has the opportunity to capitalize on private resources. He also said that there are several maintenance and repair projects that cost more than \$1.5 million. However, the distinction with this project is that we have to go to the legislature to ask to use the M&R funds for the purpose of gutting and renovating a building.

Regent Johnson asked about whether there are private funds available. Dr. Kramer clarified that there is only the possibility of private funds.

Additional discussion by the regents indicated that there is interest in being able to move forward with this project but only after there is clarity that this would not tarnish the Board's credibility with the legislature.

IT WAS MOVED by Regent Jewett, seconded by Regent Schieffer to postpone the item. All members voted AYE. The MOTION CARRIED.

A copy of the SDSU Harding Hall Renovation and Addition – Facility Program Plan can be found on pages ____ to ____ of the official minutes.

Athletic Cost of Attendance Scholarships

USD President James Abbott and SDSU President David Chicoine explained the changes in Division I athletic scholarships.

In response to a question, there was a brief review of the gender equity criteria under Title IX. The presidents indicated they feel very comfortable that they are meeting those criteria.

A copy of the Athletic Cost of Attendance Scholarships can be found on pages ____ to ____ of the official minutes.

BOARD ACTION TO INCLUDE ADDITIONAL LEGISLATION

Regent Jewett would like the authority from the state legislature allowing NSU the authority to build a Math and Science facility. He indicated that the regents have not allocated HEFF funds for this project and he is not requesting that they do so. He would like the legislation only so that NSU has the authority to build the building if it is able to secure the funds.

IT WAS MOVED by Regent Jewett, seconded by Schieffer to approve legislation to the 2016 legislature to support the construction of the NSU Math and Science facility funded from HEFF or other private donation sources. All members voted AYE. The MOTION CARRIED.

ADJOURN

IT WAS MOVED by Regent Johnson, seconded by Regent Schartz to adjourn the meeting of the Board of Regents. All members voted AYE. The MOTION CARRIED. The Board adjourned at noon.

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
December 15, 2015**

The Board of Regents convened by teleconference at 9:30 a.m. (central time)/8:30 a.m. (mountain time) on December 15, 2015 with the following members in attendance:

ROLL CALL:

Randy Schaefer – PRESENT
Bob Sutton – PRESENT
Terry Baloun – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Kathryn Johnson – PRESENT
Joe Schartz – PRESENT
Kevin Schieffer – PRESENT
Jim Morgan – PRESENT

Also present were Mike Rush, Executive Director and CEO; Monte Kramer, System Vice President of Finance and Administration; James Shekleton, General Counsel; Guilherme Costa, General Counsel Designate, Janelle Toman, Director of Communications; Leah Ahartz, Budget Manager; Molly Weisgram, System Director of Student Affairs and Executive Administrative Assistant to the CEO and Board; and other members of the regental system, public at-large, and media.

Regent President Randy Schaefer called the public meeting of the Board of Regents to order and declared a quorum present.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Baloun, seconded by Regent Schartz to approve the agenda as published.

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

GOVERNOR'S FY17 BUDGET RECOMMENDATIONS

Leah Ahartz, BOR Budget Manager, provided a summary of Governor Daugaard's budget address for fiscal year 2017.

The Governor's budget proposal provides funding to support a tuition freeze for resident, on-campus students. The tuition freeze will be supported by repurposing \$2.9 million currently being used to pay off two BOR bonds totaling \$35.5 million. The Governor would use one-time money to pay off the bonds. Additionally, the Governor is proposing one-time funds of \$2.1 million to increase the Need-Based Scholarship Endowment. The \$2.1 million comes from general funds. Along with this, Governor Daugaard recommends that the BOR deposit \$1.4 million into the endowment from FY16 health savings. Another one-time, non-general fund special appropriation was also proposed in the amount of \$1,575,000 for the Animal Disease Research and Diagnostic Laboratory (ADR&DL) design study.

Regent Jewett received clarification that the bonds being paid off to fund the tuition freeze are BOR bonds. Dr. Monte Kramer explained that the money to fund the freeze would come from funds currently being used to pay off a HEFF bond (\$700,000) and University Support Fee bond (\$2.2 million). Those bonds are scheduled to be paid in 15 years. Dedicating the bond payments to ongoing expenses would commit those funds to the base funding.

