

**BOARD OF REGENTS
MINUTES OF THE MEETING
October 2- 4, 2018**

The South Dakota Board of Regents met on October 2-4 at South Dakota School of Mines & Technology in Rapid City, South Dakota, with the following members present:

Kevin Schieffer, President
John Bastian, Vice President
Jim Morgan, Secretary
Lucas Lund, Regent
David Mickelson, Regent
Pam Roberts, Regent
Randy Schaefer, Regent
Jim Thares, Regent

The following member was not present:

Joan Wink, Regent

Also present during all or part of the meeting were Dr. Paul Beran, Executive Director and CEO; Paul Turman, System Vice President for Academic Affairs; Monte Kramer, System Vice President of Finance and Administration; Nathan Lukkes, Board of Regents General Counsel; Michele Anderson, Internal Auditor; Kayla Bastian, Director of Human Resources; Dave Hansen, System Chief Information Officer; Molly Weisgram; Executive Assistant to the CEO and Board; Janelle Toman, Director of Communications; Mary Ellen Garrett, Accounting Manager; Tasha Dannenbring, System Director of Institutional Research; Janice Minder, System Banner Student Implementation Lead; Barry Dunn, SDSU President; José-Marie Griffiths, DSU President; Tom Jackson Jr., BHSU President; Jim Rankin, SDSM&T President; Tim Downs, NSU President; Sheila Gestring, USD President; Alan LaFave, Joelle Lien, NSU; Stacy Krusemark, DSU; Kim Grieve, USD; Heather Forney, SDSM&T; Michaela Willis, Rob Kohrman, SDSU; Claudean Hluchy, SDSBVI/SDSD; and other members of the regental system and public and media.

TUESDAY, OCTOBER 2, 2018

REGENTS MEET WITH SDSM&T FACULTY SENATE

Members of the Board met with the SDSM&T Faculty Senate.

REGENTS TOUR THE SDSM&T MINERAL INDUSTRIES BUILDING

Members of the Board toured the SDSM&T Mineral Industries building.

BOARD WORK

Regent Schieffer declared a quorum present and called the meeting to order at 4:15 p.m.

1-B Approval of the Agenda

IT WAS MOVED by Regent Morgan, seconded by Regent Bastian, to approve the agenda as published. Motion passed.

1-C Declaration of Conflicts

There were no declared conflicts.

1-D Approval of the Minutes – Meetings on August 7-9, 2018; August 30, 2018

IT WAS MOVED by Regent Bastian, seconded by Regent Schaefer, to approve the minutes of the meetings on August 7-9, 2018 and August 30, 2018. Motion passed.

1-E Rolling Calendar

IT WAS MOVED by Regent Mickelson, seconded by Regent Bastian, to approve the date and location of next year's Board of Regents meeting to be held on October 1-3, 2019, at SDSM&T in Rapid City. Motion passed.

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

IT WAS MOVED by Regent Morgan, seconded by Regent Schaefer, that the Board dissolve into executive session at 4:25 p.m. on Tuesday, October 2, 2018, to consult with legal counsel and discuss personnel matters, pending and prospective litigation, contractual matters, and marketing or price strategies by a board of a business owned by the State when public discussion may be harmful to the competitive position of the business; that it recess from executive session at 7:00 p.m. and reconvene in executive session at 8:00 a.m. on Wednesday, October 3, 2018, to continue to discuss the earlier referenced matters; that it rise from executive session at 12:30 p.m. to resume

the regular order of business; and that the Board act in public session on any recommended action it deems prudent as a result of its executive session deliberations. Motion passed.

WEDNESDAY, OCTOBER 3, 2018

The Board reconvened at 1:08 p.m.

CONSENT AGENDA

IT WAS MOVED by Regent Thares, seconded by Regent Mickelson, to approve consent agenda items 3-A through 3-G. Motion passed.

Academic and Student Affairs

3-A Agreements on Academic Cooperation – USD

Approve the agreement on academic cooperation between the University of South Dakota and Pädagogische Hochschule Freiburg.

A copy of the Agreements on Academic Cooperation – USD can be found on pages ____ to ____ of the official minutes.

3-B Request to Seek Accreditation – SDSU

Approve SDSU's request to seek accreditation from the Commission on the Accreditation Programs in Applied and Clinical Sociology for their BA/BS in Sociology and their Master of Science in Sociology programs.

A copy of the Request to Seek Accreditation – SDSU can be found on pages ____ to ____ of the official minutes.

3-C New Program Request – DSU – Minor in English as a New Language

Authorize DSU to offer the minor in English as a New Language, including authorization to offer the minor online, as presented.

