

**BOARD OF REGENTS
MINUTES OF THE MEETING
August 12-14, 2014**

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**BOARD OF REGENTS
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The South Dakota Board of Regents met on August 12-14, 2014 at the RedRossa Italian Grill, Pierre, South Dakota, with the following members present:

Dean Krogman, President
Randy Schaefer, Vice President
Bob Sutton, Secretary
Terry Baloun, Regent
Harvey Jewett, Regent
Kathryn Johnson, Regent
Randy Morris, Regent
Joe Schartz, Regent
Kevin Schieffer, Regent

Also present during all or part of the meeting were Jack Warner, Executive Director and CEO; James Shekleton, General Counsel; Paul Turman, System Vice President for Academic Affairs; Janelle Toman, Director of Communications/Executive Director of Capital University Center; Michele Anderson, Internal Auditor; Nathan Lukkes, System Assistant Vice President for Research and Economic Development; Daniel Palmer, Director of Institutional Research; Jay Perry, Director of Academic Programs; Barbara Basel, Director of Human Resources; Monte Kramer, System Vice President of Finance and Administration; Barbara Basel, Director of Human Resources; Kayla Bastian, Assistant Director of Human Resources; Molly Hall-Martin, Director of Student Preparation and Success; Claudean Hluchy, Budget Manager; Mary Ellen Garrett, Accounting Manager; Molly Weisgram, System Student Affairs and Assistant to the CEO/Board; James Abbott, USD; David Chicoine, SDSU; David Borofsky, DSU; Tom Jackson, Jr., BHSU; Heather Wilson, SDSM&T; James Smith, NSU; Marjorie Kaiser, SDSBVI and SDSU; Gene Bilodeau, University Center – Rapid City; Stacy Krusemark, DSU; Veronica Paulson, Tom Hawley, NSU; Rod Custer, Kathy Johnson, BHSU; Sheila Gestring, Jim Moran, USD; Marysz Rames, Laurie Nichols, Loren Paul, SDSU; Denice Houlette, Legislative Research Council; and Bob Mercer, newspapers.

TUESDAY, AUGUST 12, 2014

The Regents convened in open session at 6:00 p.m. on Tuesday, August 12, 2014, in the Prairies Room at RedRossa, Pierre.

IT WAS MOVED by Regent Sutton, seconded by Regent Baloun that the Board of Regents Convene and Dissolve into Executive Session at 6:00 p.m. on Tuesday, August 12, 2014, in order to discuss personnel matters; that it adjourn at 9:00 p.m. and reconvene in executive session at 8:00 a.m. on Wednesday, August 13, 2014, in order to discuss personnel matters; and that it arise from executive session at 9:00 a.m. to beginning discussions related to its annual retreat; that it reassemble at 12:00 p.m. on Wednesday, August 13, 2014, in executive session to discuss pending and prospective litigation, and contractual and personnel matters, and to consult with legal counsel; after that it rise from executive session at 1:30 p.m. to resume its retreat discussions according to the published agenda; that it reconvene on Thursday, August 14 at 7:30 a.m. with local legislators, at 9 a.m. resuming retreat discussions and taking up the regular order of business and report of deliberations in all executive sessions. All members voting AYE. The MOTION CARRIED.

WEDNESDAY, AUGUST 13, 2014

Regent President Dean Krogman called the meeting of the Board of Regents to order at 9:00 a.m. on August 13, 2014.

SYSTEM AND INSTITUTIONAL GRADUATION REQUIREMENTS AND ASSOCIATED ASSESSMENTS

Dr. Paul Turman gave background information pertaining to the development of System Graduation Requirements (SGR) and Institutional Graduation Requirements (IGR) in the Regental system. He explained that a number of emerging issues continue to draw into question how the Board of Regents approaches SGR's and IGR's in the system. He touched upon these issues, which include transfer and swirling students, joint degree programs, general education assessment, and the growth of competency-based courses/programs.

He explained that as the delivery of postsecondary courses and programs continues to evolve, the Regental system would benefit from a comprehensive review of the current General Education policy that has been consistent for the past decade, specifically as it relates to learning outcomes of Institutional Graduation Requirements, continued value of the CAAP examination, and policy alignment with the national efforts to establish a coordinated foundation for Liberal Arts Education.

In response to a question about system graduation requirements and similar requirements at other systems and institutions, Dr. Turman explained that the system graduation requirements are similar to what other systems require but the second tier of requirements are unique. Regent President Krogman expressed his belief that the institutional graduation requirements seem to be in place for the wrong reason and questioned whether or not they really benefit the student. He agrees that IGR's should be closely examined.

Regent Johnson explained that when this issue was brought to Committee A, it helped her understand the difference between a degree and a major. She said the IGR's are the one sticking point to larger collaboration. She said without the IGR's it would be much simpler.

Regent Jewett gave history that explained the development of the SGR's and IGR's. Regent Baloun noted that when these requirements were developed, the concept of swirling students was not a reality. The Board acknowledged the key question of whether or not IRG's are necessary.

Dr. Turman explained that HLC requires that 50% of the chosen programmatic credits needs to come from the institution granting the degree. However, because of our systematic approach including a system-wide shared transcript, taking courses from another institution within our system is allowed by the accreditors. Dr. Warner emphasized that the SDBOR system approach to a single catalog and transcript is extremely rare in higher education.

President Chicoine and Dr. Laurie Nichols explained their experience when driving down the number of IGR's. Dr. Nichols said although campus faculty members are fairly attached to IGR's, they were able to drive down the required IRG's from 11 credits to 5 credits relatively easily.

President Smith and Dr. Tom Hawley said that 11 IRG's are too many, but they are concerned about eliminating them completely. These define what institutions specifically want their students to know when they graduate.

President Jackson acknowledged there are advantages and disadvantages of getting rid of the IGR's. For one, IGR's seem to be a barrier for students transferring into BHSU.

Dr. Warner said that General Education requirements are designed to broaden the curriculum and broadly educating students. These include the broader goals of education, such as writing well, solving complex problems, thinking creatively, working in a team, etc. He said that learning objectives defined by the Board and institutions might be needed in order to design the experience of students and the course requirements. Outcome-based learning versus course-based learning is a growing trend in higher education.

President Chicoine reinforced this point. He said the SGR and IGR are not the important issue; it is whether or not students are able to demonstrate mastery of the intended outcomes as provided by university education.

Regent Schieffer pointed out the irony in the fact that institutions are currently asking for waivers of the requirements that they are dictating. He said institutions should decide what they think is important or not.

Regent Jewett suggested that we take some time to make a decision to think through and implement changes.

Dr. Turman agreed and said he would like to take this year to work through and define learning outcomes. He said perhaps this would better align the IGR's. Additionally, he would like to assess the continued value of the CAAP as well as work to align the system general education policy with national efforts to establish a coordinated foundation for liberal arts education.