Regent Johnson asked about the \$2.1 million for the need-based scholarship. In response to her question, it was clarified that this is a one-time general funds appropriation. In addition, the Governor recommends that the Board direct \$1.4 million from its health savings to the need-based scholarship. This would add \$3.5 million to the endowment, raising the endowment total to 5 million.

To provide an explanation of how the health savings will work, Dr. Kramer said that because the state will not bill the campuses the full amount, the state wants the money back. Therefore, we will have to pull the money out of campus budgets as a one-time transaction.

Regent Jewett expressed concern about the year-to-year perspective on healthcare savings. He believes we should build up the fund so that we can subsidize future increases. Dr. Kramer understands the concept of building a reserve but part of the reason the state keeps adjusting year-to-year is that they cannot bill federal funds differently than other funds, so they cannot over-recover on the health funds.

Regarding base general funding, Ms. Ahartz provided an overview of the Governor's recommendations. These include a proposed increase of \$5,104,509 in base general funds for FY17 for Higher Education Facility Funds (HEFF), South Dakota Opportunity Scholarship (SDOS) funds, National Guard and State Employee Tuition Support, the Center for the Prevention of Child Maltreatment, and the REED Network Equipment Replacement funds. This amount includes a transfer in base funds in the amount of \$230,098 from the Department of Military that will likely require legislative action.

Dr. Kramer explained that the recommendation to support the National Guard and state employee tuition support relates to our request to roll the university support fee (USF) into tuition. This will require changes to the HEFF statute such that the campuses will not lose 20%

of their USF money to HEFF. The BOR will be proposing a legislative change to HEFF, dictating that approximately 12-13% of tuition dollars be dedicated to HEFF. He reinforced that legislation will be needed to support this change.

Ms. Ahartz explained the Governor's recommendation for salary policy, which included a 2.7% salary policy and a 0.5% salary enhancement. In response to a question from Regent Jewett, Dr. Kramer said that the Governor is recommending that they fund half of the amount requested for salary enhancement since our request was for a 1% increase to salary enhancement.

Regent Jewett said that a 0.5% salary competitiveness increase will not make us whole. He believes we need to do a better job of showing the necessity of recruiting and hiring nationally, which will require that we pay a nationally competitive wage.

Regent Baloun agrees with this sentiment. He emphasized that we need to track our competitiveness with our tuition cost as well. Despite imperfections, this still benefits our students and our competitiveness so we will support and move on.

Dr. Kramer emphasized the fact that the Governors' office expects that the regents will support the tuition freeze.

Regent Baloun asked for clarity about the REED Network. He asked for assurance that although the Governor is only recommending roughly \$250,000 per year for this purpose, the total cost of the replacement of over \$1 million would be funded. Dr. Kramer explained that the routers would be replaced in FY17 and paid for over the next five years. The BOR will be billed \$250,000 per year, and the money will be put in our base budget each year for five years to pay for it.

A copy of the Governor's FY17 Budget Recommendations can be found on pages ___ to ___ of the official minutes.

SOUTH DAKOTA STATE UNIVERSITY HARDING HALL FUNDING PROPOSAL

Dr. Kramer reviewed the discussion held at the December 2-3, 2015, Board meeting regarding SDSU's Harding Hall Renovation and Addition Facility Program Plan. At that time, SDSU requested approval of a funding plan to fully renovate Harding Hall. The original request was to use a total of \$7.0 million of maintenance and repair funding through FY20, as well as \$5.0 million of local funds, for a total project cost of \$12.0 million. The Board expressed interest in moving forward with this project but was concerned about the commitment of maintenance and repair money to fully rehab a building and add new space.

Since that meeting, Board staff have worked with SDSU to identify the specific deferred maintenance and repair projects that will be completed as part of the Harding Hall renovation and addition. Completion of the project will remove at least \$3.3 million of deferred maintenance and repair from the backlog at SDSU. This funding would be leveraged by local funds of \$5.0 million and private funds of \$3.7 million. Under this revised proposal, HEFF maintenance and repair dollars of \$1,800,000 already set aside from FY15 & FY16, and \$1,500,000 from FY17 would be committed to the project. Using this approach, SDSU would not be committing money

beyond FY17, nor would they be using maintenance and repair money to expand the footprint or rehab the entire building.

