

**BOARD OF REGENTS
MINUTES OF THE MEETING
December 6-8, 2016**

The South Dakota Board of Regents met on December 6-8, 2016 at the University of South Dakota in Vermillion, South Dakota, with the following members present:

Randy Schaefer, President
Bob Sutton, Vice President
Kevin Schieffer, Secretary
John Bastian, Regent
Harvey Jewett, Regent
Kathryn Johnson, Regent
Jim Morgan, Regent
Pam Roberts, Regent
Conrad Adam, Regent

Also present during all or part of the meeting were Mike Rush, Executive Director and CEO; Guilherme Costa, Board of Regents General Counsel; Paul Turman, System Vice President for Academic Affairs; Nathan Lukkes, 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, System Chief Information Officer; Molly Hall-Martin, Director of Student Preparation & Success; Molly Weisgram, System Director of Student Affairs and Executive Assistant to the CEO and Board; Janelle Toman, System Director of Communications; Mary Ellen Garrett, Accounting Manager; Leah Ahartz, System Budget Manager; Scott Van Den Hemel, System Financial Compliance Officer; Barry Dunn, SDSU President; José-Marie Griffiths, DSU President; Tom Jackson Jr., BHSU President; Heather Wilson, SDSM&T President; Tim Downs, NSU President; James Abbott, USD President; Kim Grieve, Deborah Dodge, John Howe, Andrew Koch, Allie Logan, Kim Albracht, Sheila Gestring, Scott Pohlson, Laura McNaughton, USD; Michaela Willis, Dean Kattelmann, Wes Tschetter, Allyson Helms, Lane Speirs, Teigen Albrecht, Kirby Krogstad, Alley Farber, Tyler Ascherson, Danielle Ring, SDSU; Kathy Johnson, Randy Culver, Rob Houdek, Chris Crawford, BHSU; Checka Leinwall, Veronica Paulson, NSU; Steve Malott, Heather Forney, SDSM&T; Claudean Hluchy, SDSBVI/SDSD; Marcus Garstecki, Stacy Krusemark, DSU; Robert McLean, Student Federation; and other members of the regental system and public and media.

TUESDAY, DECEMBER 6, 2016

Regents' President Randy Schaefer declared a quorum present and called the meeting to order at 4:12 p.m.

REGENTS' WORKSHOP

Report of Key Institutional Financial Indicators

Dr. Monte Kramer, System Vice President of Finance and Administration, explained that the purpose of the Regents Workshop is to address key financial indicators identified by Dr. Rush, himself and the Business Affairs Council. This provides the Board of Regents an opportunity to understand the nuances of postsecondary education finance as well as to understand the financial status of each university. He explained that each university's Chief Financial Officer will present his or her university's financial information.

Kathy Johnson, BHSU Vice President for Finance and Administration, provided information on Black Hills State University's FY16 revenues and FY16 operating expenses by program. She also provided information about BHSU and its peer institutions, FY14 degrees awarded, FY14 expenditures per student, and FY14 expenditures per degree. She noted that the information provided draws upon IPEDS data. Additionally, she provided an overview of the institution's cash balances and total cash statement. She referenced BHSU's Higher Learning Commission ratios, showing a composite financial indicator of 2.7, which indicates a good financial condition. Lastly she provided information on new freshmen, retention rates, degrees awarded, efforts by the BHSU Foundation, and new scholarships.

Regent Johnson requested that each institution email out their presentation slides following the Board meeting.

Stacy Krusemark, DSU Vice President of Business and Administrative Services, provided information on Dakota State University's FY16 revenues and FY16 expenditures. He provided comparison data with institutional peers and gave rationale for why DSU's core expenditures per graduate are higher than peer institutions. He also addressed cash balances and pointed out the growth in unrestricted funds due to enrollment growth and employment vacancies. He said cash balances in the plant funds category had grown considerably. He noted that these funds have been designated to pay for current building projects on campus. He showed the Higher Learning Commission ratios for DSU and noted that the indicators for the institution are very strong. The composite financial indicator was 3.9. He provided data showing that on-campus students are also taking courses online. Lastly, he showed the restricted non-appropriated current fund expenditures from state, federal, and private grants and contracts.

In response to a question, President Jose-Griffiths explained DSU's newly awarded Title III grant that focuses on advising student success. She said this will allow the institution to hire professional advisors and fund the reading/writing center. She noted that if DSU is awarded all five years of the grant, the total grant amount would be roughly \$2.2-2.3 million.

In response to another question, Stacy Krusemark noted that the DSU Foundation has recently hired two new developers and they are working to clean-up their alumni database with comprehensive and up-to-date information.

Veronica Paulson, NSU Vice President of Finance and Administration, provided information on Northern State University's FY16 revenues and FY16 expenditures. She provided comparison data with institutional peers, which showed that the institution's core expenditures are high in comparison to peer institutions. She said that NSU is in year four of a Title III grant which has allowed the institution to hire professional advisors, which has helped them in their retention efforts. When presenting information about total cash, she described efficiency efforts including sustained employment vacancies. When looking at uncommitted cash balances, she described an increase in the reserve percentages. She also explained that fee revenue has decreased since 2012. Additional information provided showed revenue, expenditures and changes in net position. She showed NSU's Higher Learning Commission ratios with a composite financial indicator of 3.4 in FY16. She addressed fluctuations in ratios over the last several years. She showed the on-campus and off-campus credits hours generated over the last 10 years, demonstrating the increase in off-campus credit hour production. Lastly, she presented information on student FTE for both on-campus and off-campus students as well as restricted non-appropriate expenditures.

SDSM&T President Heather Wilson introduced the topic by providing some key points and describing the financial goal of paying back BOR funds previously borrowed by the South Dakota School of Mines & Technology. She reported that SDSM&T is ahead of its scheduled payback. Steve Malott, SDSM&T Vice President for Finance and Administration, showed Higher Learning Commission ratios for the past several years and pointed out the positive dramatic turnaround since 2013. The composite financial indicator for 2016 was 4.3. He said there has been 20% enrollment growth since 2010, which includes mostly traditional, on-campus students. President Wilson also indicated that the number of Ph.D. students has dramatically increased over the last 10 years.

Regents' President Schaefer commended the leadership at SDSM&T for its hard work and determination in achieving financial stability for the institution.

In response to a question, President Wilson addressed the space utilization chart provided in the presentation slides. She commented on the tight laboratory space at the institution and described the considerations they must take into account when scheduling classroom and laboratory space at the university.

Wes Tschetter, SDSU Vice President of Finance and Business, provided an overview of FY16 revenues. After the institution described the shifting cost burden from state to students for postsecondary education, Regent Jewett noted that the inclusion of auxiliary costs in the calculation would show a more accurate description of the cost burden on students. Wes Tschetter described FY16 expenditures at South Dakota State University. He provided peer comparison data. Additionally, he showed the subtotal of unrestricted funds over the last several years, demonstrating marked increases since 2013. He showed the uncommitted cash balances, which included committed university funds for purposes such as bond payments. Regent Jewett clarified that the uncommitted cash balances can be used at the discretion of the institution. Wes Tschetter said there is a caveat for committed funds within this pool of money and the need for cash flow to maintain Higher Learning Commission ratios. He noted that the institution's FY16 HLC ratios composite score was 2.3. Lastly, he provided an overview of grants and contracts awarded to the institution, and he discussed the institution's strategies to grow research.

Sheila Gestring, USD Vice President of Finance, provided an overview of FY16 revenues and pointed out that the Medical School receives significant state appropriation/general funds support. She provided information about the University of South Dakota's FY16 expenditures as well as peer comparison information. She addressed the subtotal of unrestricted funds in the total cash statement and said these numbers have grown as expenditures have grown. She showed the unrestricted cash on hand at the end of the fiscal year and key data points on the financial statement regarding the state-support, self-support and total fees for the last five years. USD's Higher Learning Commission ratios composite score for FY16 was 3.5. Regarding enrollment, she provided detail on numbers of on-campus and off-campus students as well as the resident and non-resident students, noting the importance of continuing to monitor and address the change in dynamics. Additionally, she provided information about federal grants and contracts and the five-year trend in award dollars and expenditures.

At the conclusion of the campus presentations, Regents' President Randy Schaefer called the meeting to recess until the following day.

WEDNESDAY, DECEMBER 6, 2016

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian, that the Board of Regents convene and dissolve into Executive Session at 8:00 a.m. on Wednesday, December 7 to discuss personnel matters, pending and prospective litigation, contractual matters, and to consult with legal counsel; and that it rise to resume the regular order of business at 12:30 p.m. and report its deliberations while in Executive Session during the portion of the regular order of business that begins at 1 p.m. Motion Passed.

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian to amend the Executive Session Motion that was approved at 8 a.m. on Wednesday, December 7, 2016 to add the following: During the Executive Session on Wednesday, December 7, 2016, the Board of Regents will also discuss marketing or pricing strategies by a board or commission of a business owned by the state or any of its political subdivisions, when public discussion may be harmful to the competitive position of the business. Motion Passed.

Regents' President Randy Schaefer declared a quorum present and called the meeting to order at 1:05 p.m.

BOARD WORK

3-A Approval of the Agenda

The Board approved the agenda with the addition of item 7-BB SDSU Performing Arts Center Phase II Funding Change.

3-B Declaration of Conflicts

No declaration of conflicts.

3-C Approval of the Minutes – Meeting on October 4-6, 2016

The Board approved the minutes of the meeting on October 4-6, 2016. Motion Passed.

3-D Rolling Calendar

The Board approved next year's Board of Regents meeting to be held on December 5-7, 2017 in Sioux Falls at the South Dakota School for the Deaf. The Board also approved revising the March 2017 meeting dates to March 28-30.

A copy of the Rolling Calendar can be found on pages ___ to ___ of the official minutes.

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 for discussion.

IT WAS MOVED by Regent Sutton, seconded by Regent Morgan, to approve items 4-A through 4-J. Motion Passed, Regent Sutton abstained.

Academic and Student Affairs – Consent Agenda

4-A Graduation Lists

Approve the Winter 2016 graduation lists for Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, and the University of South Dakota, effective at the conclusion of the Board of Regents meeting on December 8, 2016 and contingent upon the students' completion of all degree requirement.

A copy the Graduation Lists can be found on pages ___ to ___ or the official minutes.

4-B Inactive Status and Termination Requests

Approve Northern State University's request to inactivate the Sociology – Gerontology Specialization (B.A.); Sociology – Gerontology Minor; Sociology – Gerontology (Applied) Associates Degree; and the Sociology Gerontology (Applied) Certificate Programs; and approve USD's request to terminate the Adapted Physical Education Minor; Drafting Entertainment Industry; and Music Education Minor programs.

A copy of the Inactive Status and Termination Requests can be found on pages ____ to ____ of the official minutes

4-C(1) – Agreements on Academic Cooperation – SD School of Mines and Technology

Approve the Agreement on Academic Cooperation between South Dakota School of Mines and Technology and Guru Nanak Dev University (GNDU), Amritsar, India.

A copy of SDSM&T's Agreement on Academic Cooperation can be found on pages ___ to ___ of the official minutes

4-C(2) Agreements on Academic Cooperation – South Dakota State University

Approve the Agreement on Academic Cooperation between South Dakota State University and the Indian Institute of Technology.

A copy of SDSU's Agreements on Academic Cooperation can be found on pages ___ to ___ of the official minutes.

4-C(3) Agreements on Academic Cooperation – University of South Dakota

Approve the renewal of the agreement on academic cooperation between the University of South Dakota and Ostfalia University of Applied Sciences; and the renewal agreement with the University of South Dakota and University of Oldenburg.

A copy of USD's Agreements of Academic Cooperation can be found on pages ___ to ___ of the official minutes.

4-D(1) Program Modifications – Northern State University

Approve Northern State University's program modifications for its Minor in Biology; MEd in Sport Performance and Leadership; Minor in Health; Human Performance and Fitness; and Masters of Music Education programs.

A copy of NSU's Program Modifications can be found on pages ___ to ___ of the official minutes.

4-D(2) Program Modifications – University of South Dakota

Approve the University of South Dakota's program modification for its MA in Kinesiology and Sport Management programs.

A copy of USD's Program Modifications can be found on pages ___ to ___ of the official minutes.

4-E(1) New Certificate Requests – USD – Ceramics, Drawing, Painting, Printmaking and Sculpture

Approve University of South Dakota's certificates in Ceramics, Drawing, Painting, Printmaking, and Sculpture as described in Attachments I-V.