A copy of the New Program Request – DSU – Minor in English as a New Language can be found on pages ____ to ____ of the official minutes.

3-D (1) New Specialization Requests – DSU – Cryptography (BS in Mathematics)

Authorize DSU to offer the specialization in Cryptography in the BS in Mathematics program, as presented.

A copy of the New Specialization Requests – DSU – Cryptography (BS in Mathematics) can be found on pages ____ to ____ of the official minutes.

3-D (2) New Specialization Requests – DSU – Information Systems (BS in Mathematics)

Authorize DSU to offer the specialization in Information Systems in the BS in Mathematics program, as presented.

A copy of the New Specialization Requests – DSU – Information Systems (BS in Mathematics) can be found on pages ____ to ____ of the official minutes.

3-D (3) New Specialization Requests – DSU – Intermediate Education (BS in Mathematics)

Authorize DSU to offer the specialization in Intermediate Education in the BS in Mathematics program, including authorization to offer the program online, as presented.

A copy of the New Specialization Requests – DSU – Intermediate Education (BS in Mathematics) can be found on pages ____ to ____ of the official minutes.

3-D (4) New Specialization Requests – DSU – Secondary Education (BS in Mathematics)

Authorize DSU to offer the specialization in Secondary Education in the BS in Mathematics program, as presented.

A copy of the New Specialization Requests – DSU – Secondary Education (BS in Mathematics) can be found on pages ____ to ____ of the official minutes.

3-E New Site Request – DSU – BS in Elementary Education (Distance)

Authorize DSU to offer the BSEd in Elementary Education online, as presented.

A copy of the New Site Request – DSU – BS in Elementary Education (Distance) can be found on pages ____ to ____ of the official minutes.

3-F Herbicide Injury Study Joint Powers Agreement – SDSU & SD Department of Agriculture

Approve the Joint Powers Agreement set forth in Attachment I.

A copy of the Herbicide Injury Study Joint Powers Agreement – SDSU & SD Department of Agriculture can be found on pages ____ to ____ of the official minutes.

3-G Extension Forestry Joint Powers Agreement Addendum – SDSU & SD Department of Agriculture

Approve the FY19 Work Plan to the existing Joint Powers Agreement set forth in Exhibit A.

A copy of the Extension Forestry Joint Powers Agreement Addendum – SDSU & SD Department of Agriculture can be found on pages ____ to ____ of the official minutes.

Regent Schieffer recognized new student Regent Lucas Lund. He welcomed Regent Lund to the Board and invited him to provide a brief introduction. Regent Lund explained that he is a senior at USD majoring in Spanish, International Studies, and Political Science. He said he anticipates that he will complete his Masters in Public Administration in 2020.

PLANNING, GOVERNANCE AND RESOURCE DEVELOPMENT

4-A Welcome and Presentation by SDSM&T President Jim Rankin

SDSM&T President Jim Rankin welcomed the audience to SDSM&T and provided information about the institution, touching on graduate degrees and enrollment, a program called EPICS at SD Mines, the Honors program, eSports, internships, strategic planning, and facilities.

4-B Student Organization Awards – SDSM&T

Dr. Pat Mahon, Vice President for Student Affairs, and Corey Headley, Director of Student Activities and Leadership Center, presented the Student Organization Awards for SDSM&T. The Award for Academic Excellence for 2017 was presented to Graduate Student Society (GSS). The Award for Community Service was presented to Lambda Chi Alpha Fraternity. The Award for Organization Leadership was presented to Society of Physics Students (SPS).

A copy of the SDSM&T Student Organization Awards can be found on pages ____ to ____ of the official minutes.

4-C Reports on Individual Regent Activities

No reports on individual regent activities.

4-D Reports from Individual Presidents and Superintendents

President Griffiths introduced Mark Millage, DSU's new Vice President of Institutional Advancement. Additionally, she explained that Marcus Garstecki, DSU's Vice President of Student Affairs, is stepping down for a different opportunity in Aberdeen.

President Gestring introduced new members of the USD leadership team, including Kurt Hackemer, Interim Provost/Vice President Academic Affairs; Adam Rosheim, Interim Vice President of Finance and Administration; and Dr. Carmen Simone, new executive director of the University Center in Sioux Falls.

President Dunn introduced Rob Kohrman, SDSU's new vice president of Finance and Administration.

President Rankin explained that Steve Malott has retired as SDSM&T's Vice President of Finance and Heather Forney has assumed the interim role. Additionally, Jan Puszynski, SDSM&T's Vice President of Research, has announced in upcoming retirement in spring 2019.