Regent Sutton asked whether or not the CAAP exam is necessary considering nearly all students pass the exam. Regent Jewett explained his belief that it would be a mistake to do away with the exam. Dr. Warner said it is worth further review. He said the CAAP exam is a low bar exam of competency. He said today's world requires more than minimal competency. There are other exams that test the critical thinking abilities of students. He asserted that whether or not an exam is used is not in question; it's whether or not we are using the proper tool.

Regent President Krogman noted the increasing number of distance education courses and degrees. He said if we are going to compete for students all over the world we need to make sure that we have no barriers, keeping us as competitive as possible.

A copy of System and Institutional Graduation Requirements and Associated Assessments can be found on pages 2735 to 2745 of the official minutes.

SYSTEM STRATEGIC PLAN AND ASSOCIATED METRICS

Dr. Jack Warner explained that the draft strategic plan was developed over the last year. He said the plan before the Board has gone through an iterative process, meaning it was thoroughly vetted by senior staff, the Council of Presidents and Superintendents, and campus senior leadership. Associated with the proposed document are the goals of the plan and the metrics to be used to measure its success.

He explained the key areas of the plan. He noted that the plan is designed to guide strategic plans of the institutions. In addition, it is designed to be aligned with the state's interests, which include workforce needs of South Dakota and economic development in the state.

He noted that the growth of students will need to be sourced from improving retention and graduation rates. In light of the proposed goals, Regent Baloun suggested that we visit our K-12 demographic again.

Additionally, Dr. Warner said we've had modest success bringing back students with 90+ credits who left the system before earning a degree.

Regarding enrollment growth, Regent Johnson said we've been working on many of these things for several years. She said we are subject to the whims of the economy so she questions whether or not the efforts are really working. Dr. Warner responded by reframing her question. He said if we didn't intentionally work toward these goals, the better question is what would happen.

Regent Sutton said the student success measure is critically important. He noted that the goal is to increase our graduates to 7,450. He asked when looking at the American Indian population, what is the potential and should that goal/number reflect the potential? Dr. Warner said that the

American Indian population has a unique problem, considering these students are melting out of the education system at all levels. He said it is the effort of all educators to boost the readiness and success of American Indian students.

Dr. Warner said that an aspirational goal to change our position on tuition and fees, considering the shifting of costs from the state to the students/families, can guide what types of requests we make to the legislature. For instance, if affordability is called out in the strategic plan, it can guide decisions going forward.

Regent President Krogman said he would like to focus on the argument that students shouldn't be building buildings. He said it would be ideal if we could convince the legislature that students should not be paying into the HEFF fund. No other state puts the burden on students to pay for buildings.

Dr. Warner asked the Board whether or not it is ready to approve the plan or if they would appreciate further modifications. Regents Jewett and Johnson both said that they'd like more time to study the plan before approval.

It was determined that Dr. Warner will accept suggestions and the Board can further discuss the plan at the October Board meeting.

A copy of the System Strategic Plan and Associated Metrics can be found on pages 2725 to 2734 of the official minutes.

FY2016 BUDGET DEVELOPMENT

Dr. Monte Kramer and Claudean Hluchy presented proposed budget priorities for FY16.

The regents discussed points related to the proposed budget priorities.

When discussing the affordability request, the regents asked whether or not the salary competitiveness fund would be approached even in light of the request for tuition buy down. Regents indicated that they believe the competitiveness fund would need to be included in the next fiscal year to remain competitive with salaries. We would need to be clear that we would charge this amount even in light of a freeze. It was noted that the presidents should voice to Regent President Krogman/Dr. Warner the impacts of the salary competitiveness fund as well as the impact of freezing other fees.

In regard to the student success request, Regent Johnson suggested that we include benchmarks for making the case for more money. For instance, including the national expectation/average for dollars spent per student toward student success initiatives might be useful. Dr. Warner agreed that benchmarking would help make the case and said these numbers can be produced.

When discussing the request for permanent funding of the director of student preparation and success, Dr. Warner introduced Molly Hall-Martin, the recently hired director of student preparation and success.

Later in regard to the STEM/Research Equipment Fund request, Regent Johnson suggested including examples of how past investments in this area have been productive. It would be useful to give legislators some context. The group also discussed whether or not a match should be built into the request. It was acknowledged that fundraising efforts are always easier when the state has some investment. However, it was also acknowledged that matches should be reserved for things that wouldn't get done otherwise.

Dr. Kramer said he needs to bring a budget recommendation to the full board meeting on Thursday, August 14. He clarified the changes he heard from the discussion and recognized that the Board would need to give him an indication of whether or not the priority order was accurate.

A copy of FY2016 Budget Development can be found on pages 2746 to 2774 of the official minutes.

AMENDMENT TO THE AGENDA – RESIGNATION OF DSU PRESIDENT BOROFSKY

Dr. Warner explained that Dr. Borofsky has tendered his resignation. Because of that, he asked that the Board amend the agenda for purposes of accepting the resignation and approving an interim president.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton to amend the agenda for the purposes of accepting the resignation of the president of Dakota State University and of approving an interim president.

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Johnson, seconded by Regent Jewett to accept the resignation of Dr. David Borofsky from his position as president of Dakota State University.

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Baloun to appoint Dr. Marysz Rames to serve as interim president of Dakota State University.

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

ANALYSIS OF LEADERSHIP AND PROFESSIONAL STAFF DEMOGRAPHICS

Barbara Basel and Kayla Bastian explained that there are many anticipated retirements within the system as the baby boomers come to retirement age over the next five to ten years. They discussed the challenges and opportunities that will come as a result of the high employee turnover.

Additionally, Ms. Basel said it is important to think about how long it takes to fill jobs and especially how difficult is it to fill faculty positions. In other words, not only is it important to consider the salaries necessary to be competitive, but we also need to consider the time it takes to fill positions.

Regent Jewett said he is interested in how many people we hire from the surrounding area and how many we hire on a more national level.

A copy of the Analysis of Leadership and Professional Staff Demographics can be found on pages 2775 to 2777 of the official minutes.

COMPLIANCE IN A GROWING REGULATORY ENVIRONMENT

A. TITLE IX IMPLICATIONS

Barbara Basel and Molly Weisgram explained that the focus of Title IX compliance has broadened to include efforts related to the handling of sexual violence on campus. They explained that although the regulations and expectations continue to evolve, campuses have approached many areas of compliance with a good-faith effort. In addition to revising policies, ensuring the identification of a Title IX Coordinator at each campus, and providing training to those on campus responsible for the in-taking, investigating and adjudicating of complaints, campuses are also determining methods to train all students annually.

They explained that next steps include the effort of organizing comprehensive, multi-pronged prevention efforts. It was noted that although each campus will approach prevention programming a little differently, best practices include (1) establishing campus task forces, (2) implementing campus climate surveys, (3) communication aimed at the general population, and (4) communication/training aimed at targeted small groups. Additionally, they suggested that the system employ a consultant to assess its capabilities of appropriately responding to the expectations established by Title IX.