A copy of USD's New Certificate Requests can be found on pages ___ to ___ of the official minutes.

4-E(2) New Certificate Requests – DSU – Health Information Clerk Certificate

Approve Dakota State University's Health Information Clerk Certificate as described in Attachment I.

A copy of DSU's New Certificate Requests can be found on pages ___ to ___ of the official minutes.

4-E(3) New Certificate Requests – NSU – Graduate STEM Certificate

Approve Northern State University's Graduate STEM Certificate as described in Attachment I.

A copy of NSU's New Certificate Requests can be found on pages ___ to ___ of the official minutes.

4-F(1) University Center-Sioux Falls Program Requests – New Certificate Request, USD – Web Design Certificate

Approve the University of South Dakota's undergraduate Web Design Certificate as described in Attachment I.

A copy of University Center-Sioux Falls's New Certificate Requests can be found on pages ___ to ___ of the official minutes.

4-F(2) University Center-Sioux Falls Program Requests – New Site Request – USD – Graphic Design Certificate

Approve the University of South Dakota's request to offer an undergraduate certificate in Graphic Design at the University Center-Sioux Falls as described in Attachment I.

A copy of the University Center-Sioux Falls New Site Request can be found on pages ___ to ___ of the official minutes.

4-G Request to Seek Accreditation – SDSU

Approve South Dakota State University's request to seek accreditation from the Council of Education for Public Health (CEPH) for its Master of Public Health program.

A copy of SDSU's Request to Seek Accreditation can be found on pages ___ to ___ of the official minutes.

Budget and Finance – Consent Agenda

4-H NSU Naming Request

Approve Northern State University's request to name the residence hall currently under construction on the northwest corner of campus the "Wolves Memorial Suites."

A copy of NSU's Naming Request can be found on pages ___ to ___ of the official minutes.

4-I FY18 HEFF M&R Projects

Approve the institutional maintenance and repair projects for SDSM&T and SDSU as described in item 4-I.

A copy of FY18 HEFF M&R Projects List can be found on pages ___ to ___ of the official minutes.

4-J Auxiliary System M&R Projects

Approve the institutional maintenance and repair projects for SDSM&T as described in Item 4-J.

A copy of the Auxiliary System M&R Projects can be found on pages ___ to ___ of the official minutes.

PLANNING AND RESOURCE DEVELOPMENT

5-A Welcome and Presentation by USD President James Abbott

President James Abbott welcomed the Board and audience to the University of South Dakota. He provided logistical details about the evening's reception and then introduced USD's Vice President of Research Mary Berry who briefly spoke about undergraduate research. Undergraduate research students Jade Fostvedt (Goldwater Scholar), John Slunicka (Goldwater Scholar), and Austin Fritza (American Chemical Society, Sioux Valley Section, First Place Poster Presentation) were highlighted.

5-B Student Organization Awards – USD

The Student Organization Awards were presented by Kim Grieve, Vice President of Student Affairs & Dean of Students. The award for Academic Excellence for 2015 was presented to Kappa Alpha Theta. The Award for Community Service for 2015 was presented to Colleges Against Cancer. The Award for Organizational Leadership for 2015 was presented to USD's AWOL Alternative Breaks Program.

A copy of the Student Organization Awards can be found on pages ___ to ___ of the official minutes.

5-C Reports on Individual Regent Activities

Regent Morgan said he recently had the opportunity to attend a Complete College America conference that focused on developing strategies to improve the college completion rate. Of the strategies included, one he mentioned was the "Fifteen to Finish" effort. He suggested that a presentation on the Complete College America strategies be included at the August retreat.

Regents' President Schaefer also noted that he and several regents attended NSU President Tim Downs's inauguration in October. He officially welcomed Dr. Downs to the Regental system.

Regent Sutton said he recently presented to a group called the Jack Rabbit Caucus, educating them about university funding strategies. He thanked Dr. Monte Kramer, System Vice President for Finance & Administration, for his assistance in this presentation.

5-D Report and Actions of Executive Session

Upon convening at 8:00 a.m. on Wednesday, December 7, 2016, the Board dissolved into executive session in order to discuss personnel matters, pending and prospective litigation, contractual matters, and to consult with legal counsel. The Board approved a motion to amend the motion that was approved at 8:00 a.m. to also discuss marketing or pricing strategies by a board or commission of a business owned by the state or any of its political subdivisions, when public discussion may be harmful to the competitive position of the business. It rose from executive session at 12:30 p.m.

Regent Schieffer reported that while in executive session, the Board considered personnel and administrative actions, pending and prospective litigation, contractual matters, marketing or pricing strategies by a board or commission of a business owned by the state or any of its political subdivisions; when public discussion may be harmful to the competitive position of the business, consulted with legal counsel, and gave directions to its executive director and general counsel concerning these matters.

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

1. Deny BHSU Faculty Grievance No. 2016-01.
2. Deny BHSU Faculty Grievance No. 2016-02.
2. Accept the appointment of Mr. Lamont Sellers as USD associate vice president for diversity, effective September 22, 2016, with an annualized salary of \$95,000.
3. Award an honorary Doctorate of Public service to Ms. Amity Shlaes (SDSM&T). The resolution of recognition can be found on pages ____ to ____ of the official minutes.
4. Award the title of Professor Emeritus of Business and Information Systems for Dr. Lynette Molstad Gorder (DSU).
5. Approve the request to grant tenure to Dr. Annaleena Parhankangas (SDSU).
6. Approve awarding one (1) year of prior service credit toward tenure and one (1) year of prior service credit toward promotion for Ahmet Can, Assistant Professor (NSU); and one (1) year of prior service credit toward tenure and one (1) year of prior service credit toward promotion for Brian Wallace, Assistant Professor (NSU).
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.

Motion Passed.

5-E Report of the Executive Director

Dr. Mike Rush, Board of Regents Executive Director, explained that he participated in the Student Federation meeting the evening before. He recognized the work of the Student Federation and the many projects that each Student Association addresses each year.

Dr. Rush said that this fall there have been presentations to the legislature on how the University Centers are funded. He explained that he is in the process of actively rethinking the Capitol University Center (CUC) in Pierre, noting that there have already been subsequent actions taken on behalf of the other University Centers. To this effort, a consultant has been hired to work with the stakeholders of the CUC to think about how it could restructure to become self-sustaining. He said a preliminary report shows there are some interesting suggestions, and the aim is to get a new operational structure in place by the end of the next fiscal year.

He reported that the Governor's Budget Address took place the previous day. He said the Governor's primary message is that the state's fiscal realities are behind projections. Because of that, his budget proposal was very conservative. That said, the Governor recommended that a series of Board of Regents projects be funded, including utilities, special school teacher salary increases, and School of Law assistance.

Contrary to past information, Dr. Rush explained that a recent report shows that high school enrollment is projected to increase by 19% in 2016-2032. Surprisingly, this numerical growth includes a 9% increase in Caucasian students.

Lastly, he explained that the updated Economic Impact of the South Dakota University System Report was just released. He gave a few highlights about the report, explaining that the Regental system has a huge impact on the state. He said the Regental system adds \$2.66 billion in added economic benefit to South Dakota. This marks an increase of 35% since the last time the study was conducted. He said the cumulative effect of postsecondary education is as important as the immediate effect. He noted the number of South Dakota jobs that are directly and indirectly affected by the universities as well as the sales tax generated per year.

A copy of the Interim Actions can be found on pages ___ to ___ of the official minutes.

5-F USD Foundation Report

Mr. Steve Brown, USD Foundation President and Chief Executive Director, provided information about the USD endowment, which supports all aspects of the university. He said the current campaign, Onward, is a \$250 million campaign that began January 2012. Campaign efforts have generated \$221 million to date, and they are just completing the fifth year of a seven-year campaign. He reported that the alumni association programming and activities came under the leadership of the USD Foundation as of July 1, 2016.

A copy of the USD Foundation Report can be found on pages ___ to ___ of the official minutes.

5-G Civil Service Advisory Council Update

Kayla Bastian, System Director of Human Resources, said the purpose of the Regental Civil Service Advisory Council (RCSAC) is to promote communication between the Board of Regents, Office of the Executive Director, Council of Presidents and Superintendents, and Civil Service employees. Per BOR Policy 1:7:5, a report is to be taken to the Board after each RCSAC meeting. The RCSAC meets in October and April.

She said that at is October 7, 2016 meeting in Pierre, the RCSAC received an update from each of the councils. She said the next meeting is scheduled for April 20-21, 2017 in Pierre, SD.

A copy of the Civil Service Advisory Council Update can be found on pages ___ to ___ of the official minutes.

5-H Student Alcohol Policy Discussion

Regent Jewett provided an overview of the Alcohol Motion he set forth in a letter to the Board of Regents members, which is also attached to the Board item prepared for this discussion.

Guilherme Costa, Board of Regents General Counsel, addressed each point of the motion. He indicated that points 1 and 2 would result in non-compliance with the Drug-Free Schools and Communities Act because they would effectively take suspension and expulsion of the list of possible sanctions for alcohol violations. In order to comply with federal regulations, expulsion must be a viable sanction.

Regent Morgan said a recent information request from the institutions shows that there have been no expulsions for alcohol violations in the last five years. This data suggests that a problem does not exist as it relates to the institutions sanctioning alcohol violations with expulsion.

In response to Regent Johnson's question, Guilherme Costa provided an overview of the changes to the Student Code related to sanctions, noting that previously conduct sanctions were mandated at a minimum. Now they are left to the discretion of the Student Conduct Officer.

It was clarified that just because parameters would be put around the sanctioning of one violation, they would not be required for other sanctions.

Kim Grieve, USD Vice President of Student Affairs and Dean of Students, described the regular sanctions in place at USD for alcohol violations.

Michaela Willis, SDSU Vice President of Student Affairs, said SDSU's conduct process includes alcohol violations that are a result of some type of disturbance or safety concern. Anything that happens off campus, particularly with alcohol, typically does not go to the conduct process. These alcohol violations are typically paired with another issue such as a Human Rights violation.

Regent Schieffer asked if someone reported an alcohol violation off-campus whether or not the Student Code would require it to be addressed. Michaela Willis said they would need to investigate but they trust the Student Conduct Officers to educate first, impose punitive sanctions second. She noted that the educational process seems to be working since last year's first offense alcohol violations were over 400 and the second offense only 26.

Regent Jewett expressed concern that the policy limits university presidents' ability to overturn a Student Conduct Officer's decision in a conduct hearing. In response, Guilherme Costa explained the appeals process in BOR Policy 3:4 and described the four bases for appeals.

Regent Bastian asked the Board to focus on the pending motion. He summarized the motion by saying that Points 1 and 2 indicate that no student will be suspended or expelled due to an

alcohol offense, and legal counsel indicated that this would be inconsistent with federal law. Points 3 and 4 deal with student organizations and alcohol violations. Point 5 indicates that the Student Code be limited in jurisdiction for certain offenses. Point 6 has to do with conduct records and student records and how long they ought to be retained.

Guilherme Costa described the State of South Dakota Retention and Destruction Schedule, which goes contrary to the proposed alcohol motion. Additionally, he provided a hypothetical situation that would address the effect of Points 3, 4, and 5 if enacted. He described a scenario in which a student attended an off-campus, unofficial student organization party and died of alcohol poisoning. If you take away the ability to hold student organizations accountable off-campus you can severely limit your ability to act.

Kim Grieve described the records retention policy at the university, and Guilherme Costa further described the FERPA laws that govern information sharing regarding student records.

Dr. Rush said he has faith in the work of the Student Conduct Officers, especially since this piece of Student Code has been in implementation for several years and has been proven to work. He said he does have concern about changes to the student organizations. He provided more examples of when the proposed policy revisions would have handicapped institutions. He said if the institutions did not have a policy to address the problems, it would have been devastating.

IT WAS MOVED by Regent Jewett, seconded by Regent Adam, to approve the motion as set forth in the Attachment I (pages 6-7). Motion Failed.

A copy of the Student Alcohol Policy Discussion can be found on pages ___ to ___ of the official minutes.

ACADEMIC AND STUDENT AFFAIRS

6-A Student Federation Report

Robert McLean, Executive Director of the Student Federation, said the Student Federation met the evening before. He said the meeting started with a presentation by Dr. Rush and later the Federation voted to change a part of its constitution to reflect that each institution will pay the same fixed rate fees capped at \$800. The fixed rate fees are included in their FY18 budget. He noted that the group will vote on its FY18 budget at the March meeting.