President Downs explained that Alan LaFave, NSU's Vice President of Academic Affairs, is stepping down to assume the presidency at Valley City State University and Joelle Lein the Assistant Vice President of Academic Affairs will serve as interim provost upon his departure.

4-E Report and Actions of Executive Session

After convening at 4:25 p.m. on Tuesday, October 2, 2018, the Board dissolved into executive session in order to consult with legal counsel and discuss personnel matters, pending and prospective litigation, contractual matters, and marketing or price strategies by a board of a business owned by the State when public discussion may be harmful to the competitive position of the business, before recessing at 7:00 p.m. The Board Reconvened in Executive Session at 8:00 a.m., on Wednesday, October 3, 2018, to continue discussing the earlier referenced matters before rising from Executive Session at 12:30 p.m. to resume the regular order of business.

Regent Morgan reported that while in Executive Session, the Board discussed the matters just described, which included certain recommended actions as set forth in the Secretary's Report and other matters permitted by law.

IT WAS MOVED by Regent Morgan, seconded by Regent Schieffer, that the Board approve the recommended actions as set forth in the Secretary's Report and that it publish said Report and official actions in the formal minutes of this meeting. Motion Passed.

A copy of the Secretary's Report can be found on pages ____ to ____ of the official minutes.

4-F Report of the Executive Director/Interim Actions

Dr. Paul B. Beran, Board of Regents Executive Director and CEO, stated that he is happy to be at the South Dakota Board of Regents and has spent his first month on the job meeting several individuals throughout the state. Per his observations thus far, the organization is strong, the presidents are excellent at their jobs, and the Board staff provide a lot of value.

He explained that current Board office employee Nathan Lukkes has assumed the general counsel role at the Board office. Further, Paul Turman will step away from his current position as System Vice President of Academic Affairs to assume the Nebraska's state college system chancellor.

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

4-G SDSM&T Foundation Report

Joel Kincart, President of the SDSM&T Foundation, provided information about the SDSM&T Foundation.

A copy of the SDSM&T Foundation Report can be found on pages ____ to ____ of the official minutes.

4-H 2019 Proposed Legislation

Dr. Monte Kramer, System Vice President of Finance and Administration, reminded the Board that each year the institutions are asked to identify any capital projects or legislative requests that potentially could go before the Legislature.

Dr. Kramer explained that NSU may be submitting a facility design plan to the Board in December for a regional sports complex. If approved by the Board, this capital project would need legislative approval. The funding will need to be in hand and guaranteed by the Foundation in order for legislation to move forward.

He explained that SDSU has three legislative requests: (1) to redirect funds from a partnership with Iowa State University veterinary school to the SDSU Vet 2 + 2 program to support scholarships and grants for tuition differentials for students when they attend the University of Minnesota. Legislative ongoing reallocation of this funding from the endo-ecto parasiticide tax along with correlated escalators for tuition increases is required; (2) to allow for the demolition of Scobey Hall that is not currently occupied by SDSU; and (3) to approve moving two (2) parcels of land (Box Elder, Highmore) that are no longer being efficiently used out of the Section 7 trust, authorize their sale, and to designate other real property to be determined and held for the use of SDSU into the trust to ensure the trust is kept whole. SDSU also needs legislative approval to sell its Volga Grassland parcel located northwest of campus with the proceeds of these parcels to be used to purchase Bothe, other previously approved land parcels, and suitable agricultural property.

Lastly, he said the Board Office plans to request the Legislature to change SDCL 5-12-23 to allow the savings from BOR bond refinancing through the South Dakota Building Authority be returned to either HEFF or the campus that is responsible for the debt service rather than depositing the savings in the general fund, as stated in the statute.

The Board shared no concerns.

A copy of the 2019 Proposed Legislation can be found on pages ____ to ____ of the official minutes.

4-I USD Discovery District Bylaws and Member Changes

Nathan Lukkes, Board of Regents General Counsel, said the Board of Directors of the USD Discovery District met on September 20 and approved the resolution set forth in Attachment I of the agenda item, requesting the Member (BOR) take certain actions regarding the USD Discovery District.

These actions include 1) amending the Bylaws as set forth in Exhibit A to Attachment I, and 2) appointing Kim Patrick and Paul TenHaken to the Board of Directors, with their terms expiring in 2021, and appointing Kevin Schieffer to the Board of Directors, with his term expiring in 2019.