Additionally, Dr. Kramer explained that he reviewed this approach with the Bureau of Finance and Management, and they felt this was an appropriate way to get this done. They indicated that they could support this.

Regent Jewett pointed out that we cannot create an internal obligation to bring reserves below 10%. He emphasized that the 10% of uncommitted cash will be important to monitor.

In response to a question by Regent Schieffer about the precedent the Board is setting, Dr. Rush explained that he is comfortable with this as precedent considering the proposal has pre-identified, legitimate maintenance and repair projects to fund. Additionally, by leveraging private funds, our maintenance and repair funds will go further and get more done.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to approve SDSU's Facility Program Plan to do a complete renovation and addition to Harding Hall at an estimated cost of \$12,000,000. Funding for this project will include \$3.3M of HEFF maintenance and repair, \$5.0M of local funds, and \$3.7M or more from private donations. The \$5,000,000 of local funds will come from university support fees captured in the university's Strategic Investment and Risk Management funds. This commitment cannot create any internal obligations to bring reserves below 10% and the uncommitted cash must be maintained above 10% for all years involved.

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

A copy of the South Dakota State University Harding Hall Funding Proposal can be found on pages ___ to ___ of the official minutes.

2016 BOARD SPONSORED LEGISLATION

Dr. Kramer reviewed the Board's December 3, 2015, request to add two bills as part of the 2016 legislative package. One bill relates to the construction of a new Math and Science Facility at Northern State University and the other bill authorizes the BOR to contract for the renovation and construction of an addition to Harding Hall at South Dakota State University.

He further referred to an additional piece of necessary legislation related to the HEFF statutes. As mentioned earlier in the meeting, legislation related to the amount of HEFF dollars that are allocated from tuition should change from 20% to roughly 12-13% due to the intention to roll the University Support Fee into tuition.

IT WAS MOVED by Regent Baloun, seconded by Regent Schieffer to authorize the Executive Director to submit the proposed bills for the NSU Math and Science Facility and the SDSU Harding Hall Renovation and Addition, to prepare additional legislation that may be required, and to make such modifications or, following its introduction, amendments to the bills as may be in his best judgment prudent, provided that such modifications or amendments shall not change the fundamental purpose of the authorized legislation, and, after consulting with the Board President and other members of the Board, to submit such additional legislation as may be necessary and proper.

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

A copy of the 2016 Board Sponsored Legislation can be found on pages ___ to ___ of the official minutes.

GOVERNOR'S RECOMMENDATION FOR ADR&DL PLANNING FUNDS

Dr. Kramer reviewed the information provided to the Board at the December 2-3, 2015 meeting regarding the proposed legislative request for \$2.21 million to complete the design of the new Animal Disease Research and Diagnostic Laboratory (ADR&DL) facility. On December 8, 2015, Governor Daugaard proposed in his FY17 budget address funding for the ADR&DL in the amount of \$1,575,000. This amount of funding would allow the design work to be completed through the schematic design phase and into the beginnings of the design development. At that point, a projected cost of the facility can be estimated with roughly an 85-88% confidence rate. He noted that if the project is considered to be doable and within reach as a state priority, the constituent group may want to move forward with the completion of the design development phase. If that were the case, there would need to be additional planning funds of \$635,000. The funding source would be from cash balances within ADR&DL that were accumulated from testing fees. This would bring the total amount of funding from ADR&DL operations to \$1,167,000.

IT WAS MOVED by Regent Jewett, seconded by Regent Morgan to authorize the spending of no more than \$635,000 additional from ADR&DL operations to support the planning for the new facility.

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

A copy of the Governor's Recommendation for ADR&DL Planning Funds can be found on pages ___ to ___ of the official minutes.

Recognizing SDSU President David Chicoine

Regent President Schaefer acknowledged President Chicoine's recent announcement of his decision to step away from the presidency at the end of the academic year but to maintain his appointment to the faculty at SDSU. Regent President Schaefer recognized President Chicoine for his strong leadership at SDSU. He said SDSU is a nationally recognized institution of excellence in academics and research, and he said President Chicoine has set the bar high for service to South Dakota and to the Brookings community. On behalf of the Board, he said thank you and he looks forward to President Chicoine's continuing service as a member of SDSU's academic community.