In response to a question by Regent Johnson, Robert McLean said that the final constitution and bylaws will be posted to the Board's website shortly.

A copy of the Student Federation Report can be found on pages ___ to ___ of the official minutes.

6-B Institutional Items of Information

The Board received Institutional Items of Information submitted by the institutions and special schools.

A copy of the Institutional Items of Information can be found on pages ___ to ___ of the official minutes.

6-C Comprehensive Plan for Special Education – SDSBVI

SDSBVI Superintendent Marjorie Kaiser explained that each local school district and accredited school is required to submit a Comprehensive Plan for Special Education to the South Dakota Department of Education that details how the school will implement federal and state laws and special education regulations. She provided a brief overview of the plan and noted where the responsibility of SDSBVI differs from that of local education agencies. She said that much of the information in the Comprehensive Plan is documented in the SDSBVI school policy handbooks.

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts, to approve the SDSBVI Comprehensive Plan for Special Education as presented to be provided to the South Dakota Department of Education. Motion Passed.

A copy of the Comprehensive Plan for Special Education can be found on pages ___ to ___ of the official minutes.

6-D(1) New Program Requests – DSU – AS in Web Development

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, said Dakota State University requests authorization to offer an Associate of Science (AS) in Web Development. He said the program will be offered both online and at the University Center-Sioux Falls. Graduates of this program would learn how to develop and maintain various software applications or specialized software. The program allows students who complete the 60 credits of coursework to seek immediate employment in the field or to use the degree towards completion of the baccalaureate degree in Computer Information Systems.

He said there are no new resources being requested for this program. However, he asked the Board to consider an exception from the established Memorandum of Understanding (MOU) at the University Center – Sioux Falls, which says associates degree programs will be offered at a reduced rate of \$270 per credit hour. The MOU makes exception to the established tuition rate for higher cost programs. Therefore, with the approval of the Board, the standard self-support rate of \$330 per credit hour would be applied to this higher cost program.

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts, to approve DSU's AS in Web Development as described in Attachment I. Motion Passed.

A copy of DSU's New Program Request for AS in Web Development can be found on pages ___ to ___ of the official minutes.

6-D(2) New Program Requests – USD – AS in Integrated Science

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, said the University of South Dakota requests authorization to offer an Associate of Science (AS) in Integrated Science. This program would be offered at the University Center- Sioux Falls as well. He said the program blends instruction in the fields of chemistry, biology, and physics, and includes specialized understanding of regulatory affairs and biomedical technologies that will aid the

growing biotech sector in Sioux Falls. This degree will stack into USD's bachelor's degree in Biomedical Engineering and offer preparation for the bachelor's degree in Medical Laboratory Science and Biology.

IT WAS MOVED by Regent Morgan, seconded by Regents Adam, to approve USD's AS in Integrated Science as described in Attachment I. Motion Passed.

A copy of USD's New Program Request for AS in Integrated Science can be found on pages ___ to ___ of the official minutes.

6-E(1) General Education – Assessment Guidelines

Dr. Paul Turman, System Vice President for Academic Affairs, provided an informational update regarding the development of the new process for assessing general education in the Regental system. He explained the projected schedule that outlines next steps in the process of formalizing the final set of guidelines, and collecting student works during the Fall 2017 and Spring 2018 terms. Faculty would begin to evaluate these student works in Summer 2018.

A copy of the General Education Assessment Guidelines can be found on pages ___ to ___ of the official minutes.

6-E(2) General Education – BOR Policy 2:28 Proficiency Examination (First Reading)

Regent Morgan introduced this item, saying that it is his intention to move this policy change along as an emergency implementation.

Dr. Paul Turman, System Vice President for Academic Affairs, explained that included in the work to refine the System General Education Requirements is the need to replace the CAAP exam with an objective assessment structure. In light of the framework for assessment of the approved General Education coursework detailed in item 6-E (1), he asked the Board to consider repeal of BOR Policy 2:28 – Proficiency Examination and end system-wide testing using CAAP. He said the new approach would create alignment between student learning outcomes and evolving assessment strategies. Additionally, he said the new model would better align with the Higher Learning Commission accreditation requirements and the system's growing distance student populations.

He provided rationale for an emergency implementation; namely that authority is being sought to place Spring 2017 testing on hold but emergency implementation is necessary given the requirement that policy changes go through two readings before being implemented, which would not otherwise occur until the March/April 2017 meeting.

Regent Morgan felt that emergency implementation was reasonable considering the purpose of the two-reading policy is to make sure actions are thoughtful. He said the Board is very familiar with this since it has heard updates on the planning for nearly two years. Secondly, he said that without emergency implementation, there would be some unnecessary administrative confusion regarding the status of the CAAP exam between this first reading and the second reading.

Regent Johnson noted that the CAAP is comprehensive in that it addresses four areas. She asked if there will be a gap where the students will not be assessed due to a phase-in of the new

assessment model. Dr. Turman said the assessment is more about the outcomes of the curriculum rather than students' test scores that align to the curriculum.

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts, to approve with emergency implementation the repeal of BOR Policy 2:28 Proficiency Examination as presented. Motion Passed.

A copy of the BOR Policy 2:28 Proficiency Examination and changes can be found on pages ____ to ____ of the official minutes.

6-F BOR Policy 2:23 Revision – Program and Curriculum Approval (First Reading)

Dr. Paul Turman, System Vice President for Academic Affairs, introduced this policy revision by explaining that after Board conversations at the August meeting about streamlining the approval process of degree programs, it became clear that there was no formal policy governing the Board approval process of degree programs (outside of certificate programs). These revisions attempt to build a comprehensive, restructuring of this policy.

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, mentioned that the Board of Regents discussed the approval process for new programs at the University Center-Sioux Falls during its August 2016 meeting. At that time, Board members expressed interest in establishing a process that expedites associate degree program approvals for improved response to market needs. Therefore, he explained that the revisions laid out in policy identify methods for waiving the intent to plan process for associate degree programs, define which academic credentials appearing on a transcript require Board approval, maintain authorization for universities to offer certificates of recognition, and identify the approval process for new courses, minor course and program modifications, and substantive course and program modifications.

IT WAS MOVED by Regent Morgan, seconded by Regent Adam, to approve the first reading of the revisions to BOR policy 2:23 as presented. Motion Passed.

A copy of the BOR Policy 2:23 Program and Curriculum Revisions can be found on pages ____ to ____ of the official minutes.

6-G BOR Policy 2:5 Revision – Transfer of Credit (Second Reading)

Dr. Paul Turman, System Vice President for Academic Affairs, noted that there have been no additional revisions since the first reading was approved in October. He said the aim of the policy is to allow for the ease of transfer for students within the Regental system after successfully completing the general education requirements at the initial home institution. The policy also establishes the framework for accepting the transfer of general education credits for transfer students from outside the Regental system when non-Regental institutions have goals and learning outcomes that align with Policy 2:7 and 2:26.

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts, to approve the second and final reading of the revisions to BOR policy 2:5 – Transfer of Credit as presented. Motion Passed.

A copy of the BOR Policy 2:5 Transfer of Credit revisions can be found on pages ____ to ____ of the official minutes.

6-H BOR Policy 1:7:8 Revision – Discipline Councils (Second Reading)

Dr. Paul Turman, System Vice President for Academic Affairs, explained that the proposed revisions to BOR Policy 1:7:8 – Discipline Councils better align the policy with the existing practice of how the Discipline Councils are managed. He said no additional revisions have been made since the approval of the first reading in October.

IT WAS MOVED by Regent Morgan, seconded by Regent Sutton, to approve the second and final reading of the revisions to BOR policy 1:7:8 – Discipline Councils as presented. Motion Passed.

A copy of the BOR Policy 1:7:8 Discipline Councils revisions can be found on pages ____ to ____ of the official minutes.

6-I BOR Policy 5:17 Revision – Instructional Funding (Second Reading)

Dr. Paul Turman, System Vice President for Academic Affairs, noted that the Board approved the first reading of proposed policy revisions at its October meeting. He said at that time the primary emphasis of the policy revisions were on small section size limits for upper division courses. Since then, additional clerical changes have been made as a result of the decision by the Business Affairs Council to change the vernacular of “state-support” and “self-support” to “on-campus” and “off-campus.”

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts, to approve the second and final reading of the revisions to BOR Policy 5:17 – Instructional Funding as presented. Motion Passed.

A copy of the BOR Policy 5:17 Instructional Funding revisions can be found on pages ____ to ____ of the official minutes.

6-J BOR Policy 2:3 Revision – System Undergraduate Admissions (Second Reading)

Dr. Paul Turman, System Vice President for Academic Affairs, explained that additional minor changes have been made to the policy since its first reading approval in October. These changes keep the policy in alignment with changes made to GED and SAT testing across the country.

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts, to approve the second and final reading of the revisions to BOR Policy 2:3 System Undergraduate Admissions as presented. Motion Passed.

A copy of the BOR Policy 2:3 System Undergraduate Admissions revisions can be found on pages ____ to ____ of the official minutes.

6-K Federal Regulatory Compliance Issues

Dr. Paul Turman, System Vice President for Academic Affairs, provided information on four sets of new and refined federal compliance requirements. He summarized the requirements, saying that these have to do with (1) creating a statewide teacher education rating system for all teacher education programs in the state; (2) documenting all licensure requirements for the degree programs that have a certification or licensure Board in South Dakota in order for students to understand how those degree programs align with the licensure requirements of other states; (3) ensuring authentication of online students; and (4) requiring all online information provided by postsecondary education be accessible by design not just on demand.

He provided this information for context because a number of these upcoming changes have significant implications for the system. In response to a question, Dr. Turman said the teacher preparation regulations have been released and the process of building the rating system will commence this spring. That said, he anticipates that all these regulations will be reviewed by the new administration.

A copy of the Federal Regulatory Compliance Issues can be found on pages ___ to ___ of the official minutes.

6-L Enrollment Trends in the University System

Dr. Mike Rush, Board of Regents Executive Director, introduced this report by summarizing the significant points, which include (1) overall enrollment is flat (2) on-campus enrollment is not increasing, and (3) off-campus enrollment is increasing and much of the increase is due to high school dual credit enrollment.

Dr. Paul Turman, System Vice President for Academic Affairs, said the Board makes decisions based on enrollment patterns. Therefore, he felt this report gave another perspective on the data in addition to that provided in the fact book.

Regents' President Schaefer noted the section that says "aside from Mines, a slow and steady decline of on-campus attendance." He said based on Table 3-A, both USD and DSU show an increase since 2010. Dr. Turman said he would correct the report.

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

6-M Distance Education Report

Dr. Paul Turman, System Vice President for Academic Affairs, presented the annual Distance Education Report, which provides a summary of performance data related to the university system's various distance delivery initiatives. He explained that the report shows that the university system's distance education offerings is large and continues to grow. Along with more and more students taking distance courses simultaneously with on-campus attendance, he also pointed out that this is the first year that we have seen any institution offering more courses online than in-person.

In response to a question by Regents' President Schaefer, he confirmed that for those students taking online courses approximately one-third are taking online courses only. He said this includes part-time students.

Regent Morgan noted that 53% of all credits are taken online.

Dr. Rush asked why there is a significant difference between males and females taking online courses. President Wilson said that SDSM&T may be the reason for this data, considering that the number of on-line courses at the institution is very low and only one-third of Mines' student population is female.

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

6-N Graduate Placement Analysis

Dr. Paul Turman, System Vice President for Academic Affairs, presented the Graduate Placement Analysis. This analysis examines the extent to which regental degree completers are retained in the state of South Dakota following graduation. He said results of the analysis indicate that the majority of students remain in the state following the completion of a degree (56.2%). He noted that this percentage is lower than the past few years.

Of those with degrees that remain in the state following completion, 71.6% are resident students, and 29.1% are non-resident students. This finding underscores the economic importance of intensifying efforts to boost graduate production in the state.

He noted that 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. Therefore, the data is limited to only the placements in South Dakota that can be matched with South Dakota Department of Labor data. These would not include students placed outside of the state, those who are self-employed, or those employed by the federal government.

A copy of the Graduate Placement Analysis can be found on pages ___ to ___ of the official minutes.

6-O Federal Student Loan Default Rates Analysis

Dr. Paul Turman, System Vice President for Academic Affairs, presented the Federal Student Loan Default Rates Analysis, which provides a basic overview of federal default rate data from the U.S. Department of Education. He said, in short, the most recent data of three-year default rates for all South Dakota colleges and universities was 12.3 percent (up from 11.2 percent last year), ranking South Dakota 34th lowest among all U.S. states.