Regent Morgan asked if there is a requirement that a regent be on the Board or if Regent Schieffer joins as an individual. Nathan Lukkes explained that there is no clear requirement that a regent be on the Board but this has been done in practice.

In response to a question by Regent Schieffer, Nathan explained that Bob Sutton will continue to serve on the Board in his Avera capacity.

IT WAS MOVED by Regent Schaefer, seconded by Regent Mickelson, to approve amending the Bylaws as set forth in Exhibit A to Attachment I. Motion passed.

IT WAS MOVED by Regent Schaefer, seconded by Regent Thares, to appoint Kim Patrick and Paul TenHaken to serve on the Board of Directors, with their terms expiring in 2021, and to appoint Kevin Schieffer to serve on the Board of Directors, with his term expiring in 2019. Motion passed.

A copy of the USD Discovery District Bylaws and Member Changes can be found on pages ____ to ____ of the official minutes.

Academic and Student Affairs

5-A Student Federation Report

Matt Yetter, Student Federation Executive Director, introduced himself to the Board. He explained that the Student Federation met in Pierre on September 21 where they discussed topics of joint interest with the Board staff. He explained that the Student Federation continues to discuss the free speech policy revisions and will submit written comments by November 10.

Dr. Beran, SDBOR Executive Director, took a moment to thank all the students who attended the meeting in Pierre and recognized them for their time and dedication.

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

5-B (1) BOR Policy Revisions – BOR Policies 1:17, 3:3, 3:4, 3:18, 4:21, 6:13, and 7:1 – Freedom of Speech Policy Revisions (First Reading)

Nathan Lukkes, Board of Regents General Counsel, stated that since the Free Speech Roundtable during the June 2018 Board meeting, Board of Regents staff worked with institutional representatives to make necessary revisions to BOR policies to address issues/concerns that were raised by various constituent groups.

He explained that changes have been made to seven BOR policies to provide greater clarity for institutional leadership as they manage freedom of speech issues on their campuses. AAC was given the opportunity to review the policies during its August 2018 meeting, and subsequent

revisions have been made following engagement with Board leadership, campus general counsels, and presidential feedback.

Nathan provided an overview of the proposed changes to each policy.

In regard to a question by Regent Morgan, Nathan explained that the elements of the Chicago Statement incorporated into BOR Policy 3:3 keep the meaning substantially the same. Regent Schieffer noted that he made a few revisions to this policy before broader distribution, explaining that these included (1) language that encourages diversity of thought in faculty and (2) that the changes incorporated are not meant to create unfunded mandates.

Regent Roberts recommended that the policies that require format changes such as BOR Policy 3:4 be done now. Nathan explained that we didn't want it to appear that we were making more changes to these policies than we actually were; however, we can incorporate the formatting changes for the second reading.

Regent Bastian provided a recommendation that the proposed revision to section 3.A in BOR Policy 4:21 be revised and stated in a second sentence, which reads, "Using Board information and communication technology systems, Board services and Board property is prohibited unless it is available to the public and paid for at the rate offered to the public." Nathan said we would incorporate this recommendation for the second reading.

Regent Schieffer reiterated that BOR Policy 6:13 is being revised to let the institutions address the time, place and manner issues while remaining content neutral. Additionally, in response to concerns that the process to request space was too burdensome or cumbersome, there have been no examples to show that the current process was difficult to undergo. Additionally, he said we have tried to make the appeals process as lean as possible even though there have not been any related real world problems. It does not eliminate the path to litigation, it just does not start on this expensive path.

Regent Schieffer stated that the Board welcomes additional comments from all parties by November 10, which allows adequate time for review and incorporation before the December Board meeting.

IT WAS MOVED by Regent Morgan, seconded by Regent Bastian, to approve the first reading of the proposed revisions to BOR Policies 1:17, 3:3, 3:4, 3:18, 4:21, 6:13, and 7:1. Motion passed.

A copy of the BOR Policy Revisions – BOR Policies 1:17, 3:3, 3:4, 3:18, 4:21, 6:13, and 7:1 – Freedom of Speech Policy Revisions (First Reading) can be found on pages ___ to ___ of the official minutes.

5-B (2) BOR Policy Revisions – BOR Policy 4:10 – Tenure and Continuing Appointments Revisions (First Reading)

Dr. Paul Turman, System Vice President of Academic Affairs, explained that over the past two years the Academic Affairs Council (AAC) has met with campus representatives involved with the NSF PLAN grant to evaluate barriers to the recruitment and retention of faculty within the

Regental system. During the July 2018 meeting, AAC members identified a number of revisions to the proposal being advanced that included: 1) an automatic stop the tenure clock process that allowed for an opt-out moment right before tenure review; and 2) making clear reference to various family types outlined in BOR Policy 4:15 – Leave.