Regent President Krogman asked if there are other grants available, considering NSU was able to secure a grant that involves training and prevention strategies related to sexual violence. Ms. Basel explained that there may be grants available; however, most individuals who have taken on these Title IX responsibilities also have full-time jobs, so there hasn't been a lot of research into available grants.

BHSU President Jackson asked if there has been local research that verifies the applicability of the national data that shows one in five women are victims of sexual violence before they graduate from college. Ms. Basel followed up by explaining that information available is that which is reported in the Clery Report data, however, that doesn't provide a full picture as most incidents are not reported.

Regent Jewett referenced the agreement that the University of Montana came to when it was under investigation by the Office of Civil Rights. He noted that there were substantive things Montana was required to do and wondered if South Dakota has also employed those activities.

Dr. Shekleton explained that our system is inherently different from Montana because of the way our policies are written. He explained that in Montana the policy said that sexual harassment is only constituted by a pattern of events. In our system, policies read to recognize harassment as a series of offences as well as a severe incident that by itself constitutes sexual harassment.

Regent Jewett said he is concerned that the definitions of consent have progressed to the point that we cannot really create a policy that is clear enough for the public.

Regent Johnson asked when our campuses are compelled to report these incidents of sexual violence to law enforcement. Dr. Shekleton cited current state law, explaining those who are knowledgeable of a felony are required to report to law enforcement. It is a misdemeanor not to report a felony. The only ones who are able to keep confidentiality are those with evidentiary privilege.

Regent Sutton emphasized the wide-spread problem of sexual violence within our society and higher education is not the only industry dealing with this problem.

SDSM&T President Wilson said that the military services changed the way in which they handled complaints of sexual violence and assault. She said they implemented a two-step process, one which allows individuals to disclose and get help and then decide later whether or not they want to report to law enforcement. She explained that we need to be cautious and aware that some of the laws/rules may deter individuals from reporting.

Regent Jewett said this is a very serious problem. He said we need to do this right, and he acknowledged that it will cost money to do so.

B. AFFORDABLE CARE ACT ACCOMMODATIONS AND STRATEGIES

Barbara Basel explained that while the cost of providing benefits to employees in non-permanent positions under the ACA may be very high, the cost of the penalties that will be imposed on the system for employers that fail to offer benefits is even greater. In an effort to best assess which non-permanent positions require healthcare insurance under the ACA, the system's human resources officers will be required to scrutinize the approximately 5,000 employees who have not previously qualified for benefits under the health plans administered by the Bureau of Human Resources. Because the most difficult class of employees to determine eligibility is graduate research assistants, the system has developed a tracking system where graduate research assistants will log which of their efforts are job-duty specific and which efforts are related to their academic endeavors.

A copy of the item Compliance in a Growing Regulatory Environment, Title Implications and ACA Accommodations and Strategies can be found on pages 2778 to 2789 of the official minutes.

DREXEL LABOR MARKET STUDY

Dr. Daniel Palmer summarized the Drexel Labor Market Study for the state of South Dakota, which was commissioned by the South Dakota Workforce Development Council. The work was directed by Dr. Paul Harrington from the Drexel University Center for Labor Markets and Policy. Researchers were tasked with crafting a detailed assessment of labor market dynamics in the state, including trends related to population, educational attainment, labor force, and job growth. The goal of the study was to help the state establish a clear context for economic and educational policy planning.

Dr. Warner noted that the report strongly reinforces that the production of bachelors and master's degrees is critical to the needs of the economy. He further explained that Dr. Harrington has studied mal-employment of college graduates. Through this study, he found very low levels of mal-employment in South Dakota. In other words, those who have a college degree are working in jobs that require college degrees.

A copy of the Drexel Labor Market Study item can be found on pages 2790 to 2797 of the official minutes.

2015 BOR MEETING SCHEDULE

Molly Weisgram presented the proposed 2015 BOR meeting schedule. In addition to the proposed meeting dates, she asked the Board to consider whether or not it would like to continue a May conference call and whether it would prefer the August retreat to be held in Sioux Falls or Pierre.

The Board indicated that it would like to keep the option available to hold the May BOR meeting either in-person or by conference call. They would call the question of whether or not they will meet in-person or via phone at the March-April BOR meeting. Regarding the August retreat location, they requested that the issue further discussed at the full Board meeting on Thursday, August 14.

A copy of the item 2015 BOR Meeting Schedule can be found on pages 2798 to 2802 of the official minutes.

DASHBOARDS DEMONSTRATION

Dr. Daniel Palmer explained that in early 2014, Board of Regents research staff began building a series of proof-of-concept data dashboards using software purchased from Tableau Software, a Seattle-based company that offers a suite of interactive visualization products. These dashboards are intended to "democratize" Regental data by disseminating them in a more efficient, understandable, and actionable way. By expanding and enhancing the delivery of data to various stakeholders – including the Board, campus staff, and outside audiences – these dashboards are expected to both promote a culture of transparency and lead to improved policy decisions. The overall purpose is to convert complex data into useful information.

Dr. Palmer gave a live demonstration of several of the dashboards that have been developed to date.

Board members discussed the strengths and weaknesses of these tools and provided feedback on the future direction of dashboard development at SDBOR. Feedback included a request that the full-time employed graduates be filtered out so the salary information isn't nuanced. Another regent requested that information on the number of students who took dual credit courses be included.

The regents really appreciated the information provided in the dashboards. It was noted that a procedure should be established to formally vet which dashboard should be published to the website. They considered beta test versions to allow people the opportunity to ask questions and ensure that the information is clear and not misleading.

In response to a regent question, Dr. Warner explained that a set of procedures will be developed that will give the regents an opportunity to review dashboards before they are posted to the website.

A copy of the item Dashboards Demonstration can be found on pages 2803 to 2807 of the official minutes.

THURSDAY, AUGUST 14, 2014

Regent President Dean Krogman called the meeting of the Board of Regents to order at 9:00 a.m. on August 14, 2014, and declared a quorum present.

WELCOME BY CUC EXECUTIVE DIRECTOR JANELLE TOMAN

Executive Director Janelle Toman welcomed the audience to Pierre and voiced her appreciation to the attendees of the reception held the previous evening at CUC. She explained ways in which CUC is working to establish important partnerships and provide desired coursework for students.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Morris, seconded by Regent Baloun to approve the agenda. All members voting AYE. The MOTION CARRIED.

APPROVAL OF THE MINUTES

IT WAS MOVED by Regent Sutton, seconded by Regent Schieffer to approve the minutes of the June 10-12, 2014 meeting. All members voting AYE. The MOTION CARRIED.

COMMENTS FROM INDIVIDUAL REGENTS

Regent Bob Sutton welcomed everyone to Pierre, recognizing that most attendees of the meeting today typically only travel to Pierre during legislative session.