On average, 72% of students borrow at some point prior to graduation with an average loan total of about \$20K.

Regent Jewett pointed out that the default number includes non-graduates, and that those who drop out are likely the ones who cannot repay their loans.

A copy of the Federal Student Loan Default Rates Analysis can be found on pages ___ to ___ of the official minutes.

6-P Licensure and Certification Report

Dr. Paul Turman, System Vice President for Academic Affairs, presented the annual Licensure and Certification Report. He said 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 related occupation or profession. He explained that students in the following programs achieved a 100% pass rate on the test for which the latest information is available: Clinical Psychology (USD), Dental Hygiene (USD), Doctor of Nursing Practice / Family Nurse Practitioner (SDSU), Doctor of Nursing Practice / Neonatal Nurse Practitioner (SDSU), Physical Therapy (USD), and Respiratory Care (DSU). He noted that he provides a report of this information to the legislature each year, and because of the due date, always provides the information from the previous year.

In response to a question, he explained that there was nothing concerning that stood out in this year's report. That said, he noted that the percentages can be difficult to evaluate as the number of students being tested fluctuate. Therefore, rather than the percentages, he said he looks at trends of the cumulative results for a more accurate picture.

Regent Sutton noted that the trend related to licensure passage rates at the Law School has been declining. He said the drop in licensure passage rates reinforces the efforts being addressed to maintain the credibility of the Law School. He referred to these efforts, touching on the Law School's proposal to decrease its class sizes to maintain its historical admission standards. He said to offset the decrease in tuition revenue from a smaller class size, the Law School has requested additional funding to maintain operations given its limited ability to further reduce costs due to its already lean operation. He noted that this proposal is supported by the Governor as reflected in his proposed budget.

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

6-Q International Activities Report

Dr. Paul Turman, System Vice President for Academic Affairs, presented the Annual International Activities Report. He said the Annual International Activities Report provided by each of the universities includes a summary of campus activities, an overview of administrative structure/support for international study, specific goals/objectives for international study especially as these are integrated into programs offered, key initiatives underway, and other related information. The annual report on international programs also provides historical information on participation by faculty and students.

When asked about the percentage of international students in the Regental system, Dr. Turman said he could not answer on the spot but would be happy to provide the Board with that information and some historical information that would show whether the number of international students are increasing or decreasing in the system.

A copy of the International Activities Report can be found on pages ___ to ___ of the official minutes.

6-R Annual Curriculum Summary Report

Dr. Paul Turman, System Vice President for Academic Affairs, explained that the Annual Curriculum Summary Report includes a summary of the minor course modifications and minor program modifications approved by the university Vice Presidents of Academic Affairs. He described the system checks and balances process for these types of approvals, considering the common course catalog.

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

BUDGET AND FINANCE

7-A 2016 Auxiliary System Bonds

Regents' President Schaefer asked whether any Regent would object to taking one vote for all actions. The consensus was that one vote for all actions items was acceptable and should be reflected in the motion as such.

Dr. Monte Kramer, System Vice President of Finance and Administration, summarized the projects that will be funded through the upcoming issuance of Housing and Auxiliary Facilities system Revenue Bonds, Series 2016, which will provide: 1) \$7,000,000 in proceeds for the construction of a new NSU residence hall facility, 2) \$12,400,000 in proceeds for an addition and improvements to the SDSU Student Wellness Center, and 3) \$1,000,000 in proceeds for parking facility improvements at SDSU.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton, to approve Action Item 1 as described in Item 7-A.

Action Item 1

Authorizing 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 NSU Project;
- (ii) the SDSU Project; and
- (iii) costs of issuance of the Bonds

(Attachment I - Twelfth Supplemental System Revenue Bond Resolution (the "*Twelfth Supplemental Bond Resolution*"));

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Schieffer – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – AYE
Roberts – AYE
Adam – AYE

Motion Passed.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton, to approve Action Item 2 as described in Item 7-A.

Action Item 2

Approving 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 \$21,000,000, shall mature not later than April 1, 2041, shall bear interest at a true interest cost not exceeding 4.50%, and shall be sold at an underwriter's discount of not more than 0.575% of the proceeds of the Bonds (Attachment II—Bond Purchase Agreement);

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Schieffer – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – AYE
Roberts – AYE
Adam – AYE

Motion Passed.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton, to approve Action Item 3 as described in Item 7-A.

Action Item 3

Ratifying 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 III—draft Preliminary Official Statement);

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Schieffer – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – AYE
Roberts – AYE
Adam – AYE

Motion Passed.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton, to approve Action Item 4 as described in Item 7-A.

Action Item 4

Authorizing the President of the Board, the President of Northern State University, the President of South Dakota State University, 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 execution and delivery of the Twelfth Supplemental Bond Resolution and the Bond Purchase Agreement; and

Making 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 IV).

ROLL CALL:

Schaefer – AYE
Sutton – AYE
Schieffer – AYE
Bastian – AYE
Jewett – AYE
Johnson – AYE
Morgan – AYE
Roberts – AYE
Adam – AYE

Motion Passed.

A copy of the 2016 Auxiliary System Bonds can be found on pages ___ to ___ of the official minutes.

7-B Building Committee Report

Dr. Monte Kramer, System Vice President of Finance and Administration, provided information regarding the activities of the various building committees since the Board's last meeting.

A copy of the Building Committee Report can be found on pages ___ to ___ of the official minutes.

7-C Capital Project List

Dr. Kramer, System Vice President of Finance and Administration, provided 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.

Dr. Kramer noted that some of the items on the list may be closed. Before a project can come off this list, the Board office is now requiring a close-out form summarizing what went well and what went poorly.

A copy of the Capital Project List can be found on pages ___ to ___ of the official minutes.

7-D Internal Cash Controls Report

Shelly Anderson, System Director of Internal Audit, provided a summary of the internal cash controls audit recently conducted on all cash collection sites of all Regental campuses and special schools. She said this included over 200 locations and the results of the audit have been relayed to the university presidents and special school superintendent. She acknowledged the university staff for their assistance during this review.

In response to a question, Shelly Anderson said this was a six-month process, which started in April and finished in September.

A copy of the Internal Cash Controls Report can be found on pages ___ to ___ of the official minutes.

7-E FY16 Auxiliary System Agreed Upon Procedures Report

Scott Van Den Hemel, System Financial Compliance Officer, explained that the FY16 Auxiliary System Agreed Upon Procedures report is an independent review of the Housing and Auxiliary Facilities System required by bond covenants. He said the Board of Regents retains the Department of Legislative Audit (DLA) to provide an Agreed Upon Procedures review of the system. The report shows that there were no instances of non-compliance.

In response to a question by Regent Jewett, Scott Van Den Hemel said the report includes only actual activity, not projected debt. Dr. Kramer explained the acceptable range of coverage ratios,

indicating that bond covenants only require a 1:20 coverage ratio for the institutions but 1:30 is his minimum threshold. He said the campuses are managing this very well.

A copy of FY16 Auxiliary System Agreed Upon Procedures Report can be found on pages ____ to ____ of the official minutes.

7-F FY16 CAFR Audit Review

Scott Van Den Hemel, System Financial Compliance Officer, explained that the Department of Legislative Audit (DLA) just finished its final review of the Board of Regents System (BOR) section of the FY16 Statewide Comprehensive Annual Financial Report (CAFR). He said there will be no audit findings or adjustments for the BOR system for FY16. He said this is the second year of a clean audit and recognized the campuses for their hard work.

A copy of the FY16 CAFR Audit Review can be found on pages ____ to ____ of the official minutes.

7-G BHSU Tuition Proposal

Dr. Monte Kramer, System Vice President of Finance and Administration, introduced the item by saying this is not the first time the Board has heard this proposal for a single rate structure at Black Hills State University that includes both tuition and fees. He said that the single-rate proposal was put on hold last year due to the tuition freeze. Since the tuition freeze is off the table for the coming year, there is no concern about moving forward with the BHSU single-rate proposal. He noted that this proposal will be a part of the tuition proposal package the Board will consider at its March 2017 meeting.

Kathy Johnson, BHSU Vice President of Finance and Administration, explained that this single-rate structure was initially proposed at the December 2015 Board meeting. The new single-rate structure was requested to be effective for the summer 2016 session as a three-year pilot program; however, when the tuition freeze was approved, the proposal was put on hold due to concern that students could experience a rate increase, which would be inconsistent with the approved tuition freeze.

She explained that the new single-rate structure would 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 structure. With few exceptions, no additional fees will be added. With a single rate, more stability and transparency is provided. She said this proposal has been explained to the Student Association and it has indicated support.

In response to a question by Regent Jewett, Kathy Johnson said that under this proposal any cost increase in the future would be spread across all students. She said there are very few high discipline costs at BHSU, which is what makes this proposal possible.

In response to a question by Regent Bastian, Dr. Kramer said this change does not negatively impact other institutions. He said BHSU sees many benefits from this proposed change, including allowing them to eliminate the confusion around fee schedules and a marketing opportunity to distinguish BHSU from other institutions. He said this is very similar to what is being done today with the self-support rate.

Kathy Johnson said this is just one effort that supports the multiple things the institution is doing to bolster enrollment and recruitment.

Regent Johnson asked about how this affects the HEFF calculation. Dr. Kramer said this is a revenue neutral change for the institution; however, the HEFF fund will generate a small amount of additional funds for the system since the discipline fees would now be subject to HEFF because of being rolled into the single rate that includes both tuition and fees.

Regent Bastian said he is open to any campus that wants to make adjustments to better market their product and campus, mostly when it does not have a negative effect on the system or other schools.

A copy of the BHSU Tuition Proposal can be found on pages ___ to ___ of the official minutes.

Regents' President Schaefer called the meeting to recess until the following day.

THURSDAY, DECEMBER 7, 2016

Regents President Schaefer reconvened the meeting at 9:15 a.m. He acknowledged the legislators who attended the legislative breakfast earlier that morning.

7-H BHSU Solar Project

Randy Culver, BHSU Director of Facilities Services, described the institution's commitment to sustainability efforts and explained that the institution is investigating a project to install solar panels on the roofs of several buildings on campus. This project is expected to produce between 10% and 25% of the monthly electrical needs of campus, depending on the month. He described the current energy sources and related costs to the institution. He said that they have consulted with several state agencies in their investigation of pursuing this solar project.

Kathy Johnson, BHSU Vice President of Finance and Administration, described the different options and related cost savings. She said BHSU hopes to bring a final contract to the Board for approval at the March 2017 meeting.

In response to a question by Regent Schieffer, Randy Culver said the life expectancy of the solar panels is 30 years. Additionally, he understands there is very little maintenance and repair costs associated with the panels.

After learning that the term of the contract is 25-30 years (in other words, the life of the solar panels), Regent Jewett cautioned the institution about a long contract considering anticipated improvements in technology.

Regent Johnson said there may be a sunset to the tax credits that Florida Power and Light could take advantage of related to this project, so she urged the institution to consider that as they go forward. Additionally, in order for the institution to remain the beneficiary of any possible increase in power generation over time, she asked the institution to review the contract with this in mind. She wants to make sure the institution benefits from an increase in power generation

and that the power purchase is not capped over time. Regent Sutton agreed that this technology is changing all the time, so it is important to recognize while developing the contract.

A copy of the BHSU Solar Project can be found on pages ___ to ___ of the official minutes.

7-I Child of Alumni Update

Dr. Monte Kramer, System Vice President of Finance and Administration, said the Board approved a Child of Alumni tuition rate in April 2015. This gave resident tuition to undergraduate children of alumni students attending the same school from which their parent or guardian graduated. The campuses were allowed to add additional restrictions to the program beyond being a child of an alumni, and all schools other than USD chose to do that. He showed that of the 259 students in fall 2016, 136 are new and 123 are returning students. He noted that there is no way to know whether these students would have come to the Regental system without offering the special rate.

Overall, he said everyone is pleased with the program and it seems to be working.