ADJOURN

IT WAS MOVED by Regent Schartz, seconded by Regent Bastian to adjourn the meeting of the full Board at 10:25 a.m.

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED. Meeting adjourned.

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
December 29, 2015**

The Board of Regents convened by teleconference at 9:00 a.m. (central time)/8:00 a.m. (mountain time) on December 29, 2015 with the following members in attendance:

ROLL CALL:

Randy Schaefer – PRESENT
Bob Sutton – PRESENT
Terry Baloun – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Kathryn Johnson – PRESENT
Joe Schartz – PRESENT
Kevin Schieffer – PRESENT
Jim Morgan – PRESENT

Also present were Mike Rush, Executive Director and CEO; James Shekleton, General Counsel; Guilherme Costa, General Counsel Designate; Molly Weisgram, System Director of Student Affairs and Executive Administrative Assistant to the CEO and Board; and other members of the regental system, public at-large, and media.

Regent President Randy Schaefer called the public meeting of the Board of Regents to order and declared a quorum present.

APPROVAL OF THE AGENDA

The agenda was approved as published.

APPOINTMENT OF SDSU PRESIDENTIAL SEARCH COMMITTEE

Regent Kathryn Johnson, chair of the SDSU presidential search committee, explained the process of developing a recommended committee that represents the depth and the breadth of the SDSU campus and community.

Regent Harvey Jewett noted that the recommended committee membership is larger than past searches. Regent Johnson acknowledged that the search committee is larger than past search committees. She explained that the regent committee that worked to develop the recommended slate discussed the size of the committee at length. They felt that this group best represented the SDSU constituencies. She further explained that the search process traditionally used by the regents would otherwise be followed.

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer to accept the slate of individuals for the SDSU Presidential Search Committee, which include the following:

Faculty (3) – Allen Jones, Mary Moeller, Scott Smalley
Students (2) – Madelin Mack, Shaheed Shihan
Administrator (2) – Nancy Fahrenwald, Mary Kay Helling
Professional Staff/Exempt – Suzanne Stluka
Civil Service – Marla Mitchell
Alumni – Kevin Tetzlaff
SDSU Foundation (2) – Kim Tyler, Jerry Lohr
Community (2) – Carla Gatzke, Dana Dykhouse
At-Large – Tony Venhuizen
Sitting President – Heather Wilson

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

ADJOURN

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to adjourn the meeting of the full Board at 9:10 a.m.

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED. Meeting adjourned.

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
January 29, 2016**

The Board of Regents convened by teleconference at 9:00 a.m. (central time)/8:00 a.m. (mountain time) on January 29, 2016 with the following members in attendance:

ROLL CALL:

Randy Schaefer – PRESENT
Bob Sutton – PRESENT
Terry Baloun – PRESENT
John Bastian – PRESENT
Harvey Jewett – ABSENT
Kathryn Johnson – PRESENT
Jim Morgan – PRESENT
Joe Schartz – PRESENT
Kevin Schieffer - ABSENT

Also present were Mike Rush, Executive Director and CEO; Monte Kramer, System Vice President of Finance and Administration; Paul Turman, Vice President of Academic Affairs; Guilherme Costa, General Counsel; Kayla Bastian, System HR Director; Janelle Toman, Director of Communications; Molly Weisgram, System Director of Student Affairs and Executive Administrative Assistant to the CEO and Board; and other members of the regental system, public at-large, and media.

Regent President Randy Schaefer called the public meeting of the Board of Regents to order and declared a quorum present.

IT WAS MOVED by Regent Baloun, seconded by Regent Sutton that the Board of Regents dissolve into Executive Session at 9:00 a.m. on Friday, January 29, 2016, in order to discuss personnel matters, pending and prospective litigation, and to consult with legal counsel; that it rise at 9:30 a.m. to resume the regular order of business and to report its deliberations while in executive session.

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - ABSENT
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - ABSENT

The MOTION CARRIED.

The Board of Regents reconvened in open session at 9:45 a.m. to resume the regular order of business and to report its deliberations while in executive session.