He noted that AAC members also raised concerns about recruiting tenured faculty members under the current policy framework. Currently individuals who enter the Regental system having earned tenure at their previous institution have the ability to request prior service credit to move up the tenure clock within one year of being employed. However, this practice has made it difficult for institutions to recruit new faculty at the associate or full professor level. Draft language is captured in Section 1.3 to allow faculty previously granted tenure the capacity to go up for review by the campus promotion and tenure committee prior to their appointment. The recommendation would be advanced through the president to the Board of Regents for final approval.

Regent Schaefer explained that he liked this change and appreciated the process outlined. He acknowledged the competition for faculty and agreed that any hindrance to recruiting good people should be addressed.

In response to a question, Dr. Turman said he anticipated 2-3 of these requests per year. Regent Morgan asked if this was something that needed to come to the Board or if could be delegated to the executive director. Dr. Turman recommended that the Board still have the overarching authority over tenure.

IT WAS MOVED by Regent Morgan, seconded by Regent Schaefer, to approve the first reading of the proposed revisions to BOR Policy 4:10 as presented. Motion passed.

A copy of the BOR Policy Revisions – BOR Policy 4:10 – Tenure and Continuing Appointments Revisions (First Reading) can be found on pages ____ to ____ of the official minutes.

5-B (3) BOR Policy Revisions – BOR Policy 2:23 – Program and Curriculum Approval Revisions (First Reading)

Dr. Paul Turman, System Vice President of Academic Affairs, explained that the revisions proposed for Board Policy 2:23 include adding language related to institutional program review and program productivity. By placing the requirements for institutional program review and program productivity in Board Policy formalizes the expectations of the Board. Consistent program review helps ensure the quality of academic programs, an issue the Board has cited as a priority through Goal 2 of the 2014-2020 Strategic Plan. Monitoring program productivity is integral in demonstrating efficiency and maintaining a relevant catalog of programs. Detailed processes implementing changes to Policy 2:23 will remain in AAC Guidelines.

IT WAS MOVED by Regent Morgan, seconded by Regent Bastian, to approve the first reading of the proposed revisions to BOR Policy 2:23 as presented. Motion passed.

A copy of the BOR Policy Revisions – BOR Policy 2:23 – Program and Curriculum Approval Revisions (First Reading) can be found on pages ____ to ____ of the official minutes.

5-B (4) BOR Policy Revisions – BOR Policy 2:3 – System Undergraduate Admissions (First Reading)

Dr. Paul Turman, System Vice President of Academic Affairs, noted that the Board discussed the possibility of changing the requirements of the Regents Scholar diploma during the May 2018 Board meeting to more closely align with the South Dakota Opportunity Scholarship. During this discussion there was general support by the Board for making this change. The formal revisions to BOR Policy 2:3 System Undergraduate Admissions would give students the option of taking two units of Career and Technical Education (CTE) courses as an alternative to the two units of modern or classical language, or a combination of language and CTE. This change would then ensure that students earning the Advanced Postsecondary Preparation endorsement under the new South Dakota High School Graduation Requirements also may earn the South Dakota Opportunity Scholarship and the Regents Scholar diploma. This will help eliminate confusion at the high schools and make requirements more consistent across.

IT WAS MOVED by Regent Morgan, seconded by Regent Thares, to approve the first reading of the proposed revisions to BOR Policy 2:3 as presented. Motion passed.

A copy of the BOR Policy 2:3 – System Undergraduate Admissions (First Reading) can be found on pages ____ to ____ of the official minutes.

5-C Naming Request – SDSM&T – Creation of a New Department of Computer Science & Engineering

SDSM&T President Rankin and Dr. Paul Turman, System Vice President of Academic Affairs, explained that the South Dakota School of Mines & Technology (SDSM&T) currently has a Department of Math and Computer Science, and a Department of Electrical and Computer Engineering. The university is reorganizing the departments to provide more visibility to the computational science part of the curriculum to increase the recruitment of students and to increase the amount of funded research. The new organization will have a new Department of Computer Science & Engineering (CSE), a Department of Math, and a Department of Electrical Engineering (EE).

Regent Schaefer asked for clarification that this proposal moves from two departments to three. President Rankin confirmed that this is the case. Additionally, he commented on why he felt this was the best model for the institution.