REPORT AND ACTIONS OF EXECUTIVE SESSION

Upon convening at 6:00 p.m. on Tuesday, August 12, 2014, the Board dissolved into executive session in order to discuss personnel matters. As shown on the official agenda, it adjourned at 9:00 p.m. and reconvened in executive session at 8:00 a.m. on Wednesday, August 13, 2014 in order to discuss personnel matters; it rose from executive session at 9:00 a.m. to begin discussions related to its annual August retreat. Then at 12:00 p.m. on Wednesday, August 13, 2014, the Board reconvened in executive session to discuss pending and prospective litigation,

and contractual and personnel matters, and to consult with legal counsel; and rose from executive session at 1:30 p.m. to resume its retreat discussions according to the published agenda; it reconvened on Thursday, August 14, at 7:30 a.m. with local legislators and at 9:00 a.m. reported its deliberations in all executive sessions and resumed the regular order of business.

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

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

1. Award an honorary degree, Bachelor of Science in Music and Entrepreneurial Studies, to Eugene E. McGowan (SDSU); the title of Professor Emerita of Teaching, Learning, and Leadership to Dr. Ann L. Wilson (SDSU); Professor Emeritus of Aviation Education to Colonel Jeff Boulware (SDSU); and title of Professor Emerita of Consumer Sciences to Julie Bell (SDSU).
2. Approve the request for a one (1) year extension of time for tenure consideration for Dr. Nina Slota (NSU).
3. Approve the request to grant tenure to Dr. Frank Strieder, Associate Professor of Physics (SDSM&T); and Dr. Haifa Samra, Professor and Associate Chair of Nursing (USD).
4. Approve awarding two (2) years of prior service credit toward tenure and two (2) years of prior service credit towards promotion for Dr. Courtney A. Waid-Lindberg (NSU).
5. Approve the early promotion request for Todd Menkhaus (SDSM&T).
6. Grant Dr. Molly Enz' request to cancel the sabbatical leave scheduled for the 2015 spring semester (SDSU).
7. Approve the appointment JoEllen Lindner as vice president for student affairs and enrollment management at NSU effective July 1, 2014 with an annualized salary of \$93,000; approve the appointment of Scott Pohlson as vice president for enrollment, marketing and university relations at USD effective June 9, 2014 with an annualized salary of \$150,000; approve the appointment of Dr. Richard Sinden as Interim Provost and Vice President for Academic Affairs at SDSM&T for the 2014-2015 academic year effective September 22, 2014 with an annualized salary of \$175,048; approve the appointment of Dr. Mary Berry as interim vice president of research at USD effective June 22, 2014 at an annualize salary of \$163,000; approve the interim appointment of Roberta H. Hakl as interim director of human resources effective June 22, 2014 at the annualized salary of \$103,413; accept the reorganization of reporting structure at DSU and NSU incidental to appointments of new chief student affairs officers at those institutions; accept the resignation of Jennifer Nolan from her position at SDSU as chief diversity officer effective July 31, 2014.
8. 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 2610 to 2724 of the official minutes.

All members voting AYE. The MOTION CARRIED.

REPORT OF THE COUNCIL OF PRESIDENTS AND SUPERINTENDENTS

Dr. Warner reported that the Council of Presidents and Superintendents met on July 29 in Pierre where they discussed most of the items that appear on the agenda for this meeting. He explained that in addition to other items, they discussed the retreat and budget items presented to the Board at this meeting.

REPORT AND ACTIONS OF THE EXECUTIVE DIRECTOR

Dr. Warner directed attention to a few important items on the agenda. Specifically, he pointed out the Dual Credit Enrollments item as well as the analysis of purchasing power of current financial aid.

Dr. Warner referenced the Interim Actions taken by the Executive Director on behalf of the Board of Regents. A copy of the Interim Actions of the Executive Director can be found on pages **2808** to **2815** of the official minutes.

INFORMATIONAL ITEMS

Regent President Krogman referenced the Informational Items on the agenda and indicated that if a Regent would like to discuss any of the items, he or she could certainly do so.

Institutional Items of Information

The institutional items of information were provided from BHSU, DSU, NSU, SDSM&T, SDSU, USD, SDSBVI, and SDSD. A copy of the Institutional Items of Information can be found on pages **2816** to **2862** of the official minutes.

Building Committee Report

Through a building committee meeting the following items were approved: NSU Johnson Fine Arts Center, represented by Regent Jewett, approved the total project budget of \$12,000,000 and approved the soliciting of bids for the project; SDSU new football stadium, represented by Regent Krogman, approved the Guaranteed Maximum Price of \$53,585,700 for the project; SDSM&T Facility Infrastructure – Chiller Portion, represented by Regent Morris, approved the bid documents for the project; NSU Johnson Fine Arts Center, represented by Regent Jewett, requested negotiations with the project low bidder and the architect to complete value engineering to meet the budget for the project which is now \$11,300,000; SDSU Cow-Calf Education and Research Unit, represented by Regent Krogman, approved construction documents for the project with a construction estimate total of \$4,630,756; and SDSM&T Facility Infrastructure-Chiller Portion, represented by Regent Morris, awarded a bid for the project with alternates for a total of \$1,246,014.

A copy of the Building Committee Report can be found on page **2863** of the official minutes.

CONSENT CALENDAR

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

Regents indicated which items they would like to pull off the consent calendar for further discussion.

IT WAS MOVED by Regent Johnson, seconded by Regent Baloun to remove items 11-C, 11-L, 11-M, 11-N, and 11-P from the consent calendar to discussion. All members voting AYE. The MOTION CARRIED.

IT WAS MOVED by Regent Schieffer, seconded by Regent Jewett to approve items 11-A, 11-B, 11-D, 11-E, 11-F, 11-G, 11-H, 11-I, 11-J, 11-K, 11-O, 11-Q, 11-R, 11-S, 11-T, 11-U, 11-V, 11-W, 11-X on the consent calendar.

11-A Revised FY15 M&R Project Lists

Approve the Revised FY15 HEFF M&R project lists as presented in Attachment I. A copy of the Revised FY15 HEFF M&R project lists can be found on pages **2864** to **2869** of the official minutes.

11-B FY15 MN Reciprocity

Approve the Minnesota Reciprocity Rates for FY15 and execute the Administrative Memo of Understanding. A copy of FY15 MN Reciprocity can be found on pages **2870** to **2876** of the official minutes.

11-D M&R Projects

Approve SDSD's request to replace the Berry Wright Building condensing unit and evaporating coil at an estimated cost of \$80,000. Funding for this project will come from the Special Schools M&R Fund Pool.

Approve SDSU's request for the Administration Building air conditioner removal and heating system updates at an estimated cost of \$139,000. Funding for this project will come from student fees. Approve the Executive Director's emergency authorization for SDSU to replace the main electrical feed cables in the Physical Education Center at a cost of \$402,000. Funding for this project will come from residual funds of previously approved HEFF projects.

Approve SDSU's request to renovate classroom space in Yeager Hall at a cost of \$135,800. Funding for this project will be \$18,000 in student tech fees, \$95,000 in FY15 General Fund HEFF and \$22,800 in other student fees.

Approve the Executive Director's emergency authorization for SDSU to repair flood damage in the basement of Briggs Library at a cost of \$144,000. Funding for this project will be \$44,000 in insurance proceeds and \$100,000 from student fees.