ROLL CALL:

Randy Schaefer – PRESENT
Bob Sutton – PRESENT
Terry Baloun – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Kathryn Johnson – PRESENT
Jim Morgan – PRESENT
Joe Schartz – PRESENT
Kevin Schieffer – PRESENT

APPROVAL OF THE AGENDA

The agenda was approved as published.

SUSPENDING THE PROHIBITION ON MULTIYEAR EMPLOYMENT CONTRACTS TO PERMIT THE HIRING OF A REPLACEMENT HEAD FOOTBALL COACH FOR THE UNIVERSITY OF SOUTH DAKOTA AND DIRECTING A REVIEW OF THE UNDERLYING POLICY

Guilherme Costa, system general counsel, explained that after Joe Glenn, USD head football coach, announced his retirement on November 23, 2015, the search for a replacement began immediately in order to afford the incoming head coach the opportunity to direct the recruitment of prospective players from the high school class of 2016.

He explained that it quickly became apparent that the market expectations for NCAA Division I head coaches has developed to a point where an offer of a multiyear appointment has become a base requirement. This now settled market expectation diverges from a provision in Board Policy No. 4:1(3)(A) that, “Non-faculty exempt contracts may not be more than one year in length.”

He said this turn of events presents an emergent situation within the meaning of By-Law § 5.5.1 that would justify Board policy action outside the standard two readings requirement. The present item is intended to accommodate the immediate need to hire a new head football coach for USD by suspending the prohibition on multiyear employment contracts for this specific instance. The prohibition will remain in place as to all other non-faculty exempt contracts.

He offered that the recommended motion also directs the Executive Director to conduct a review of the policy to determine whether similar modifications may be necessary to respond to distinctive market conditions that may exist for additional classes of employees. Recommendations will be submitted for a first reading at the Board’s March 30-April 1, 2016 meeting in order to permit a second reading at the Board’s May 2016 meeting.

Dr. Rush offered another option. He said that rather than suspending the policy, the regents could opt to wait until a policy is drafted and address the issue in one action.

Regent President Schaefer said he does not see the value of suspending the Board policy if a draft policy for this purpose is in creation and will be presented to the Board in a coming meeting.

Dr. Rush said that if the Board prefers to wait, no motion is needed. Rather, he said, he needs direction that the Board office should continue its work on a multi-year employment policy to be considered by the Board in an upcoming meeting.

A copy of Suspending the Prohibition on multiyear employment contracts to permit the hiring of a replacement head football coach for the University of South Dakota and directing a review of the underlying policy can be found on pages ___ to ___ of the official minutes.

REPORT AND ACTIONS OF THE EXECUTIVE SESSION

After convening at 9:00 a.m. on Friday, January 29, 2016, the Board dissolved into executive session in order to discuss personnel matters, pending and prospective litigation, and to consult with legal counsel; rising from executive session at 9:30 a.m. to report its deliberations in executive session and to resume the regular order of business.

Regent Baloun reported that while in executive session, the Board considered personnel matters, pending and prospective litigation, and consulted with legal counsel, and gave directions to its executive director and general counsel concerning these matters.

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

1. Accept the recommendation regarding *MPC Computers, LLC, Case No. 08-12667 (PJW) (Bankruptcy Court Dist. of Delaware)* and settle the Board's claims on the terms to be filed with the court.

ROLL CALL:

Schaefer - AYE
Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

A copy of the Report and Actions of the Executive Session can be found on pages ___ to ___ of the official minutes.

LEGISLATIVE UPDATES

A. BOARD OF REGENTS SPONSORED BILLS

Dr. Janelle Toman explained the 2016 Legislature adopted joint rules outlining changes in the budget setting process and a new schedule for hearing special appropriations bills. Although the five bills sponsored at the request of the Board of Regents do not seek general-fund appropriations, they are considered special appropriations because they request authorization to spend other funds.

As a result of this new schedule, the five BOR bills already have had a hearing before the Joint Appropriations Committee. Instead of meeting separately as House and Senate Appropriations committees, the hearing included all 18 members of both committees. This should expedite the hearing process to some extent.

The Joint Appropriations Committee heard the five bills on Jan. 19. Dr. Monte Kramer presented the bills and representatives of SDSU, USD, DSU, and NSU also were on hand to testify about their respective bills and answer committee questions.