Regent Bastian asked about the estimated costs. President Rankin explained that the creation of the new department will have financial implications for SDSM&T resulting from additional administrative costs associated with: 1) converting a 9-month faculty position to a 12-month administrator position with reduced teaching expectations which will be shifted to adjunct faculty; and 2) the creation of a new administrative assistant position to assist with managing the department. Estimated costs are expected to be just under \$100,000 for these two FTE related adjustments. He confirmed that the institution is not requesting new funds.

IT WAS MOVED by Regent Morgan, seconded by Regent Bastian, to approve SDSM&T's request to reorganize their current Department of Math and Computer Science and Department of Electrical and Computer Engineering to allow for the creation of a Department of Computer Science & Engineering (CSE), a Department of Math, and a Department of Electrical Engineering (EE). Motion passed.

A copy of the Naming Request – SDSMT – Creation of a New Department of Computer Science & Engineering can be found on pages ____ to ____ of the official minutes.

5-D Banner Implementation Update

Dr. Janice Minder, Banner Student Project Leader, provided an informational update on the status of the Student Banner Project. She explained that to create a more managed go-live schedule, the SD teams have developed and worked to implement a phased approach and the first of these includes financial aid in November. This schedule assists each team to stay focused on the go-live dates as they approach a manageable implementation. She said SD is leaning on this strategy to be on time, within budget, and to mitigate additional costs.

Regent Morgan asked what security precautions are in place to protect names and personal information throughout the integration. Dr. Minder said there are Banner security protocols in place as well as other ways to mask personally identifiable information such as social security numbers. Dave Hansen, System CIO, shared additional information, including information about many layers of security that are applied depending on the users. He said we have a protocol in place to manage risk versus access.

Regent Schieffer asked if the project is on stable ground. Dr. Minder said that although five months ago she might have answered otherwise, she believes the project is in a good position to go forward.

Regent Morgan stated his appreciation for all the work that has gone into this project and said it is critically important that the project stay on track.

A copy of the Banner Implementation Update can be found on pages ____ to ____ of the official minutes.

5-E FY18 Research and Development Report

Nathan Lukkes, Board of Regents General Counsel, provided an overview of the report provided in the agenda item noting that while it is apparent that reaching \$150 million in research expenditures by 2020 is not feasible as outlined in the strategic plan goals, it is important that we continue to make incremental steps to advance and grow the system's research enterprise. He noted that in FY18 the system surpassed \$97 million in annual research expenditures for the first time since the expiration of ARRA funds in FY12, and obtained over \$107.5 million in awards, an increase of 4.9% over FY17.

He commended the campuses for a joint proposal from the Regental institutions that contributed to the solution of finding a way to support the REED Network, which was funded at \$500,000 over two years.

A copy of the FY18 Research and Development Report can be found on pages ____ to ____ of the official minutes.

BUDGET AND FINANCE

6-A Public Service Activity Report

Shelly Anderson, System Internal Auditor, advised that each year the Board receives a report the universities to determine whether institutions have complied with BOR Policy 1:22 – Self-Support Public Service Activities. She advised that SDSM&T was originally not in compliance upon her review; however, an A/R balance of \$51,600 existed as of 6/30/18, which made the cash balance a positive \$43,721, thus bringing SDSM&T into compliance.

A copy of the Public Service Activity Report can be found on pages ____ to ____ of the official minutes.

6-B BOR Policy 4:49 Revisions – Multi-Year Employment Contracts (Second Reading)

Kayla Bastian, System Director of Human Resources, recommended changes to BOR Policy 4:49 that changes the language to allow for a contract term of more than one (1) year, but not more than five (5) years, except to extend by the minimum amount of time required to align with the end of the fiscal year. Definitions were added as well as language that clarifies the funding information required by the Board when a new contract is requested.

IT WAS MOVED by Regent Roberts, seconded by Regent Morgan, to approve the second and final reading of the proposed revisions to BOR Policy 4:49 – Multi-Year Employment Contracts as presented. Motion passed.

A copy of the BOR Policy 4:49 Revisions – Multi-Year Employment Contracts (Second Reading) can be found on pages ____ to ____ of the official minutes.

6-C Student Accounts Receivable Report

Mary Ellen Garrett, System Accounting Director, presented the annual report of outstanding student receivables. She said the receivables represent less than 1% of the total student revenues for years FY15 through FY18. According to a NACUBO 2010 survey, the benchmark for bad debt collections runs at 3.5% nationally. The overall outstanding receivables rate for the four-year period is 0.51% of total receivables.