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

7-J Petition to Vacate Street

Nathan Lukkes, System Associate Vice President of Research and Economic Development, said the platting that was originally done for the University Center in Sioux Falls included West 54th Street running across the southern boundary of the tract of land owned by the Board of Regents, extending west to east from N. Marion Road to N. Career Avenue. The Engineering Development Plan for the Discovery District, dated April 25, 2016, halts W. 54th Street at N. Pennsylvania Avenue, negating the need for the platted section of W. 54th Street running between N. Pennsylvania Avenue and N. Career Avenue, which crosses a major drainage way and would be costly to construct. Consequently, the City has requested the adjacent land owners execute a petition to vacate the above-referenced portion of W. 54th Street to avoid any future issues/delays that could arise as a result of leaving that section of W. 54th Street platted. He clarified that the section of W. 54th Street to be vacated has not yet been developed or advanced; it only exists on the plat.

He said that since the Board is not conveying or acquiring land, but rather removing a right-of-way and freeing up an additional 33 ft. of land already owned by the Board, the only thing needed to advance the petition to vacate is the approval of the Board, as one of the adjacent landowners to the section of right-of-way to be vacated.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve proceeding with the vacation of that portion of W. 54th Street extending from N. Pennsylvania Avenue to N. Career Avenue in Sioux Falls, SD, and to authorize the executive director to execute the required petition to vacate and to take any other action(s) necessary to effectuate the vacation. Motion Passed.

A copy of the Petition to Vacate Street item can be found on pages ___ to ___ of the official minutes.

7-K FY18 Governor's Recommended Budget

Leah Ahartz, System Budget Manager, explained that Governor Daugaard gave his annual Budget Address for fiscal year 2018 on Tuesday, December 6. She summarized the Governor's budget recommendations related to the Board of Regents' FY2018 budget.

Dr. Kramer, System Vice President of Finance & Administration, pointed out that this does not include any salary policy dollars. These dollars are placed in a separate fund, and we will not know the amount reserved for the Board of Regents until later in the legislative session. Additionally, he noted that utility costs are adjusted at mid-year. If the utilities go up during the mid-year adjustment, the Governor will likely increase the budget to cover that activity. Lastly, he noted that the bulk of the money to fund the Animal Disease Research and Diagnostic Laboratory (ADRDL) will need to come from private industry. However, he shared a few other revenue sources that are known including funds from SDSU as well as the accumulated appropriation for operational costs that can be directed to the building before operational costs are needed.

A copy of the FY18 Governor's Recommended Budget can be found on pages ___ to ___ of the official minutes.

7-L BOR Policy 5:5:1 – Tuition and Fees: On Campus Tuition (First Reading)

Mary Ellen Garrett, System Accounting Director, provided an overview of the proposed changes to BOR Policy 5:5:1 – Tuition and Fees: On-Campus Tuition. The revisions change the reference of state-support tuition to on-campus tuition; adds information on reduced tuition programs recently approved; includes additional statutory language related to the National Guard reduced tuition program; and clarifies that eligibility is limited to using only one reduced tuition program at any point in time.

Dr. Kramer, System Vice President of Finance and Administration, described the request for emergency approval and explained the rationale for this request. He said emergency implementation relates to section 5, which states that students are only eligible for one reduced tuition program at any one time. He clarified that this discount will default to the best discount for the student.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve emergency approval of the revisions to BOR Policy 5:5:1 – Tuition and Fees: On-Campus Tuition. Motion Passed.

A copy of the BOR Policy 5:5:1 Tuition and Fees revision can be found on pages ___ to ___ of the official minutes.

7-M BOR Policy 5:11 – Personal Dues and Subscriptions (First Reading)

Mary Ellen Garrett, System Accounting Director, presented the proposed changes to BOR Policy 5:11 – Personal Dues and Subscriptions. She said the policy was last reviewed in 1990, yet the purpose and intent have not changed. Definitions have been added to the policy and the policy has been reworded to clarify its intent.

Regent Jewett asked for clarification regarding when the university pays licensure fees. Dr. Kramer said the university does pay the licensure fees if they are related to employment. If they are not related to employment, the employee is responsible.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan, to approve the first reading of the revisions to BOR Policy 5:11 – Personal Dues and Subscriptions. Motion Passed.

A copy of the BOR Policy 5:11 Personal Dues and Subscriptions revisions can be found on pages ___ to ___ of the official minutes.

7-N BOR Policy 5:21 System Collection Policy (Emergency Approval)

Dr. Monte Kramer, System Vice President of Finance and Administration, provided a brief summary of the Board's discussion about this item in October. Since that meeting in October, he noted that the administrative rules were approved that set the dollar limit for the revocation of motor vehicle registration, motorcycle registration, boat registration or driver license at \$1,000 or more of outstanding debt.

He said this iteration of the policy revisions would remit all future debt that is \$250 or more to the Obligation Recovery Center (ORC). Therefore, the Board would stop using its current collection agencies.

Additionally, he explained that the Board office recently met with the Board of Finance, which is in charge of debt write off. Although they did not take formal action, the Board of Finance signaled its support for writing off accounts that have been through two collection agencies and became delinquent prior to 2011.

He said given the support from the Board of Finance and the finalization of the rules, the recommendation is to approve the changes to BOR policy 5:21, which will require all future accounts of \$250 or more to be referred to the Obligation Recovery Center after in-house collection efforts are exhausted.

Regent Sutton asked for the amount of debt that is aggregate, current and over \$250. Dr. Kramer said all debt from FY12 forward that is \$250 or more would be approximately \$5,978,307.

Regent Bastian asked for confirmation that the rules had been passed and done. Dr. Kramer confirmed that the rules are final.

IT WAS MOVED by Regent Schieffer, seconded by Regent Adam, to approve the emergency approval of the revisions to BOR Policy 5:21 – System Collection Policy as presented. Motion Passed.

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

7-O BOR Policy 5:25 Auxiliary Revenue System (First Reading)

Mary Ellen Garrett, System Accounting Director, presented the proposed changes to BOR Policy 5:25 – Auxiliary Revenue System. She said the revisions are minor but reflect reporting requirements in the current bond covenants.

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian, to approve the first reading of the revisions to BOR Policy 5:25 – Auxiliary Revenue System. Motion Passed.

A copy of the BOR Policy 5:25 Auxiliary Revenue System revisions can be found on pages ____ to ____ of the official minutes.

7-P System Tuition Pool Condition Statement

Mary Ellen Garrett, System Accounting Director, explained that the Board's reserve is available to address emergencies as well as other Board priorities and critical needs.

She said the balance in the fund was \$3,183,372 as of June 30, 2016. Interest earnings on FY16 money was posted in September and the first \$250,000 SDSM&T loan installment has been paid. The current balance is \$3,643,242. Additionally, she explained that at the end of FY13, the executive director transferred \$2,500,000 from the tuition reserve to SDSM&T to cover a cash shortfall. SDSM&T's payback is on target.

The current goal of the pool is 5% of tuition revenue or \$10,315,698. The reserve is currently at 2.13%. She said the reserve pool does not grow commensurate with the tuition and fee revenues generated by the campuses. Today, the institutions get back all their revenues from the tuition pool. The tuition reserve pool only grows by the amount of interest earned through investment.

A copy of the System Tuition Pool Condition Statement can be found on pages ____ to ____ of the official minutes.

7-Q FY17 Military Rate for Centers

Mary Ellen Garrett, System Accounting Director, said that the federal government currently provides federal tuition assistance up to a maximum of \$250 per credit hour to active duty military students. The Board approved the extension of the National Guard undergraduate tuition benefit for active duty military personnel (Reserves, Active Reserves, and Active Military) at all University Center locations for both FY15 and FY16. This rate allows the centers to remain competitive, especially in the Rapid City area where a majority of active duty personnel are located.

She said this tuition rate was not included in the FY17 Tuition and Fee Schedule approved at the April Board meeting. To remain competitive, the Centers wish to continue to charge the \$250 per credit hour rate for active duty personnel (Reserves, Active Reserves, and Active Military) and, therefore, need to have the rate retroactively approved.

IT WAS MOVED by Regent Schieffer, seconded by Regent Johnson, to approve a \$250.00 per credit rate for Active Duty Military Personnel at all University Center locations effective Summer 2016. Motion Passed.

A copy of the FY17 Military Rate for Centers can be found on pages ___ to ___ of the official minutes.

7-R BHSU Wellness Center Addition Preliminary Facility Statement

Randy Culver, BHSU Director of Facility Services, said Black Hills State University requests approval of its Preliminary Facility Statement to begin planning for future construction of a Wellness Center addition to the Young Center. He described the current wellness center and said an addition would provide dedicated fitness space and a wellness wing. He said preliminary discussions indicate the best location for this addition would be on the south side of the Young Center adjacent to the pool patio.

Kathy Johnson, BHSU Vice President of Finance and Administration, said that the BHSU Student Senate supports the concept of a new Wellness Center wing on the Young Center. They have identified numerous needs surrounding a wellness center and are eager to start the planning process for future BHSU students. The BHSU Student Senate also supports raising the General Activity Fee.

Regent Johnson asked about the estimated cost and timeline. Kathy Johnson said the initial cost of the addition is \$3 million to \$5 million. A reasonable timeline depends on how quickly donors come back with a favorable response, and because this is an addition to an academic space, it will require legislation. These factors all suggest that the soonest a new building could be opened is 2019.

Dr. Kramer noted that with action the Board President should appoint a Building Committee representative to this project.

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian, to approve the Preliminary Facility Statement for the BHSU Wellness Center addition which will allow BHSU to continue planning and design of the proposed addition which will be funded with private, GAF or other funds. Motion Passed.

A copy of the BHSU Wellness Center Addition Preliminary Facility Statement can be found on pages ___ to ___ of the official minutes.

7-S DSU Athletic Event Center Preliminary Facility Statement

Stacy Krusemark, DSU Vice President of Finance and Administration, explained that Dakota State University requests approval of its Preliminary Facility Statement to begin planning for future construction of an Athletic Event Center. In an effort to move this project forward, DSU will engage a firm to assist in development of an Athletic Master Plan for its campus. That plan would also review other sports areas such as the Football Complex, Indoor Track and Outdoor Track, Baseball and Softball Facilities and Fields, Fieldhouse current and future use, and the potential for added sports and other required facility needs.

He said a new Athletic Event Center would provide enhanced recruiting capabilities for DSU and allow it to add programs to both men's and women's athletics. He noted that nearly 20% of DSU students are student-athletes.

Regent Morgan asked whether there are any soft commitments for this project. Stacy Krusemark said there is a lot of excitement about this project and this action would allow the institution to put together a plan to sell to potential donors.

Dr. Kramer noted that with action the Board President should appoint a Building Committee representative to this project.

IT WAS MOVED by Regent Schieffer, seconded by Regent Adam, to approve DSU's Preliminary Facility Statement to begin planning for the construction of an Athletic Even Center. This would allow DSU to move forward with the development of a Facility Program Plan including cost estimates and site location. Motion Passed.

A copy of the DSU Athletic Event Center Preliminary Facility Statement can be found on pages ___ to ___ of the official minutes.

7-T HEFF Cash Flow Statement

Dr. Monte Kramer, System Vice President of Finance and Administration, said Item 7-T is connected to Item 7-U. He explained that Dr. Rush asked that he put together scenarios showing the impact to the HEFF Fund if there were enrollment declines. He said the HEFF Revenues continue to be stable as conservative enrollments are always projected.

He presented a summary of five cash flow statements with certain assumptions applied. The information provided showed how a 1%-3% change in enrollments in any one year can significantly impact the HEFF cash flow statements due to the compounding yearly projections. He noted that the cumulative effect of a change in any year can significantly alter the cash flows. A loss of credit hours in more than one year would seriously impact the system's planning.

He said the cash flow statements all show a fairly large unobligated balance at the end of each year even with additional debt financing plans. He noted that because annual revenues do not come in until September, the cash balance at fiscal year-end must be sufficient to pay approximately one-half of the annual lease payment which is due in August. Projection of debt capacity and cash flows must both be considered prior to issuing new debt.

He said the Regental system would only fund projects when capacity is available to debt service the leases and when sufficient cash is available to meet the annual payment.

Regent Johnson asked about the assumptions of interest rates for the future bond measures. Dr. Kramer said he estimated 4%.

By request of Regent Morgan, Dr. Kramer walked through scenario 1 as a case study and described the types of things he looks for in the HEFF cash flow statement to make decisions regarding future bonding. He said the two main things he considers when deciding whether it is appropriate to issue bonds include (1) projects that come off of the current bonding and (2) the unobligated cash balance.

A copy of the HEFF Cash Flow Statement can be found on pages ___ to ___ of the official minutes.