Dr. Toman explained that four of the five bills passed through the Joint Appropriations Committee with a due pass motion on January 27. However, HB1017, the bill seeking authorization to build a new science and mathematics building at Northern State University, was not approved. The appropriators tabled the bill on a 16-0 vote, so the expectation is that this bill is dead for this legislative session.

Regent Harvey Jewett asked for clarification about whether any effort to bring this bill back would be successful. It was clarified that appropriators have indicated that no such effort would be successful.

A copy of the Legislative Updates – BOR Sponsored Bills can be found on pages ____ to ____ of the official minutes.

B. SENATE BILL 13 – SOUTH DAKOTA RETIRMENT SYSTEM SUMMARY

Kayla Bastian provided a brief overview of Senate Bill 13, which seeks to establish a new benefit structure for SDRS members who are hired on or after July 1, 2017. She summarized the most significant parts of the bill, including an increase to the retirement age, the elimination of special early retirement provisions, the addition of a variable retirement account, and changes to the cost of living adjustment.

A copy of the Legislative Updates – SB13 Retirement Summary can be found on pages ____ to ____ of the official minutes.

C. OTHER

Guilherme Costa explained that Senate Bill 102 was introduced on Wednesday, January 27 by a group led by Senator Tidemann. He explained that this Bill amends current law that prohibits the granting of either “on-sale” or “off-sale” licenses of alcoholic beverages on the

campus of any state educational institution. He clarified that on-sale is for consumption on the premises where sold and where off-sale is for consumption off the premises where sold.

He explained that the amendment would result in three primary changes. First, it would change the definition of “campus” to no longer include the area immediately surrounding the buildings used for athletic facilities. Second, it would allow the issuance of alcoholic beverage license for malt beverages and wine for consumption on site at times and places authorized by the Board of Regents that involve the performing arts, intercollegiate athletics, fund raising, a reception, a conference, or an occasional or scheduled event at a facility used for such activities. Third, it would allow the issuance of a special events license for a special event authorized by the Board of Regents that involve the performing arts, intercollegiate athletics, fund raising, a reception, a conference, or an occasional or scheduled event

He reminded the group that at its regular December Board of Regents’ Meeting in Spearfish, the Board addressed the topic of alcohol on campus through two motions:

1. In authorizing the Executive Director to submit proposed bills during the 2016 legislative session, the Board specifically decided against submitting a proposed bill that would repeal the prohibition of alcohol sales at state educational institutions; and
2. The Board directed the Board staff to develop a menu of BOR policy proposals that would more narrowly draw the scope of alcohol availability at fundraising and other limited special events on campus for vetting at public for a

He described two significant benefits should Senate Bill 102 be signed into law. First, it removes an obstacle in current law that prohibits alcohol sales on campus that would have to be removed should the Board decide to allow alcohol sales to take place on our campuses at some point in the future. Second, it does not require that alcohol sales be allowed on campus and defers to the Board of Regents to determine the times, places, and special events at which such alcohol sales will be permitted.

He recommended that the Board authorize the Executive Director to support Senate Bill 102. Regent Jewett asked for clarification about current law. It was clarified that institutional presidents currently are able to designate where alcohol can be served on campus but not sold.

Dr. Rush explained that the legislation would be permissive. The Board of Regents would have to create a policy that would delineate what approvals and permissions would be allowed and required at the institutions. The legislation would result in the Board drafting a policy and would not require the regents to meet to approve requests instance by instance.

Regents Baloun and Morgan expressed their support.

IT WAS MOVED by Regent Morgan, seconded by Regent Sutton to authorize the Executive Director to support Senate Bill 102.

ROLL CALL:

Schaefer - AYE

Sutton - AYE
Baloun - AYE
Bastian - AYE
Jewett - AYE
Johnson - AYE
Morgan - AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

ADJOURN

IT WAS MOVED by Regent Sutton, seconded by Regent Schartz to adjourn the meeting of the full Board at 10:11 a.m. All voting AYE, the MOTION CARRIED. Meeting adjourned.