Approve SDSU's request to remodel rooms in Crothers Engineering Hall at a cost of \$200,000. Funding for this project comes from indirect cost recovery funds.

Approve SDSU's revised request to install a perimeter fence at McCrory Gardens at an updated cost of \$318,681. Funding for this project will be from donations earmarked for McCrory Gardens. A SDSU Foundation guarantee letter is provided for this project.

A copy of the M&R Projects can be found on the pages 2899 to 2901 of the official minutes.

11-E Phasing Out UC Foundations Pilot

Approve the phase out of the UC-Sioux Falls Foundations Pilot at the end of the fall 2014 term for all students. A copy of the Phasing Out UC Foundations Pilot can be found on the pages 2902 to 2903 of the official minutes.

11-F Graduation Lists

Approve the attached BHSU, NSU, SDSU, and USD graduation lists contingent upon the students' completion of all degree requirements. A copy of the Graduation Lists can be found on the pages 2904 to 2920 of the official minutes.

11-G EDAD Curriculum Leadership Redesign

The Board received information about the EDAD Curriculum Leadership Redesign. A copy of the EDAD Curriculum Leadership Redesign can be found on the pages 2921 to 2929 of the official minutes.

11-H AP Guidelines Update – Physics C

Approve the modifications to the system AP Guidelines to reflect that the Physics courses have been reviewed, and that no credit may be earned for these particular examinations. A copy of the AP Guidelines Update – Physics C item can be found on the pages 2930 to 2944 of the official minutes.

11-I Annual Accreditation Status Report

The Board received information about the annual accreditation status report. A copy of the Annual Accreditation Status Report can be found on the pages 2945 to 2956 of the official minutes.

11-J Critical Teaching Needs Scholarship

The Board received information about the critical teaching needs. A copy of the Critical Teaching Needs Scholarship can be found on page 2957 of the official minutes.

11-K Program Modifications – USD

Approve USD's program modification proposal Approve USD's program modification requests for its PhD in Basic Biomedical Sciences; B.S.Ed. in Secondary Education/Biology Education; and BA, BS, and Minor in Contemporary Media and Journalism. A copy of USD's program modifications proposals can be found on the pages 2958 to 2965 of the official minutes.

11-O CCA Guided Pathways

Approve the CCA Guided Pathways update. A copy of the CCA Guided Pathways can be found on the pages 3075 to 3076 of the official minutes.

11-Q Revision to April 2014 Board Minutes

Approve the correction to the April 2014 minutes to include the word "Modern" to USD's approved departmental name change, accurately reflecting the intended name: Department of Modern Languages and Linguistics. A copy of the item prepared for Revision to April 2014 Board Minutes can be found on page 3078 of the official minutes.

11-R Revision to BOR Policy 2:17 – Awarding of Degrees

Approve the proposed changes to BOR Policy 2:17. A copy of the Revision to Board Policy 2:17 – Awarding of Degrees can be found on the pages 3079 to 3084 of the official minutes.

11-S Revision to BOR Policy 1:5 – Executive Director

Approve the proposed change to the Board Policy 1:5. A copy of the Revision to Board Policy 1:5 – Executive Director can be found on the pages 3085 to 3089 of the official minutes.

11-T Revision to BOR Policy 3:14 – Student Health Insurance

Approve the proposed change to the Board Policy 3:14. A copy of the Revision to Board Policy 3:14 – Student Health Insurance can be found on the pages 3090 to 3096 of the official minutes.

11-U Acceptance of Gift – South Dakota State University

Approve the acceptance of the Singaas family gift of wind turbines, power converters, solar panels, communication system and mobile renewable energy demonstration trailer at an estimated cost of \$300,000. This equipment will be utilized by the SDSU Electrical Engineering Alternative Energy Research Group within the Lohr College of Engineering. A copy of the Acceptance of Gift – South Dakota State University can be found on the pages 3097 to 3100 of the official minutes.

11-V South Dakota Application to join the Western Interstate Council of Higher Education State Authorization Reciprocity Agreement

Accept the charge assigned to the Board in Executive Order 2014-09;

Authorize the Executive Director to undertake all necessary preparations for submitting an application to join the Western Interstate Commission for Higher Education State Authorization Reciprocity Agreement (WICHE SARA).

Authorize the Executive Director to consult with the presidents of each accredited postsecondary institution domiciled in South Dakota and with the public at large and to seek advice concerning the provisions of the draft Board Policy No. 1:29.

Authorize the Executive Director to prepare a completed application and a final draft of Board Policy No. 1:29 for Board review and possible action at its October 7-9, 2014 meeting on the campus of Black Hills State University.

A copy of the South Dakota Application to join the Western Interstate Council of Higher Education State Authorization Reciprocity Agreement can be found on the pages **3101** to **3131** of the official minutes.

11-W SDSU Sanford-Jackrabbit Facility Operating and Use Agreement

Approve contingent upon the Executive Director's review, final approval, and execution of a Facility Operation and Use Agreement after the General Counsel's approval of the agreement as to matters of style and form, authorize South Dakota State University to complete negotiation of a Facility Operation and Use Agreement with Sanford Health in fulfillment of the November 13, 2012 Exclusive Sports Medicine Agreement. A copy of the SDSU Sanford-Jackrabbit Facility Operating and Use Agreement can be found on the pages **3132** to **3133** of the official minutes.

11-X Resolution Requesting the Grant of a Perpetual Utilities Easement Over Property Occupied by SDSU

Approve to adopt the proposed resolution requesting the Commissioner of School and Public Lands to draw up documents for submission to the Governor to grant the City of Brookings a perpetual utilities easement over that portion of the South Dakota State University grounds located in the Northwest Quarter (NW ¼) of Section Twenty-four (24) in Township One Hundred Ten (110) North, Range Fifty (50) West, of the Fifth (5th) Prime Meridian in the City of Brookings, Brookings County, South Dakota, as shown on an engineering document designated as Exhibit A and incorporated in the resolution. A copy Resolution Requesting the Grant of a Perpetual Utilities Easement Over Property Occupied by SDSU can be found on the pages **3134** to **3137** of the official minutes.

All members voting AYE. The MOTION CARRIED.

11-C FY15 Operating Budgets

Regent Jewett asked that the E-Learning Center be separately itemized. He said the cost is roughly \$2 million dollars each year and the center has 22 employees. He said the presented operating budget doesn't recognize this information.

Dr. Kramer explained that the state defines the budget structure and the regental operating budgets need to reconcile with the state's system. However, he explained that he could break out the E-Learning Center so it can be viewed.

Regent Morris referenced the Office of the Executive Director line item. He said he would like a list of all the salaries and an itemized operating budget for the central office.

Dr. Kramer said he would provide that detail to the regents. He noted he could include this level of detail on any of the universities budgets if they would like it.

IT WAS MOVED by Regent Sutton, seconded by Regent Johnson to approve the FY15 operating budgets. All members voting AYE. The MOTION CARRIED.