Regent Bastian recognized a slight trend of overall receivables being up and asked if this was a concern. Dr. Kramer agreed that if you look at the FY18 percentage there is definitely an upwards trend. This could be due to the fact that we are hanging onto more students that do not have their

finances in place and that is resulting in more receivable. Further, he stated that he is not concerned as we are doing about 200% better than the average for post-secondary institutions. He also stated that the system has been in a transition period with the use of the state's debt recovery center (ORC) so this additional work may be having an impact that is temporary.

A copy of the Student Accounts Receivable Report can be found on pages ____ to ____ of the official minutes.

6-D HEFF Cash Flow Statement

Dr. Monte Kramer, System Vice President of Finance and Administration, reviewed the FY18 HEFF cash flow statement that shows HEFF revenues were \$127,628 lower than the projection due to growth in dual credit hours which generate less HEFF per credit, and a slight decline in overall credit hours. Interest earnings were up \$69,753 over the projection, resulting in a total revenue shortfall of \$57,875 or a difference of 0.2%. Based on current assumptions and revenues, \$10.5 million of projects can be bonded in FY22 and \$12.5M in FY27. He said if this happens, it will have taken 15 years to complete the projects that we thought we had the cash flow to complete in 10 years.

Regent Thares provided a few suggestions for how to adjust the report in order to make it less confusing. Dr. Kramer noted the report hadn't been changed in over 25 years but he was certainly open to the changes.

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

6-E DSU Housing Acquisition

Stacy Krusemark, DSU Vice President of Finance, explained DSU's request to acquire property located at 321 N. Van Eps Avenue, Madison, SD from St. Thomas Aquinas Catholic Church at a purchase price of \$189,000. He said DSU plans to renovate the building to provide additional student housing for the fall 2019 semester. The preliminary estimate is 18 beds with a combination of single and double rooms. He confirmed that DSU has met the elements required in BOR Policy 6:2 and SDCL 13-51A.2 for the acquisition of real property.

IT WAS MOVED by Regent Roberts, seconded by Regent Schaefer, to authorize DSU to acquire the property located at 321 N. Van Eps, Madison, from the St. Thomas Aquinas Catholic Church using housing and auxiliary revenue funds and to place it into the revenue system. Motion passed.

A copy of the DSU Housing Acquisition can be found on pages ____ to ____ of the official minutes.

6-F Iowa Reduced Tuition Program Results

Dr. Monte Kramer, System Vice President of Finance and Administration, updated the Board on the impact of the Iowa reduced tuition program. He said in the first year the system experienced a

revenue loss of \$465,591, in part due to the approval in early April, which meant campuses did not have time to market the program for FY17. In the second year, all institutions showed a tuition and fee revenue gain. The system revenue gain in FY18 was \$494,910, not including room and board revenues or other miscellaneous revenues generated from the new students.

He said this reduced tuition program has exceeded expectations and unless requested we would not be tracking the revenues in the future. He said what this confirms is that students are price sensitive.

A copy of the Iowa Reduced Tuition Program Results can be found on pages ____ to ____ of the official minutes.

6-G Year-end Center Operating Statements

Dr. Monte Kramer, System Vice President of Finance and Administration, summarized the operating statements for the university centers as of June 30 for the last five years. He said this is the same information that was provided to the Government Audit and Operations Committee in July 2018.

In short, he said UC-SF had a slight increase in credit hours, about 2.4%, due to growth in the associate degree programs, but the revenue declined because the credits are being discounted by \$64.65 per credit. Additionally, the credit hours at BHSU-RC declined for the fifth year in a row. The decline for FY18 is estimated to be 8.6%. Lastly, the CUC operation is being taken over by its Foundation, and USD will continue to offer nursing at the location. CUC is really no longer a Center operated by the institutions, and instead is a rented facility where the campuses offer courses. Starting in FY19, the cost to deliver courses, any administrative costs, rental costs, and the revenues generated will be the only items tracked.

A copy of the Year-end Center Operating Statements can be found on pages ____ to ____ of the official minutes.

6-H SDSU Football Stadium Pro-Forma

Dr. Monte Kramer, System Vice President of Finance and Administration, advised that the stadium is currently operating in its third fiscal year. At the request of SDSU, Dr. Kramer supported replacing SDSU's original pro forma with more accurate revenue and expense data based on actuals from the last two fiscal years. Further, he recommended that the annual report go to the Audit Committee instead of the Board; the basis for the M&R calculation be based on the construction cost of the roofed facility; and finally, that the debt service reserve requirement be changed. The original pro forma and the proposed pro forma are included in attachments II and III of the agenda item.

Regent Schieffer asked clarifying questions about the pro-forma, including information about the coverage ratios.

