

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
February 15, 2019**

The South Dakota Board of Regents convened by teleconference at 4 p.m. Central Time on February 15, 2019 with the following members in attendance:

ROLL CALL:

Lucas Lund – PRESENT
David Mickelson – PRESENT
Jim Morgan, Secretary – **Excused**
Pam Roberts – PRESENT
Randy Schaefer – PRESENT
Jim Thares – PRESENT
Joan Wink – PRESENT
John Bastian, Vice President – PRESENT
Kevin Schieffer, President – PRESENT

Also present were Dr. Paul B. Beran, Executive Director and CEO; members of the system office and other members of the regental system.

Regent Schieffer called the public meeting of the Board of Regents to order at 4 p.m. and declared a quorum present.

Motion to approve the agenda was made by Regent Wink and seconded by Regent Thares to approve the agenda.

Lund – AYE
Mickelson – AYE
Morgan – Excused
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Bastian – AYE
Schieffer – AYE

Motion Passed.

SOUTH DAKOTA SCHOOL FOR THE DEAF SALE/ACQUISITION

Nathan Lukkes, Board of Regents General Counsel, provided an update on the status of the South Dakota School for the Deaf (SDSD) property in Sioux Falls since the Board approved the report

and recommendations of the SDSD Task Force at its December 2017 meeting and HB1064 was approved and signed into law by Governor Daugaard during the 2018 Legislative Session.

He explained that after an extensive search for suitable properties for the SDSD, which included two failed attempts at selling the existing SDSD property and acquiring an alternate property, the best course of action for all parties involved is to sell the extraneous SDSD land (i.e., track and football field), which was appraised at \$1,778,000 in July of 2017, and renovate the existing SDSD building(s) to better accommodate the SDSD and additional tenants, to include approximately 23,000 sq. ft. for the Department of Health, which is consistent with one of the options outlined in the 2017 SDSD Task Force Report. The specifics of the lease agreement with the Department of Health will be solidified once the renovation plan/budget is established, but it is anticipated that the original lease term will be ten (10) years, with two optional five (5) year renewals terms.

General Counsel Lukkes said the timeline associated with the sale/renovation and the Department of Health's occupancy do not allow adequate time to work through the process of selling the extraneous land before starting the renovation, which causes a cash flow issue. Consequently, approval is being sought to use a portion (up to but not to exceed \$1.7 million) of the Board's reserve funds (approximately \$3 million) to provide for the interim financing of the renovations, which will be repaid from either the Department of Health, or a combination of the Department of Health and the proceeds of the land sale.

Section 3 of HB1064 authorizes the sale of the relevant property by way of public auction or sealed bids, with the proceeds of the sale to be deposited into the real property acquisition and capital improvement fund for the SDSD, as provided in §§ 5-2-2.1 to 5-2-2.3, inclusive. Sections 6 and 7 of HB1064 authorize the Board of Regents to undertake renovations to the facilities as required to enhance the operations of the SDSD and/or to adapt for commercial leasing portions of the facilities not used by the SDSD, to include the appropriation of the aforementioned funds to the Board of Regents for such purposes. The renovation and repayment of the interim financing from the SDSD land sale proceeds is consistent with the authorization contained in HB1064.

He further explained that the Office of the State Engineer has been engaged throughout the process that has unfolded to date. Once the initial planning is complete and the renovation plan/budget known, the determination will be made as to whether or not a building committee pursuant to BOR Policy 6:5 will be necessary. If the renovation costs will exceed \$1.5 million a building committee will be formed and the procedures set forth in BOR Policy 6:4 and 6:5 will be followed.

IT WAS MOVED by Regent Bastian, seconded by Regent Roberts, to approve the use of the Board's reserve funds to provide interim financing for the renovation of the SDSD facility, to be repaid from the proceeds from the sale of the extraneous SDSD land, and further approve proceeding with all actions necessary and appropriate to accommodate the renovation, lease and sale contemplated herein.

ROLL CALL:

Lund – AYE

Mickelson – AYE

Morgan – Excused

Roberts – AYE

Schaefer – AYE
Thares – AYE
Wink – AYE
Bastian – AYE
Schieffer – AYE

Motion Passed.

**NORTHERN STATE UNIVERSITY / SOUTH DAKOTA SCHOOL FOR THE BLIND
AND VISUALLY IMPAIRED PLAT RESOLUTION**

Nathan Lukkes, Board of Regents General Counsel, explained that the property subject to the requested plat is where the new South Dakota School for the Blind and Visually Impaired (SDSBVI) is being built. The Board approved the preliminary facility statement and facility program plan for the construction of the new SDSBVI at its October 2017 meeting. Currently, this entire area is one plat known as Outlot 1 of R.E. Huffman Outlots. The entirety of this property is currently under the control of Northern State University (NSU), but upon completion of the new SDSBVI in late 2019, the new SDSBVI, as well as the land (Lot 1 of the new NSU-SDSBVI Addition to the City of Aberdeen), will be transferred to the SDSBVI in exchange for the land where the school currently sits. This exchange was approved in HB1071 during the 2018 legislative session. This updated plat separates the property into two parcels (Lots 1 and 2) to correctly reflect the portion of land to be retained by NSU and the portion that will be transferred to the SDSBVI.