A copy of the FY15 Operating Budgets can be found on the pages 2877 to 2898 of the official minutes.

11-L Memorandum of Understanding – DSU

Regent Johnson asked for clarification on the differences between an MOU, articulation agreement, and cooperative agreement. Dr. Paul Turman explained the differences.

IT WAS MOVED by Regent Johnson, seconded by Regent Morris to approve the memorandum of agreement between Dakota State University and Pharos University in Alexandria, Egypt. All members voting AYE. The MOTION CARRIED.

A copy of the Memorandum of Understanding can be found on the pages 2966 to 2968 of the official minutes.

11-M Articulation Agreements

Regent Johnson asked about the process the universities use to determine whether or not the education provided by the colleges they articulate with is adequate. Dr. Turman invited campuses to speak to this process. Provost Tom Hawley said that NSU meets with the colleges to understand their curriculum and requirements and then observes students who articulate from that college for a year after the agreement is signed to ensure they are able to perform at the university level.

IT WAS MOVED by Regent Johnson, seconded by Regent Morris to approve the following Articulation Agreements: Northern State University and Northeast Iowa Community College. South Dakota State University and North Central Technical College; Northeast Community

College; and Western Iowa Tech Community College. University of South Dakota and Western Iowa Tech Community College. All members voting AYE. The MOTION CARRIED.

A copy of the Articulation Agreements can be found on the pages 2969 to 3062 of the official minutes.

11-N Cooperative Agreements

IT WAS MOVED by Regent Johnson, seconded by Regent Morris to approve the cooperative agreement between South Dakota State University and Sisseton-Wahpeton College; and CAPA International Education. All members voting AYE. The MOTION CARRIED.

A copy of the Cooperative Agreements can be found on the pages 3063 to 3074 of the official minutes.

11-P 2015 Meeting Schedule

The Board discussed its preferred meeting location for the following year's retreat. It was decided that Pierre would be the retreat location in August 2015.

IT WAS MOVED by Regent Sutton, seconded by Regent Schartz to approve the schedule of meeting dates for the Board of Regents meetings for 2015. All members voting AYE. The MOTION CARRIED.

A copy of the 2015 BOR Meeting Schedule can be found on page 3077 of the official minutes.

ATHLETIC INSURANCE UPDATE

Kayla Bastian updated the Board on Athletic Insurance, explaining that after seeking an alternate proposal the current athletic insurance vendor, Dissinger Reed, presented a counter proposal which produced significantly lesser premium amounts. This plan provided the exact same level of coverage as the 2013-14 policy. Due to the lack of a clear advantage from a price perspective in electing deductibles, it was recommended to continue another year with the zero deductible plan design option. However, Dr. Warner has proposed a task force to examine best practices in managing a financially sustainable secondary athletic insurance plan, including the use of deductibles. In addition, to control claims, she said it will be important to develop internal processes for validating that student athletes have a primary health plan.

Regent Baloun clarified that although the follow-up quote was less than originally quoted, the amount was significantly more than last plan year.

Regent Morris asked which campuses pay the students' premiums and which require the students to pay individually. Ms. Bastian explained that the Division II schools charge students, but if students can demonstrate that they have adequate coverage, the student can waive out but the school is still responsible to pay the premium.

President Smith explained this process and further explained the important responsibility that trainers have when referring student athletes to medical care.

Dr. Warner explained that over the long term we have to manage claims because claims histories will drive future years' costs. He said this is the reason the system is gathering a task force to further examine athletic insurance especially as it relates to deductible amounts.

Sheila Gestring explained that the \$3,000 deductible creates a disincentive to go to the doctor. Part of the administrative process that USD has implemented is verification that USD student athletes have appropriate primary insurance. Furthermore student athletes need to have authorization/approval from the coaches to get health care such as an MRI.

Stacy Krusemark explained that DSU will start charging students athletic insurance premiums this coming academic year.

A copy of Athletic Insurance update can be found on pages **3138** to **3139** of the official minutes.

BOR STRATEGIC PLAN

Regent President Krogman explained that after discussion at the BOR retreat, Board members are invited to provide feedback on the proposed document. The Board will again consider the strategic plan again in October.

A copy of the BOR Strategic Plan can be found on page **3140** of the official minutes.

DUAL CREDIT – REDUCED TUITION PROGRAM

Dr. Turman explained that due to the 2014 Legislature approved budget request to approve base funding to offer reduced tuition dual credit courses in South Dakota, high schools students have the opportunity to enroll in Career and Technical Education courses delivered through the state's four Technical Institutes, as well as coursework that meets the System General Education requirements at six Regental institutions. Starting with the Fall 2014 semester, current high school juniors and seniors enrolled at public, private and tribal high schools whose schools have signed an MOU with South Dakota Department of Education (DOE) are eligible to enroll for \$40 per credit hour.

The enrollment process for the Fall Semester opened in early April, and MOU's have been received by 157 high schools indicating a very high level of interest across the state. As of July 30, 389 students have enrolled in 542 courses within the Regental system.

He recognized the current impact to the appropriation dollars as well as to the system.

Regent Jewett received clarification that the technical institutes are also participating in this program but they receive a slightly different reimbursement rate than the universities.

Dr. Turman said by July some courses listed had reached their threshold because of dual credit students. Therefore some provosts have opened up additional sections to meet the demand.

Regent Johnson asked if the high school students have to go through the enrollment process to take these dual credits. Dr. Turman responded by saying that high school students are not required to complete the university application; however, there is a separate application process that students need to go through as well as meeting certain criteria in order to be allowed to participate.

Regent Baloun said we should very carefully study the outcomes of these students and report back their progress.

Dr. Turman emphasized that when reporting the Fall Enrollment numbers for the Fall 2014 semester, the desire is to prepare a separate press release on Dual Credit enrollments that can be distributed in conjunction with the traditional enrollment report. The goal is to emphasize the impact the introduction of this program is having on the number of additional students served the Regental system.

In response to a question by Regent Schieffer, Dr. Turman explained that we have an MOU with the Department of Education to provide this program. The goal with the Department of Education is to develop a more robust set of standards to ensure that only the students who are ready to take this level of course work are able to participate.

Regent Sutton acknowledged that there are 3,000 homeschooled students in South Dakota; however, we do not recruit homeschoolers into our institutions as readily as other students because of the lack of information the universities have to verify admission standards. However, research suggests they perform well in our system. This dual credit program may help establish further information for admissions purposes.

A copy of Dual Credit – Reduced Tuition Program can be found on pages 3141 to 3144 of the official minutes.

FINANCIAL AID IN THE REGENTAL SYSTEM

Dr. Daniel Palmer explained the system financial aid analysis in an effort to assess the scope and depth of financial aid coverage in the Regental system. He noted that the SDBOR average net price has increased about 20% over the last few years (highest in the region), and the average grant aid has only increased about 4% (lowest in the region).