7-U NSU Regional Science Education Center Facility Program Plan

Dr. Monte Kramer, System Vice President of Finance and Administration, said NSU would like to proceed with a Facility Program Plan for the NSU Regional Science Education Center as discussed at the Board's October meeting. He said the Board decided to wait to make a decision until a cost estimate for the facility was secured. Since then, NSU worked with the architect and has determined the estimated cost of the facility as \$25,175,000. A private foundation gift of \$15 million has been committed to the facility. A \$10 million to \$15 million gap remains.

NSU President Tim Downs described how the NSU Regional Science Education Center would fit into the culture and vision of the institution and fulfill the needs of the institution's students, faculty and surrounding community. He said this facility will support the advancement of science education, research, and scholarship in the region. This facility will support the region's competitiveness and help attract and retain students who will eventually move into the workforce.

Veronica Paulson, NSU Vice President of Finance and Administration, described the building plan and process. She said the Regional Science Education Center will be approximately 50,000 gross square feet. Originally, the project was planned for both math and science programs; however, as a result of the architectural programming process, NSU determined that math will remain in the Mewaldt-Jensen building. The selected site for this building will be on the corner of 12th Ave and State Street providing a gateway to campus.

She described the collaborative planning process, which included faculty, administrators, staff, and students. She describe the types of laboratories, classrooms, and other spaces included in the design. She said the spaces consider maximized adaptability/flexibility, multiple learning configurations, safety and security optimized, transparency of space with views and access to research, and shared lab prep with optimized work flow/adjacencies.

She said the initial cost estimates to construct a new science facility is \$25,175,000. However, if delayed, the cost could increase to nearly \$27,000,000. The funding proposed in the preliminary statement includes a \$15 million gift, \$175,000 of private funds for the planning portion, and an additional \$10 million in HEFF money for the remaining portion of the project. She said if HEFF money is not available for this project, the institution would like to have this approved as a \$27 million project to be paid by private funds.

Regents' President Schaefer recognized the hard work of the institution in this planning process as well as the generous gift of the donor. In response to a question by Regents' President Schaefer about whether or not there is any unallocated HEFF money available for this project, Dr. Kramer referred back to the item discussed in item 7-T and said the best scenario would be to complete the current 10-year plan and bond for the additional \$10 million in 2025. However, if there was an enrollment decline of 3%, the bonding would be pushed out to 2030. He clarified that there is no unallocated HEFF money currently.

Dr. Kramer referenced the two options outlined on the Board's agenda item.

Regent Jewett described the need for this building at NSU, noting that other institutions have had upgrades and it is time for NSU to see something similar. He urged the Board to choose option 2 as outlined in the Board item.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan, to submit legislation to approve NSU's Facility Program Plan to construct a Regional Science Education Center at a cost of \$25,175,000. Funding for this project will come entirely from private donations. Motion Passed.

A copy of the NSU Regional Science Education Center Facility Program Plan can be found on pages ___ to ___ of the official minutes.

7-V NSU New Residence Hall Facility Program Plan

NSU President Tim Downs and Veronica Paulson, NSU Vice President of Finance and Administration, explained that Northern State University requests approval of its Facility Program Plan to construct new on-campus student housing at an estimated cost of \$22,725,000. She explained the planning process showed that two buildings would fit onto campus better than one. Therefore, two new buildings will replace Jerde Hall which currently offers 353 beds. The west side hall will be located where Lindberg Hall is now located. The second building on the east side will be built directly to the east of the former Seymour Hall site. She described design elements of both buildings.

Veronica Paulson said funding for construction of these two residence hall buildings will come from a donation to the NSU Foundation up to \$22,725,000. The funding is intended to build the two halls that will replace Jerde, demolish Jerde and Lindberg Hall, and provide necessary parking for the new halls. Revenues from room rates will be used to fund the annual operating costs of the facilities including long term maintenance and repair expenses. She indicated that no adjustments will be made to any existing room rates as a result of this project. She said there is no debt tied to this building, but it will be in the revenue system in order to maintain the coverage ratio for the system. She said some of the overhead revenues from this facility will be used to support recruitment and retention efforts on campus.

She asked that some of the decision making be delegated to the building committee so the project can continue to move forward with an expedited timeline. Dr. Rush said he anticipates several special board meetings related to legislation this year, so a project such as this could be addressed during one of those special meetings.

Regent Johnson asked whether revenue from the auxiliary fund could be applied to campus recruitment and retention efforts, which is novel in comparison to other things she has seen. Dr. Kramer said this is a unique project because it has no debt tied to it and is not in the revenue system, so the institution can use the money as it sees appropriate. Because the project is designed for recruitment and retention, the campus intends to use money for these purposes.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve NSU's Facility Program Plan to construct two residence hall units at a cost of \$22,725,000. Funding for the full amount of this project will come from a private donation. Motion Passed.

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

7-W SDSU Precision Agriculture Classroom and Laboratory Building – Revised Preliminary Facility Statement

Dean Kattelman, SDSU Associate Vice President of Facilities and Services, explained that South Dakota State University requests approval of its revised Preliminary Facility Statement to continue planning for the construction of a Precision Agriculture Classroom and Laboratory Building. He said SDSU requests a change to the 2012 Capital Project Plan by redirecting the \$7,500,000 of Higher Education Facilities Funds (HEFF) originally designated for the Visual Arts Facility to the Precision Agricultural Classroom and Laboratory project.

He noted that industrial partners have indicated tremendous stake in this project, and the institution is leveraging its agricultural business partners. He also is in the process of developing one of the first in the nation multi-disciplinary majors in precision agriculture. He said the intent is that the Corn Utilization Council has funded the Preliminary Facility Statement, which was originally approved in 2015. The institution's intent would be to continue the design of the project and take it to the legislature in 2018.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan, to approve SDSU's Revised Preliminary Facility Statement to plan for future construction of a Precision Agriculture Classroom and Laboratory Building and to approve SDSU's request to revise the 2012 Ten-Year Capital Project Plan to redirect \$7,500,000 in HEFF from the Visual Arts Facility project to the Precision Agriculture Classroom and Laboratory project. The legislative change to the Ten-Year Plan will be made after the Board approves the Facility Program Plan and the project costs are fleshed out. Motion Passed.

A copy of the SDSU Precision Agriculture Classroom and Laboratory Building – Revised Preliminary Facility Statement can be found on pages ___ to ___ of the official minutes.

7-X SDSU Stanley J Marshall Center Additions and Renovation Facility Program Plan

Dean Kattelman, SDSU Associate Vice President of Facilities and Services, said that South Dakota State University requests approval of its Facility Program Plan to design and construct an addition to the Stanley J Marshall Center at an estimated cost of \$15,000,000. SDSU is conducting a master planning exercise for the athletic programs, academic uses, and other public uses of the Stanley J Marshall Center. This will allow SDSU to plan multiple phases to add on to and renovate the existing arena building. The first phase identified will be the basketball practice facility and supporting program space. The practice facility addition will be lined by a narrow corridor to the Stanley J Marshall Center. This addition will include utility infrastructure enhancements to support this phase and future phases of construction. This addition is planned for 27,483 gross square feet.

He said if approved this project should be included in the 2017 legislative bill package.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton, to approve SDSU's Facility Program Plan to construct an addition to the Stanley J Marshall Center at a cost of \$15,000,000. Funding for the project will come from private funds. This project should be included in the 2017 legislative bill package. Motion Passed.

A copy of the SDSU Stanley J Marshall Center Additions and Renovation Facility Program Plan can be found on pages ___ to ___ of the official minutes.

7-Y SDSU Student Wellness Center Addition Facility Design Plan

Dean Kattelman, SDSU Associate Vice President of Facilities and Services, said South Dakota State University requests approval of its Facility Design Plan for design and construction of an addition to the Student Wellness Center at an estimated cost of \$14,400,000.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve SDSU's Facility Design Plan to construct an addition to and to renovate a portion of the existing Student Wellness Center at a cost not to exceed \$14,400,000. Funding will consist of \$12,400,000 in bond proceeds with the remaining \$2,000,000 from accumulated GAF fee funds. Motion Passed.

A copy of SDSU Student Wellness Center Addition Facility Design Plan can be found on pages ___ to ___ of the official minutes.

7-Z SDSU Greek Village Lease

Guilherme Costa, Board of Regents General Counsel, explained that this item has two components. The first component seeks approval that certain lots be platted. The second seeks revision to the Third Amendment to the Master Ground Lease due to the direction of development to the southeast being changed, as well as the SDSU Public-Private Partnership proposal activities approved by the Board at its May 2016 Meeting.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to (1) approve the Revised Third Amendment to the June 25, 2010 Master Ground Lease between the Board and South Dakota State College Development Association, included as Attachment I; (2) approve the resolution, included as Attachment II, requesting the Commissioner of School and Public Lands to proceed with the Plat of LOTS 1, 2, 3, 4 & 5, BLOCK 1, STATE VILLAGE ADDITION IN THE SW ¼ OF THE SE ¼ OF SECTION 24, T110N, R50W OF THE 5th P.M., CITY OF BROOKINGS, BROOKINGS COUNTY, SOUTH DAKOTA; and (3) authorize the Board's Executive Director to execute any additional necessary documents. Motion Passed.

A copy of the SDSU Greek Village Lease can be found on pages ___ to ___ of the official minutes.

7-AA 2017 BOR Legislation

Guilherme Costa, Board of Regents General Counsel, provided an overview of the seven bills that have been developed for the Board's review and consideration during the 2017 legislative session.

Regent Jewett said the Board discussed two items that were not in the Governor's budget or otherwise been subject to a formal hearing: the \$300,000 math program at SDSM&T and the Dakota Lakes Research Station. He asked what the Board could do to add these items to the budget process.

Dr. Rush said those items would not require a special bill, and they would be part of the appropriations general bill. Therefore, there would be a decision and vote of the Appropriations Committee to add them.

Regent Schieffer asked if it would be appropriate to authorize and direct the Executive Director to advocate for these items with the Appropriations Committee.

Dr. Kramer agreed with Dr. Rush and described another option that would allow the Board to submit special bills, if necessary. The motion on the table would authorize Dr. Rush to write and submit additional legislation. Guilherme Costa said the current motion says the Executive Director can craft “additional legislation that may be required” or “additional legislation as may be necessary and proper.” So it would be an open question whether any particular additional legislation is required or is necessary and proper.

Regent Roberts suggested that the Board work to amend the general bill rather than submit special legislation.

Regent Jewett said the expectation of the Board is that the Board be well informed of any additional efforts and involved in the development of the Board’s official positions.

Dr. Rush agreed and anticipates special Board of Regents meetings by phone to vet legislation and establish the official Board position.

Regent Johnson said having additional budget requests available in priority order would be helpful in the case additional money is found.

Regent Jewett said this may be the year to fix the problem that arose last year and was likely unintended by the Governor. He said the problem he refers to is the functional seizure of student fees/tuition to make the state’s payment for salary policy last year. Clearly the state is entitled to refunding money to advance the payoff of bonds. He said, as written, this functional seizure of student fees/tuition continues after the state recoups its money, which effectively results in a permanent budget cut in 13-14 years. He said this would be easy to clean up and does not cost the Governor any money.

Dr. Rush said the best way to consider any additional legislative efforts is to give staff time to determine what additional legislation would look like and bring it back to a special telephonic Board meeting.

Regent Sutton said we should consider an agenda item in the future on the December Board meeting that is specifically for the purpose of this conversation. Dr. Kramer said this can easily be accommodated as the item currently before the Board outlines all the budget items and whether or not they were approved. He said the recommended action could direct the Board to review the recommended items to see whether there are any additional items that need to be discussed.

IT WAS MOVED by Regent Schieffer, seconded by Regent Adam, to authorize the Executive Director to submit the proposed bills, 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 interested members of the Board, to submit such additional legislation as may be necessary and proper. Motion Passed.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton, to authorize the Executive Director and staff to support efforts to secure funding for Year 3 of the current SDSM&T Math Initiative at \$250,000 as outlined in initial legislative package as well as for the Dakota Lakes Research Station. Motion Passed.

A copy of the 2017 BOR Legislation can be found on pages ___ to ___ of the official minutes.

7-BB SDSU Performing Arts Center Phase II Funding Change

Dean Kattelmann, SDSU Associate Vice President of Facilities and Services, said SDSU is requesting a change in the funding plan for the Performing Arts Center identified in December 2015. Originally the Foundation had committed to raising \$35,391,807 of private money. That amount has since been scaled back to \$29,349,807. Because of the reduction in private money, SDSU must now commit institutional money of \$6,042,000 to complete the project. This funding is in addition to the institutional funds that SDSU has committed to cover the HEFF interest payments through FY21 related to the Performing Arts Center, and possibly through FY22, which will be another estimated \$1.7 million.