The request for the plat was prompted when Journey Construction assembled the necessary information to file the Notice of Project Commencement with Brown County. At that time it was determined the current legal description was insufficient to adequately identify the construction site and prevent any unnecessary issues pertaining to the filing of subsequent documents associated with the construction.

IT WAS MOVED by Regent Lund, seconded by Regent Thares, to approve and adopt the Resolution set forth in Attachment I, requesting the Commissioner of School and Public Lands to proceed with the plat as stated therein.

ROLL CALL:

Lund – AYE
Mickelson – AYE
Morgan – Excused
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Bastian – AYE
Schieffer – AYE

Motion Passed.

2019 LEGISLATIVE SESSION UPDATE

Dr. Janelle Toman, System Director of Communications, explained that it is the end of Week 6 of the legislative session. This coming week is an important deadline to get all bills out of committees and delivered to the house of origin. It's also a long weekend away from Pierre for lawmakers. Both Friday and Monday are non-legislative days.

Members of the Joint Appropriations Committee Thursday set revenue estimates for the remainder of the current budget year (FY19) and for the coming year (FY20), which now allows the committee to begin crafting a state budget. For the current budget year, lawmakers are counting on \$3.7 million in additional revenue. For FY20, they adopted revenues about \$5.6 million higher than the Governor's recommended budget.

The recommended salary policy and benefits package was proposed to joint appropriations earlier this week. The recommended salary policy is 2.5%, and the increase to the employer health premium is \$1,601 per benefit eligible employee to a new rate of \$10,071 per employee. The estimated cost of this is \$7,780,860, approximated by BFM to be \$3,088,644 in general funds, \$4,042,402 other funds, and \$649,814 in federal funds. The board staff is working on estimates as well.

Before briefing the Board on other bills, Dr. Toman provided an update on a few bills the Board has been tracking

- HB 1087 (promote intellectual diversity at certain institutions of higher education) – This bill has been pending action on the House floor since Monday. We have met with the bill's sponsor and others several times to determine if there is a compromise middle ground. On Thursday, sponsor Rep. Sue Peterson offered an amendment that does not significantly change her original bill, except to eliminate the sections requiring 6 credits of specified college courses and passing a citizenship test. After the House placed the Peterson amendment on the bill, further floor action was deferred until Tuesday.
- SB 122 (restrict the enactment of policies governing the possession of firearms at public institutions of higher education) – With testimony from one proponent (SD Gun Owners group) and 10 opponents, this bill passed out of the Senate Judiciary Committee Tuesday on a 4-3 vote. The bill's sponsor, Sen. Russell, has been away from the Capitol due to illness, so further action on the Senate floor is deferred until next Tuesday.
- SB 116 (provide for the transfer of funds from the future fund to the education enhancement trust fund for the purpose of funding needs-based grants) – As first introduced, this bill would take \$5 million from the Future Fund and place it in the Education Enhancement Trust Fund for needs-based grants to college students. The Noem administration opposes that for its raid on Future Fund monies, which are normally dedicated to research and state economic development purposes. Sen. Jeff Partridge amended the appropriation in the bill to \$1, positioning it as a 'placeholder' for further discussions about needs-based funding as the session progresses. There has been no further committee action on this bill.

Dr. Toman provided a status update of all Board of Regents sponsored bills:

- HB 1037 (NSU regional sports complex) – Signed by the Governor Feb. 8.
- HB 1038 (demolish Scobey Hall at SDSU) – Signed by the Governor Feb. 13.
- HB 1045 (redefine campus security officers for SDRS purposes) – This bill has been delivered to the Governor.
- SB 44 (SDSU land transactions) – Senate concurred in a minor House amendment this week, and the bill is on its way to the Governor’s desk.
- SB 40 (transfer ADRDL property at SDSU) – This bill passed the House Agriculture & Natural Resources Committee 12-0 on Tuesday and is pending final action on the House floor.
- SB 43 (SDSU Vet 2+2 program) – This bill passed the House Agriculture & Natural Resources Committee 12-0 on Tuesday and is pending final action on the House floor.
- SB 41 (bond refinance savings) – At the request of our office, this bill was TABLED by the Senate Appropriations Committee.

Dr. Toman provided updates on a few additional bills of interest to the regental system:

- HB 1040 – Allows home-schooled students to participate in the South Dakota Opportunity Scholarship program, applying the same criteria (24 ACT and completion of identified coursework) as it applies to students from accredited schools. Gov. Noem signed this bill into law on Thursday.
- SB 140 – This bill “authorizes and encourages” BOR to develop programs to increase enrollment, improve retention, and offer student support for students from the nine federally recognized Indian tribes in South Dakota. It also encourages “exploration and development of tuition assistance or waiver programs.” SB140 passed the Senate floor unanimously on Monday.

ADJOURN

IT WAS MOVED by Regent Thares, seconded by Regent Roberts, to adjourn the meeting of the full Board at 4:34 p.m.

ROLL CALL:

Lund – AYE
 Mickelson – AYE
 Morgan – Excused
 Roberts – AYE
 Schaefer – AYE

Thares – AYE
Wink – AYE
Bastian – AYE
Schieffer – AYE

Motion Passed. Meeting adjourned.