The Board discussed South Dakota state aid as well as state aid of neighboring states. It was noted that the Opportunity Scholarship is losing buying power as the pool of money available for the scholarship hasn't increased in the last decade, which is why it's important to make this case to the legislature when requesting additional funds for the Opportunity Scholarship.

Regent Schieffer said that scholarships are an important part of affordability. He said it is part of our responsibility to explain this to private entities. Providing direction on how to create affordability and make this sustainable will be critical.

Regent Jewett acknowledged that South Dakota is the only state that requires students to bear the burden of building and maintaining buildings.

A copy of Financial Aid in the Regental System can be found on pages 3145 to 3155 of the official minutes.

HEFF CASH FLOW STATEMENT

Dr. Monte Kramer updated the Board on the HEFF Cash Flow Statement and explained a proposed change to the 2012 Ten-Year Plan that would prioritize SDSM&T's Chemistry/Chemical Engineering building renovation so that it can once again be put to use. This change would replace the Research Facility identified by former President Wharton.

Regents asked clarifying questions. Dr. Kramer explained that the remaining projects on the Ten-Year Plan could be financed in FY19 according to current revenues and projections.

President Wilson said that the current focus at SDSM&T is modernizing the existing research space on campus. In the future, the institution may need another free standing research building.

IT WAS MOVED by Regent Jewett, seconded by Regent Sutton to approve the requested change to the 2012 Ten-Year Capital Project for SDSM&T which is to remove the Research Center and to allow for the renovation of the Chemistry/Chemical Engineering Building. This change will need legislative approval. Also, approve that this project would be included in the next HEFF bonding. All members voting AYE. The MOTION CARRIED.

A copy of HEFF Cash Flow Statement can be found on pages 3156 to 3159 of the official minutes.

2014B HOUSING & AUXILIARY FACILITIES SYSTEM REVENUE BONDS

Dr. Kramer explained that this item relates to the refinancing of Series 2003 Bonds (SDSM&T Bonds) and 2004A bonds (System bonds for BHSU, DSU, and NSU). He said the Board staff has been working with the contracted underwriter to refinance the bonds and to capture or annualize savings. Based on estimating pricing on June 15, 2014 (subject to market changes and final bond sales), the total cash flow savings is around \$2.6M and capitalized savings is around \$830,000. SDSM&T intends to take their savings up-front, estimated to be around \$830,000 and invest the funds into needed improvements in the residence halls. BHSU, DSU and NSU will annualize their savings and reduce their annual bond payments. The estimated annual savings is \$57,000 for BHSU, \$55,000 for DSU, and \$84,000 for NSU. Total cash savings for BHSU is estimated at \$686,000, DSU is \$600,000, and NSU is \$1,300,000.

The 2014B bonds were assigned an Aa3 rating by Moody's. This rating relied heavily on the strong central management of the System by the Board, continued stability and oversight of enrollments, specifically non-resident enrollments.

The Board is requested to authorize the financing of (i) the renovation and improvement of residence halls for the Institutional System for South Dakota School of Mines and Technology ("*SDSMT*") (the "*SDSMT Project*"); (ii) the refunding of the Board's outstanding South Dakota School of Mines and Technology Housing and Auxiliary Facilities Revenue Bonds, Series 2003 (the "*Refunded Series 2003 SDSMT Bonds*") and a portion of the costs of refunding the Board's outstanding Housing and Auxiliary Facilities System Revenue Bonds, Series 2004A (the "*Refunded Series 2004A Bonds*" and, with the Refunded Series 2003 SDSMT Bonds, the "*Refunded Bonds*") and (iii) the costs of issuance, through the issuance of the referenced Revenue Bonds (the "*Bonds*").

The bond counsel for the Bonds has prepared the appropriate resolutions and documents to proceed with the next phases of the financing. The six action items needing approval by the Board include the resolutions found in Attachment I

Except for the distribution of the preliminary official statement, the documents approved under this action will not be completed and executed until the Bonds are issued; *provided* that the Bond Purchase Agreement and the official statement will not be completed and executed until the Bonds are sold to the underwriter.

The contents of the documents referenced in the first four action items in Attachment I are as follows:

The first document referenced in the resolution is the Tenth Supplemental Bond Resolution, under which the Bonds are to be issued (Attachment II). The Tenth Supplemental Bond Resolution supplements the Original Resolution (referenced therein), as supplemented and amended to date, and describes the terms of the Bonds as additional parity bonds under the Original Resolution, and outlines the conditions under which the Bonds may be redeemed, describes the disposition that will be made of the Bond proceeds, stipulates that the Bonds will not constitute a debt chargeable to the general revenues of the State, and, when adopted, authorizes the sale of the Bonds.

The second document referenced in the resolution is the Bond Purchase Agreement between the Board and the underwriter (Attachment III). This document reiterates the various assurances that the Board must give in order to establish that the issuance of the Bonds is within its legal authority and otherwise consistent with State law; that the issuance has been effected in the manner required by law; that the statements made on the Board's behalf in the various documents prepared in furtherance of the transaction are accurate; that no proceedings are underway, by referendum, court action or otherwise, to impede the completion of the Bond issue; that the Board will cooperate with the underwriter as needed to complete the sale of the Bonds; that the Board operates the properties of the System consistently with governing law, and that the Board will notify the underwriter of any changed circumstances or new information that would affect the accuracy of the documents or the marketability of the Bonds. The document also

provides for termination of the agreement, identifies additional certifications required to complete the transaction, provides for mutual covenants, stipulates that Board members will not be liable to the underwriter and contains appendices setting forth opinions of counsel to the effect that the Bond issue will be in proper legal form.

The third document referenced in the resolution is the Series 2004A Escrow Agreement, between the Board and the escrow agent (Attachment IV). This document authorizes the initial deposit of bond proceeds in trust with the escrow agent into an escrow fund, directs the investment of the moneys in the escrow fund, and directs the payment of the Refunded Series 2004A Bonds from the escrow fund on the redemption date. Certain funds in the Debt Service Excess moneys in the BHSU Debt Service Reserve Subaccount will be transferred to the BHSU Repair and Replacement Reserve Account. An escrow fund will not be established for the Refunded Series 2003 SDSMT Bonds because they will be redeemed on the day after the day the Bonds are issued.

The fourth document referenced is the Preliminary Official Statement, which is provided to prospective purchasers in order to assist them in determining whether the Bonds are a sound investment (Attachment V – *Due to the length of the attachment has been provided electronically*). The Preliminary Official Statement describes the Bonds to be issued, the manner of their purchase, transfer and redemption, the expected use of Bond proceeds, the source of funds for their repayment, the various financial, demographic and programmatic factors that provide assurance that there will be sufficient System revenues to retire the Bonds, the Bond rating and their federal tax treatment and the continuing disclosure obligations of the Board with respect to the Bonds. The Official Statement will be prepared in final form once the amount, interest rate and the date of sale are determined.

The fifth document referenced is the Additional Bonds Test Certification (Attachment VI). This is the certification required prior to the issuance of additional bonds under Section 14(K) of the Original Bond Resolution.