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
March 1, 2016**

The Board of Regents convened by teleconference at 8:00 a.m. (central time)/7:00 a.m. (mountain time) on March 1, 2016 with the following members in attendance when the initial roll was called:

ROLL CALL:

Randy Schaefer – PRESENT
Bob Sutton – PRESENT
Terry Baloun – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Kathryn Johnson –PRESENT
Joe Schartz – ABSENT
Kevin Schieffer – ABSENT
Jim Morgan – ABSENT

Also present were Mike Rush, Executive Director and CEO; Monte Kramer, System Vice President of Finance and Administration; Guilherme Costa, General Counsel, Janelle Toman, Director of Communications; Molly Weisgram, System Director of Student Affairs and Executive Administrative Assistant to the CEO and Board; and other members of the regental system, public at-large, and media.

Regent President Randy Schaefer called the public meeting of the Board of Regents to order and declared a quorum present. Regents Schartz and Schieffer joined the meeting after the initial roll call.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Bastian, seconded by Regent Johnson to approve the agenda with the addition of a Legislative Update.

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Baloun – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – ABSENT
Schartz – AYE
Schieffer – ABSENT

The MOTION CARRIED.

NSU PRESIDENTIAL SEARCH COMMITTEE MEMBERSHIP

Regent Harvey Jewett explained that NSU President James Smith plans to leave his post as president as of June 21, 2016 to assume the role of president at Eastern Michigan University. As a result, the Board solicited nominations from Northern State University constituent leaders for individuals to serve on the NSU Presidential Search Committee.

IT WAS MOVED by Regent Jewett, seconded by Regent Baloun to approve the following members of the NSU Presidential Search Committee:

Faculty: Erin Fouberg, Sara Schmidt
Administration: Debbi Bumpous
Professional Staff: Susan Bostian
Civil Service: Judy Lapka
Students: Taylor Ellingson, Ian Coughlin
Community: Arthur Russo, Rodney Fouberg
Alumni: Mike Evans
NSU Foundation: James Thares
At-Large: Cindi Walsh, Rodney Tobin
System President: James Abbott

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Baloun – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – ABSENT
Schartz – AYE
Schieffer – ABSENT

The MOTION CARRIED.

A copy of the NSU Presidential Search Committee Membership can be found on pages ___ to ___ of the official minutes.

DSU RESIDENCE HALL BUILDING APPROVAL

Dr. Monte Kramer, system Vice President of Business and Administration, provided an overview of the DSU residence hall building proposal.

IT WAS MOVED by Regent Jewett, seconded by Regent Schieffer to approve DSU's Facility Design Plan to renovate the former Madison Community Hospital into a Student Housing and Support Services space at an estimated cost of \$7,420,357. Funding for this renovation project

will come from \$7,000,000 in bond proceeds debt serviced by rent revenues from the new facility plus \$420,357 from DSU's Higher Education Facilities Fund allocation dollars for the Learning Engagement Center portion of the project.

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Baloun – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – ABSENT
Schartz – AYE
Schieffer – AYE

The MOTION CARRIED.

A copy of the DSU Residence Hall Building Approval can be found on pages ___ to ___ of the official minutes.

JOINT POWERS AGREEMENT BETWEEN SDSU AND SD DOT

Mr. Nathan Lukkes, system Associate Vice President of Research and Economic Development, explained the partnership between SDSU and SD DOT and overviewed their proposed joint powers agreement.

IT WAS MOVED by Regent Johnson, seconded by Regent Schartz to grant the Executive Director the authority to execute the 2016 SDLTAP Joint Powers Agreement in substantially similar form to that set forth in Attachment I.

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Baloun – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – ABSENT
Schartz – AYE
Schieffer – AYE

The MOTION CARRIED.

A copy of the Joint Powers Agreement between SDSU and DOT can be found on pages ___ to ___ of the official minutes.

LEGISLATIVE UPDATE

Dr. Janelle Toman, Director of Communications, provided an update on legislative status of bills related to the SDBOR. She touched upon the status of the tuition freeze proposal, the bill that would make alcohol sales permissive at the state university campuses, the Animal Disease Research and Diagnostics Laboratory (ADR&DL) bill, the anti-discrimination bill, and others.

ADJOURN

IT WAS MOVED by Regent Baloun, seconded by Regent Schartz to adjourn the meeting of the full Board at 8:25 a.m.

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Baloun – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – ABSENT
Schartz – AYE
Schieffer – AYE

The MOTION CARRIED. Meeting adjourned.