He said because changes in funding sources for a capital improvement may only be approved by action of the full Board of Regents, it is necessary for the Board to approve this change in order for the project to proceed. Because the Building Committee approved the Guaranteed Maximum Price for the project on December 2, 2016, Board action will enable the university to proceed directly to bidding and construction of the project.

Regent Jewett pointed out that in his business he would call the Strategic Reinvestment Fund an unrestricted, non-appropriated fund.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan, to approve the funding sources for the Performing Arts Center to be \$13,000,000 from HEFF bonding, \$29,349,807 from private donations and gifts, and no more than \$6,042,000 from university funds. Motion Passed.

A copy of the 2017 BOR Legislation can be found on pages ___ to ___ of the official minutes.

ADJOURNMENT

IT WAS MOVED by Regent Sutton, seconded by Regent Schieffer, to adjourn the meeting. The meeting adjourned at 11:45 a.m.

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
January 20, 2017**

The Board of Regents convened by teleconference at 4:00 p.m. Central Time on January 20, 2017 with the following members in attendance:

ROLL CALL:

Randy Schaefer – ABSENT
Bob Sutton – PRESENT
Kevin Schieffer – ABSENT
Conrad Adam – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Kathryn Johnson – PRESENT
Jim Morgan – ABSENT
Pam Roberts – ABSENT

Also present were Mike Rush, Executive Director and CEO; Monte Kramer, System Vice President of Finance and Administration; Guilherme Costa, BOR General Counsel; Kayla Bastian, System Human Resources 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.

Regents' Vice President Bob Sutton 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.

2017 LEGISLATIVE SESSION UPDATE

Dr. Janelle Toman, Director of Communications, provided an overview of the 2017 Legislative Session to date. She explained that the legislators have been primarily focused on pre-filed bills. Over the next two weeks, it is anticipated that many more bills will be filed.

She explained that four of the seven pre-filed Board of Regents bills were heard in committee earlier today. All were unanimously approved and will be brought to the floor next week. These included SB 17 (to construct a replacement for the natural resources research and support facility at SDSU), SB 18 (construct a renovation/addition to the Stanley J. Marshall Center at SDSU), HB 1008 (SDSU purchase real property), and HB 1009 (accept a land donation to SDSM&T).

The three remaining Board of Regent' bills will be scheduled for a committee hearing in the near future.

She noted that the Board of Regents office has been monitoring HB 1005, which would require additional financial reporting on university center operations. She explained that we anticipate a series of amendments to this bill, which should improve the bill from our perspective.

She talked about SB 65 which establishes a new Board of Technical Education. She explained that the bill was just filed today.

Dr. Mike Rush, Board of Regents Executive Director, said the technical school leadership provided the Board office an advance copy of the bill, and some initial feedback has been provided in return. He said the bill essentially ports over the responsibilities now held by the Department of Education to the Board of Technical Education. The bill describes what the Board of Technical Education would administer. The language includes a clear mission of the Technical Institutes so there should not be overlap or duplication.

Regent Harvey Jewett expressed concern about the term “career training” in the bill. He said the bill currently refers to “career training” as being designated to the Secretary of Education. Under the Board of Technical Education, it would be under the control of the Director. This is problematic because the Board of Regents also offers “career training.”

He asked Dr. Rush and the Board staff to take a close look at the bill to make sure it includes plain language so that future readings, without the context of today, continue to translate the intended meaning. He said it is important to look at the language from the perspective of how the Board of Regents will think of it in thirty years. He said we should err on clarity and not what the drafters intend.

Regent Kathryn Johnson agreed and said in the future “career and technical education” may be less clear. Nursing for instance is training that already blurs these lines.

After additional discussion, the Regents again pointed to the phrase included in the bill that says, “and all career and technical education as assigned by the Director.” Dr. Rush said this language was limited to K-12 education oversight.

Guilherme Costa, Board of Regents General Counsel, shared a previous discussion with the authors of the bill, saying that he raised the same concern. However, the authors decided to leave that clause because the scope of authority is limited to K-12 and the Secretary of Education can only assign something to the Director that he/she already has authority over.

Regent Jewett appreciated that explanation and understood the logic. That said, he felt that the language could be clearer so that there was no ambiguity in the future.

Regent John Bastian said he had the same concern and recommended finding language to clarify.

Additionally, Regent Jewett asked that Dr. Rush and Board staff review the bill language as it relates to branch campuses of the technical institutes. He said the bill does not appear to limit those schools from opening branches in cities where they are not currently located.

ADJOURN

IT WAS MOVED by Regent Jewett, seconded by Regent Bastian to adjourn the meeting of the full Board at 4:30 p.m.

ROLL CALL:

Randy Schaefer – ABSENT

Bob Sutton – AYE

Kevin Schieffer – ABSENT

Conrad Adam – AYE

John Bastian – AYE

Harvey Jewett – AYE

Kathryn Johnson – AYE

Jim Morgan – AYE

Pam Roberts – ABSENT

Motion Passed. Meeting adjourned.

DRAFT

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office
306 East Capital Ave., Ste. 200
Pierre, South Dakota
January 30, 2017**

The South Dakota Board of Regents met on January 30, 2017 at its central office in Pierre, South Dakota and via teleconference, with the following members present:

ROLL CALL:

Randy Schaefer – PRESENT
Bob Sutton – PRESENT
Kevin Schieffer – ABSENT
Conrad Adam – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Kathryn Johnson – ABSENT
Jim Morgan – PRESENT
Pam Roberts – ABSENT

Also present were Mike Rush, Executive Director and CEO; Guilherme Costa, BOR General Counsel; and Molly Weisgram, System Director of Student Affairs and Executive Administrative Assistant to the CEO and Board.

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

IT WAS MOVED by Regent Bastian, seconded by Regent Sutton, that the Board of Regents convene and dissolve into Executive Session at 4:00 p.m. on Monday, January 30 to discuss personnel matters, pending and prospective litigation, and to consult with legal counsel; and that it rise from executive session directly following to report its deliberation while in executive session.

ROLL CALL:

Randy Schaefer – AYE
Bob Sutton – AYE
Kevin Schieffer – ABSENT
Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – ABSENT
Jim Morgan – AYE

Pam Roberts – ABSENT

Motion Passed.

The Board dissolved into Executive Session.

REPORT AND ACTIONS OF EXECUTIVE SESSION

Upon convening at 4:00 p.m. on Monday, January 30, 2017, the Board dissolved into executive session in order to discuss personnel matters, pending and prospective litigation, and to consult with legal counsel.

While in executive session, the Board discussed the items just described, which are also shown on the published agenda, and gave directions to its executive director and general counsel concerning these matters.

IT WAS MOVED by Regent Bastian, 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.

ROLL CALL:

Randy Schaefer – AYE
Bob Sutton – AYE
Kevin Schieffer – ABSENT
Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – ABSENT
Jim Morgan – AYE
Pam Roberts – ABSENT

Motion Passed.

Regent Harvey Jewett acknowledged President Heather Wilson for her exceptional leadership at the South Dakota School of Mines & Technology and wished her well in her confirmation hearing to become the next Secretary of the Air Force.

ADJOURN

IT WAS MOVED by Regent Sutton, seconded by Regent Bastian, to adjourn the meeting of the full Board at 5:05 p.m.

ROLL CALL:

Randy Schaefer – AYE

Bob Sutton – AYE
Kevin Schieffer – ABSENT
Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – ABSENT
Jim Morgan – AYE
Pam Roberts – ABSENT

Motion Passed. Meeting adjourned.

DRAFT

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
February 24, 2017**

The Board of Regents convened by teleconference at 4:00 p.m. Central Time on February 24, 2017 with the following members in attendance:

ROLL CALL:

Randy Schaefer – PRESENT
Bob Sutton – PRESENT
Kevin Schieffer – PRESENT
Conrad Adam – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Kathryn Johnson – PRESENT
Jim Morgan – PRESENT
Pam Roberts – ABSENT

Also present were Mike Rush, Executive Director and CEO; Monte Kramer, System Vice President of Finance and Administration; Guilherme Costa, BOR General Counsel; Nathan Lukkes, System Assistant Vice President of Research and Economic Development; Janelle Toman, System 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.

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

1. APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Sutton, seconded by Regent Morgan, to approve the agenda as published

ROLL CALL:

Randy Schaefer – AYE
Bob Sutton – AYE
Kevin Schieffer – AYE
Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – AYE
Jim Morgan – AYE
Pam Roberts – ABSENT

Motion Passed.

2. 2017 LEGISLATIVE SESSION UPDATE

A. HB 1210 – Legislation to Authorize the Governor and the Board of Regents to Call for the Sale of the SDS Property in Sioux Falls

Dr. Mike Rush, Board of Regents Executive Director, explained that on February 16, Rep. Mark Mickelson attached an amendment to an existing bill authorizing the Governor to call for the sale of surplus property in Minnehaha County. After discussion with Regents and further discussion with Rep. Mickelson, another amendment was attached to the bill to include the Board of Regents in the call for the sale.

He clarified that this legislation authorizes the Commissioner of school and public lands to sell the property if requested by the Governor and the Regents. It is not a requirement that the property be sold. He emphasized that regardless of what happens with the current property, the Board of Regents would still operate a School for the Deaf

He said the Board of Regents would need to exercise due diligence to enable a smooth transition if the property was sold. To that end a subcommittee has been formed.

Regent Jewett asked if the Board of Regents has agreed to sell the property. Regents' President Schaefer said that the Board has made no decision to sell the property and emphasized that the most recent amendment to the bill included the Board of Regents in the call for sale. Therefore, the Governor and the Board of Regents would both need to authorize the call for sale.

Dr. Rush said this legislation has nothing to do with the Board of Regents decision making process of whether or not to sell the property. He said official action at a Board meeting would be required before the sale could be called. Therefore, he confirmed that the Board of Regents had not agreed to any sale. In response to a question by Regent Jewett, Dr. Rush confirmed that the bill does deal with where the money would end up and referred to language in the bill that says if the property was sold the proceeds would be deposited into the permanent fund created for the South Dakota School for the Deaf.

Regents' President Schaefer further explained that this legislation was a surprise to the Board. That said, he acknowledged that the Governor questioned whether the property was being fully used in his State of the State address, and the same question was also raised a few years ago when looking at state property that the Governor felt was underutilized.

Regent Sutton said the subcommittee should look at the entire issue and report back to the Board its findings, including options, alternatives, and other conversations/discussions. Regents' President Schaefer said the subcommittee would have its first meeting on Monday, February 27.

Regent Jewett asked if a deadline had been assigned to this investigatory process. Regents' President Schaefer said there is no deadline but felt that the Board should move the process forward sooner than later. Regent Sutton agreed and said the first subcommittee meeting should focus on developing a reasonable timeline for the process as well as an expectation of timely reports back to the Regents.

Regents' President Schaefer confirmed that the subcommittee will approach the effort first and foremost by considering what is best for the School for the Deaf.

In response to Regent Johnson's question about the membership of the subcommittee, Regents' President Schaefer said in addition to himself the subcommittee membership would be Regents Schieffer, Sutton, and Morgan as well as Dr. Rush and Superintendent Kaiser. He clarified that there was no representation from the Governor's office or legislature.

B. ADRDL Funding

Nathan Sanderson, Director of Policy and Operations in the Governor's Office, provided history and current work around the ADRDL project at the legislature.

He said the Governor had introduced Senate Bill 172 as a vehicle for getting legislative authorization to construct, bond, and impose a variety of fees to pay for the bonding of the facility. Historically, he noted that there had never been consensus on the mix of fees to fund this project. As those discussions have moved forward, the idea of funding the lab has pivoted from an agricultural based fee discussion to the agricultural property tax reduction that was put into place last year with House Bill 1182. He provided history on HB 1182, explaining that as part of last year's education funding package all classes of property were reduced in their property tax levies, basically offset by the half cent sales tax that was put in place. The proposal that is currently envisioned and both suggested and supported by the agriculture industry is to forgo a portion of the property tax savings in the agriculture class only and use those dollars to pay for bonding for the facility. He said accomplishing the outlined plan is a little more complicated than just described. The current proposal involves three different bills to accomplish what was just described.