The Tenth Supplemental Bond Resolution and the Series 2004A Escrow Agreement were prepared by bond counsel. The Preliminary Official Statement and the Bond Purchase Agreement were prepared by counsel to the underwriter.

Regent Baloun asked what the reduction rate would need to be in order to break even. Dr. Kramer said the bonds closing occurred this week for the SDSU football stadium. The interest rate that was locked in was 3.724% for twenty four years. He said he will look at what this needs to be in order to break even.

IT WAS MOVED by Regent Schaefer, seconded by Regent Baloun to authorize the issuance of an additional series of Bonds under the Amended and Restated Bond Resolution adopted by the Board on October 21, 2004 (the “Original Resolution”) to finance:

- (i) the SDSMT Project, which will be funded by the upfront savings from the refunding described in clause (ii) below;

- (ii) the refunding of the Refunded Series 2003 SDSMT Bonds, but only if (a) the net present value of the savings from the portion of the Bonds attributable to the refunding shall be at least \$559,350 and (b) the aggregate debt service on the portion of the Bonds attributable to the refunding does not exceed the aggregate debt service on the Refunded Series 2003 SDSMT Bonds;
- (iii) the refunding of the Refunded Series 2004A Bonds, but only if (a) the net present value of the savings from the portion of the Bonds attributable to the refunding shall be at least \$814,000 and (b) the aggregate debt service on the portion of the Bonds attributable to the refunding does not exceed the aggregate debt service on the Refunded Series 2004A Bonds; and
- (iv) costs of issuance of the Bonds (Attachment II—Tenth Supplemental System Revenue Bond Resolution (the “*Tenth Supplemental Bond Resolution*”));

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Baloun to approve the contract with the underwriter, BMO Capital Markets GKST Inc., who will market the Bonds for the Board; *provided, however*, that the aggregate principal amount of Bonds sold pursuant thereto shall not exceed \$16,000,000, shall mature not later than April 1, 2033, shall bear interest at a true interest cost not exceeding 5.00%, and shall be sold at an underwriter’s discount of not more than 0.625% of the proceeds of the Bonds (Attachment III—Bond Purchase Agreement);

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE

Schieffer - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Baloun to approve an escrow agreement with Wells Fargo Bank, National Association, the Bond Registrar for the Series 2004A Bonds, to provide for the defeasance of the Refunded Series 2004A Bonds (Attachment IV—Series 2004A Escrow Agreement);

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Baloun to approve the distribution of the preliminary official statement and approve 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 V— draft Preliminary Official Statement);

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Baloun to authorize the President of the Board, the President of Black Hills State University, the President of Dakota State University, the President of Northern State University, the President of the South Dakota School of Mines and Technology, the Executive Director of the Board and other Board officials to

perform those acts and to execute those documents necessary to complete the Bond issue and the refunding of the Refunded Bonds and the execution and delivery of the Tenth Supplemental Bond Resolution, the Bond Purchase Agreement and the Series 2004A Escrow Agreement;

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Baloun to make the certifications required prior to the issuance of additional Bonds under Section 14(K) of the Original Resolution based on the Actual Net Revenues of the System for each of the two most recent Fiscal Years and the Projected Net Revenues of the System for each of the specified three Fiscal Years (Attachment VI).

ROLL CALL:

Krogman - AYE
Schaefer - AYE
Sutton - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Morris – AYE
Schartz - AYE
Schieffer - AYE

The MOTION CARRIED.

A copy of the 2014B Housing & Auxiliary Facilities System Revenue Bonds can be found on pages 3160 to 3327 of the official minutes.

USD GRADUATE EDUCATION & APPLIED RESEARCH (GEAR) CENTER EXPANSION – PFS

Dr. Kramer explained that USD requests approval to move forward with expansion planning for the Graduate Education and Applied Research (GEAR) Center located in Sioux Falls. Legislative

approval was provided during the 2014 session. Approval of this item will allow USD to develop a Facility Program Plan that will outline more definitive design and funding details for this project.

The expansion of the GEAR Center is a component of the University's Strategic Plan. This will allow the university to provide space and services for commercialization of technologies and also for the development of pharmaceutical, biologics, and medical devices for clinical trials.

Funding for this project will be from both public and private funds. The 2014 Legislature appropriated \$1,000,000 in HB1175. This bill states the Board of Regents may contract for the expansion of the GEAR Center and the USD Research Park located in Sioux Falls.

IT WAS MOVED by Regent Jewett, seconded by Regent Baloun to approve USD's Preliminary Facility Statement to plan for expansion of the GEAR Center located on the University Center-Sioux Falls campus. Approval of this project will allow USD to develop a Facility Program Plan for the Board. Approval of this project does not give approval for the expansion project. Proposed funding for this project will come from public and private funds. Planning funds of \$50,000 will come from the 2014 Legislative Session HB1175 \$1,000,000 appropriation earmarked for this project. If approved, the Board President should assign a building committee representative to oversee the project's development. All members voting AYE. The MOTION CARRIED.

A copy of the USD Graduate Education & Applied Research (GEAR) Center Expansion – PFS can be found on pages 3328 to 3330 of the official minutes.

NAMING REQUEST – SOUTH DAKOTA STATE UNIVERSITY, DIVISION OF RESEARCH AND ECONOMIC DEVELOPMENT

Nathan Lukkes explained that SDSU requests authorization to rename the Office of Research to the Division of Research and Economic Development.

IT WAS MOVED by Regent Johnson, seconded by Regent Morris to Authorize South Dakota State University to re-name the Office of Research to the “Division of Research and Economic Development” and to make the associated office and title changes. All members voting AYE. The MOTION CARRIED.

A copy of the Naming Request – South Dakota State University, Division of Research and Economic Development can be found on pages 3331 to 3337 of the official minutes.

FY16 BUDGET REQUEST

Claudean Hluchy and Dr. Monte Kramer provided an updated budget request item, reflecting the conversation the Board had at its retreat the previous day.

IT WAS MOVED by Regent Schaefer, seconded by Regent Schieffer to approve the final FY16 Budget Request items for refinement and presentation to the Governor's Budget Office. All members voting AYE. The MOTION CARRIED.

A copy of the FY16 Budget Request can be found on pages 3338 to 3339 of the official minutes.

ADJOURN

IT WAS MOVED by Regent Sutton, seconded by Regent Schartz to adjourn the meeting of the Board of Regents on August 14 at 10:35 a.m. All members voting AYE. The MOTION CARRIED.

The South Dakota Board of Regents adjourned its annual retreat and regular business meeting on August 13-14, 2014 and will meet again in regular session on October 8-9, 2014 in Aberdeen, South Dakota.

I, Jack Warner, Executive Director and CEO of the South Dakota Board of Regents, declare that the above is a true, complete and correct copy of the minutes of the Board of Regents meetings held on August 13-14, 2014.

A handwritten signature in black ink, appearing to read "Jack Warner". The signature is fluid and cursive, with the first name "Jack" and last name "Warner" clearly distinguishable.

Jack Warner
Executive Director and CEO