Overviewing the plan, he said the Governor's vehicle bill SB 172 would be amended to remove the vast majority of fees. That bill would be used to give bond authority for the building, establish the bond redemption and operations fund that would pay for the construction and operations for the facility, and create the types of mechanisms necessary in order to actually construct the facility. He noted that there was essentially no funding in this bill.

House Bill 1157, originally proposed by House Majority Leader Lee Qualm as an alternate way to pay for a portion of the bond for the laboratory, was hog housed by the bill sponsor himself to create a different funding mechanism called the Ag Future Development Fund that would be housed in GOED. The purpose of this fund would be to capture property tax savings of a little more than \$5 million/year and would be utilized in two ways. It would pay the bond payment for ADRDL which is about \$3.3 million/year (\$50 million in total), and it would be a starter fund for other ag-related facilities.

He said the final piece is the current levy bill, Senate Bill 35. He said SB 35 will be one of the last if not the last bill the legislature will sign because it sets the property tax levies based on the amount of spending the legislature intends to do. Once we know what the budget looks then we need to adjust the levels on the three classes of levies accordingly. In

addition to setting the three standard levies, it would set up the mechanism to collect the property tax offset from the agricultural class levy.

In summary, there is more to be done before accomplishing this project, but he noted that the agriculture industry and legislature are widely supportive.

C. Board of Regents Bills

Dr. Janelle Toman, System Director of Communications, explained that House Bill 1010 which provides legislative authorization for the construction of the regional science center at NSU passed both bodies this week. She said the only Board of Regents' bills yet to be handled are Senate Bills 17, 18, and 19. She said these will be handled on the House floor next week.

Additionally, she mentioned House Bill 1005, which will impact the University Centers. As amended, the bill requires the Government Operations and Oversight Committee to hear annual financial reports on the Centers. She said a Letter of Intent will describe what information the committee will want in the report. She said HB 1005 will be taken up on the floor for final action on Monday.

3. 2017 SDLTAP JOINT POWERS AGREEMENT

Nathan Lukkes, System Assistant Vice President of Research and Economic Development, said that because this item deals with a Joint Powers Agreement it needs Board approval per Board policy. He explained that South Dakota State University has partnered with the South Dakota Department of Transportation (DOT) for well over two decades to operate the South Dakota Local Transportation Assistance Program (SDLTAP). He said the total funding for the 2017 SDLTAP project is \$537,441, of which SDSU is required to contribute \$16,776. He noted that the agreement runs through April 30, 2018.

IT WAS MOVED by Regent Jewett, seconded by Regent Bastian, to grant the Executive Director the authority to execute the 2017 SDLTAP Joint Powers Agreement in substantially similar form to that set forth in Attachment I.

ROLL CALL:

Randy Schaefer – AYE
Bob Sutton – AYE
Kevin Schieffer – AYE
Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – AYE
Jim Morgan – AYE
Pam Roberts – ABSENT

Motion Passed.

4. NSU NEW RESIDENCE HALLS – FACILITY DESIGN PLAN

Veronica Paulson, NSU Vice President of Finance and Administration, explained that the Building Committee approved the design plan and Guaranteed Maximum Price at its February 16, 2017 meeting. She said Northern State University requests Board approval of its Facility Design Plan for design and construction of new residence halls at an estimated cost of \$22,886,000. She explained that funding for construction of these two residence hall buildings will come from a donation to the NSU Foundation up to \$22,725,000. In addition, Aramark will donate \$150,000 with the remaining \$11,000 coming from NSU's Auxiliary Funds. She said the Guaranteed Maximum Price for construction is \$19,572,071. She provided a few details about the anticipated construction, explaining that two residence halls would total 299 beds. The building committee selected Journey Construction as the Construction Manager at Risk for the project, and the building is being designed by CO-OP architects in conjunction with St. Louis based architects Mackey Mitchell.

Regent Johnson asked about the orientation of these two new residence halls on campus. Veronica described where on campus these two residence halls will be placed.

IT WAS MOVED by Regent Jewett, seconded by Regent Morgan, to approve NSU's Facility Design Plan to construct two new residence halls at a cost not to exceed \$22,886,000 and the Guaranteed Maximum Price for construction at \$19,572,071. Funding will consist of \$22,725,000 from a donation to the NSU Foundation along with \$150,000 from Aramark and \$11,000 from NSU's Auxiliary Funds.

ROLL CALL:

Randy Schaefer – AYE
Bob Sutton – AYE
Kevin Schieffer – AYE
Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – AYE
Jim Morgan – AYE
Pam Roberts – ABSENT

Motion Passed.

5. AUTHORIZATION TO EXCLUDE THE BOARD PRESIDENT FROM SECURITY CLEARANCE PROCESS RELATED TO DSU/NSA CONTRACT

Stacy Krusemark, DSU Vice President of Business and Administrative Services, explained that Dakota State University has entered into a contract with the NSA, which includes the establishment of a secure facility on campus. One requirement of such a facility is that key management personnel obtain a top secret DOD clearance. In working with the DOD, DSU has learned that the University President and Board President must be cleared. However, the BOR President can be excluded from the clearance process but must do so willingly and with the approval of the Board. Therefore, DSU requests that the Board authorize the Board President to sign and acknowledge an exclusion from the DSU/NSA contract and subsequent clearance process.

It was explained that this exclusion from the clearance process will not exclude the Board from unclassified information related to the contract. This proposed exclusion will only restrict the Board President from access to the classified information.

Regent Morgan asked whether or not the Executive Director would need to be cleared. It was explained that everyone in the research lab's leadership position, including President Griffiths, would need to be cleared. The Board of Regents' President would also need to be cleared unless he or she voluntarily excludes him or herself from the clearance process.

IT WAS MOVED by Regent Jewett, seconded by Regent Schieffer, to authorize the Board President to sign and acknowledge an exclusion from the DSU/NSA contract and subsequent clearance process.

ROLL CALL:

Randy Schaefer – AYE
Bob Sutton – AYE
Kevin Schieffer – AYE
Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – AYE
Jim Morgan – AYE
Pam Roberts – ABSENT

Motion Passed.

ADJOURN

IT WAS MOVED by Regent Johnson, seconded by Regent Schieffer, to adjourn the meeting of the full Board at 4:45 p.m.

ROLL CALL:

Randy Schaefer – AYE
Bob Sutton – AYE
Kevin Schieffer – AYE
Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – AYE
Jim Morgan – AYE
Pam Roberts – ABSENT

Motion Passed. Meeting adjourned.

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
March 10, 2017**

The Board of Regents convened by teleconference at 4:00 p.m. Central Time on March 10, 2017 with the following members in attendance:

ROLL CALL:

Conrad Adam – PRESENT
John Bastian – PRESENT
Harvey Jewett – ABSENT (arrived later in the meeting)
Kathryn Johnson – PRESENT
Jim Morgan – PRESENT
Pam Roberts – PRESENT
Kevin Schieffer – ABSENT
Bob Sutton – PRESENT
Randy Schaefer – PRESENT

Also present were Mike Rush, Executive Director and CEO; Monte Kramer, System Vice President of Finance and Administration; Guilherme Costa, BOR General Counsel; Kayla Bastian, System Human Resources Director; Janelle Toman, System Director of Communications; Nathan Lukkes, Vice President for Research and Economic Development; Paul Turman, System Vice President of Academic Affairs; and other members of the Regental system, public at-large, and media.

Regents' 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 Johnson, seconded by Regent Morgan, to approve the agenda as published.

ROLL CALL:

Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – EXCUSED
Kathryn Johnson – AYE
Jim Morgan – AYE
Pam Roberts – AYE
Kevin Schieffer – EXCUSED
Bob Sutton – AYE
Randy Schaefer – AYE

Motion Passed.

2017 LEGISLATIVE SESSION UPDATE

Dr. Janelle Toman, Director of Communications, provided a general overview of the 2017 Legislative Session to date.

Janelle gave a general overview on the legislative session, saying that of the seven bills pre-filed, six were passed. She said Senate Bill 20 failed which allowed for transfers among institutions, instead the interim appropriations committee will handle this through a letter of intent.

SB 17: Authorize the Board of Regents to contract for the construction of a natural resources research and support facility at South Dakota State University, to make an appropriation therefor, and to declare an emergency.

SB 18: Authorize the Board of Regents to contract for the design, renovation of, and addition to, the Stanley J. Marshall Center on the campus of South Dakota State University and to make an appropriation therefor.

SB 19: Establish for the Board of Regents and its institutions a fund for the receipt and disbursement of federal grants and contracts and a fund for the receipt and disbursement of other grants and contracts and to make an appropriation therefor.

SB 20: Revise certain provisions concerning transfers of general appropriations among institutions.

HB 1008: Authorize the Board of Regents to purchase improved real property on behalf of South Dakota State University and to make an appropriation therefor.

HB 1009: Authorize the Board of Regents to accept a donation of land from Pennington County for the use and benefit of the South Dakota School of Mines and Technology.

HB 1010: Authorize the Board of Regents to contract for the construction of the NSU Regional Science Education Center at Northern State University and to make an appropriation therefor.

ADRDL: Dr. Rush gave an update on the legislation associated with ADRDL. The industry supported the funding for ADRDL through agricultural property tax relief funds to fund the project, also included are money from pet food fees, animal remedy exemption repeal and animal remedy fees, the original SDSU ADRDL available contributions, and a one-time transfer of \$2.6 million dollars from the livestock disease emergency funds and feed and remedy funds. M&R will be covered for \$779,100 annually in a special fund that ADRDL can use.

Regent Jewett asked where the ADRDL operations and bond fund will be housed. Dr. Monte Kramer replied that the ADRDL operations and bond fund will be housed at BFM but that SDSU will continue to control operations of the facility.

President Dunn commented that the only money going into the fund is for payment of the bond and pet food money will be used to pay for operations. He said that nothing in SB172 changes the SDCL that gives control and responsibility to run the lab to the Board and SDSU.

Regent Jewett expressed concern that the facility is on BOR property but the funds are not under the BOR.

Discussion ensued about SB172.

Dr. Kramer gave an update on the budget, explaining that for FY17 the SDBOR took an overall one-time cut of \$3,717,242.

- One-time cut to help balance the budget of \$1,826,743.
- Utility cut of \$1,890,499, this cut was originally proposed to be \$3 million, but was reduced after reconsideration of utility projections.

For FY18, the SDBOR saw an overall base general fund budget reduction of \$3,675,960, consisting of budget cuts totaling \$4,500,920 and increases of \$824,960.

General fund base budget reductions:

- Utility funding reduction of \$2,589,441.
- Base budget cut of an additional \$1,000,675 to help balance the budget.
- Cut to M&R funding of \$907,302 which was part of a larger cut of \$2.5 million to state-wide M&R funding. This cut will reduced the M&R coverage to 1.84% of the assessed property value. Dr. Rush spoke to Senator Tidemann about a letter of intent to review this cut next year, and if revenues rebound that the legislature would put the funds back into the base for FY19.
- Lease payment adjustment of \$3,500.

General fund base budget increases:

- \$120,286 and .8 FTE to SDSU - AES for Dakota Lakes Research Farm, soil scientist.
- \$146,493 to the Special Schools for the K-12 Teachers Salary increase.
- \$412,798 to the SDOS to fund the expected growth in scholarship awards.
- \$145,383 to the Postsecondary Scholarship Fund. These funds represent the proceeds from the endowment.

Additionally, the impact of the FY18 health insurance increase of \$342 per eligible employee is still being determined. The total cost for BOR of this increased cost was \$700,000 in general funds, but the Legislature only funded about 25% of the total need. BHR and BFM are working on changes to health plan to hopefully cover the costs.

Regent Jewett commented that the self-insured program should be held at a continuous rate to cover the shortfalls so that the health insurance plan costs do not fluctuate as much from year to year.

Dr. Kramer noted that because of A21 cost principles, the State of South Dakota cannot over-recover on the state health plan. The rates must be adjusted every year to align with actual health costs or the State would jeopardize federal overhead reimbursements.

ADJOURN

IT WAS MOVED by Regent Morgan, seconded by Regent Jewett, to adjourn the meeting of the full Board at 4:46 p.m.

ROLL CALL:

Conrad Adam – AYE

John Bastian – AYE

Harvey Jewett – AYE

Kathryn Johnson – AYE

Jim Morgan – AYE

Pam Roberts – Excused

Kevin Schieffer – Excused

Bob Sutton – AYE

Randy Schaefer – AYE

Motion Passed. Meeting adjourned.

DRAFT