Dr. Kramer said there was no legally required coverage ratio for the stadium, but the Board at the time felt that the 1.20 ratio was an appropriate goal with appropriate risk coverage. Regent Morgan provided additional insight considering this topic was discussed at length during the Board's Athletic Committee meeting and although 1.20 would still be strived for, it didn't seem that it was necessary to hold as much in reserve considering the stadium is doing well. SDSU would like to achieve 1.20 and then get rid of the reserve.

Regent Thares asked additional questions about the value of the stadium, which was cut in half in the revised pro-forma. He asked if other buildings in the system are being handled similarly. Dr. Kramer said the only reason this project is being revisited is because we now know the actual value of the stadium. Additionally, it is now being handled similarly to other stadiums in the system, where only stadium buildings are included in the 2% calculation and the outdoor portions are excluded.

Regent Roberts discussed the effects of revising the draft motion to only advance subsection 2. All members agreed that this item should come back to the full Board next year rather than going to the Audit Committee.

After a question from SDSU about the M&R obligation going forward, the regents said adjusting an M&R evaluation and revising a pro-forma are different topics. Therefore, it was decided that this topic be deferred to the December meeting with a commitment to find a resolution that worked for all.

A copy of the SDSU Football Stadium Pro-Forma can be found on pages ____ to ____ of the official minutes.

6-I USD Dakota Dome Facility Design Plan

Dr. Monte Kramer, System Vice President of Finance and Administration, explained USD's request to approve the Facility Design Plan for the design and construction of the Dakota Dome Renovation (Phase II – Interior Renovations) with a total budget of approximately \$26.32M. Funding for the project will be Debt Financed (to be repaid with private funds from the Foundation) in the amount of \$14,500,000, USD local funds of \$6,419,602, and HEFF M&R Proceeds of \$5,400,398.

IT WAS MOVED by Regent Roberts, seconded by Regent Mickelson, to approve USD's Dakota Dome Facility Design Plan for Phase II, Interior Renovations, with a total estimated price of \$24,205,000. Motion passed.

A copy of the USD Dakota Dome Facility Design Plan can be found on pages ____ to ____ of the official minutes.

6-J (1) BOR Policy Revisions – BOR Policy 5:3 – Agreements and Contracts (First & Final Reading)

Dr. Monte Kramer, System Vice President of Finance and Administration, said the policy has been put in the new format that includes the purpose of the policy and definitions. There were no substantial changes to the policy.

IT WAS MOVED by Regent Roberts, seconded by Regent Morgan, to (1) waive the two-reading requirement of By-Laws Section 5.5.1, and (2) approve the first and final reading of BOR Policy 5:3 – Agreements and Contracts as shown in Attachment I. Motion passed.

A copy of the BOR Policy Revisions – BOR Policy 5:3 – Agreements and Contracts (First & Final Reading) can be found on pages ____ to ____ of the official minutes.

6-J (2) BOR Policy Revisions – BOR Policy 5:6 – Student FICA Exemption (First & Final Reading)

Dr. Monte Kramer, System Vice President of Finance and Administration, said the policy has been put in the new format that includes the purpose of the policy and definitions. There were no substantial changes to the policy.

IT WAS MOVED by Regent Roberts, seconded by Regent Morgan, to (1) waive the two-reading requirement of By-Laws Section 5.5.1, and (2) approve the first and final reading of BOR Policy 5:6 – Student FICA Exemption as shown in Attachment I. Motion passed.

A copy of the BOR Policy Revisions – BOR Policy 5:6 – Student FICA Exemption (First & Final Reading) can be found on pages ____ to ____ of the official minutes.

6-J (3) BOR Policy Revisions – BOR Policy 5:10 – Identity Theft Prevention (First & Final Reading)

Dr. Monte Kramer, System Vice President of Finance and Administration, said the policy has been put in the new format that includes the purpose of the policy and definitions. There were no substantial changes to the policy.

IT WAS MOVED by Regent Roberts, seconded by Regent Bastian, to (1) waive the two-reading requirement of By-Laws Section 5.5.1, and (2) approve the first and final reading of BOR Policy 5:10 – Identity Theft Prevention as shown in Attachment I. Motion passed.

A copy of the BOR Policy Revisions – BOR Policy 5:10 – Identity Theft Prevention (First & Final Reading) can be found on pages ____ to ____ of the official minutes.

6-J (4) BOR Policy Revisions – BOR Policy 5:19 – System Funding (First & Final Reading)

Dr. Monte Kramer, System Vice President of Finance and Administration, said the policy has been put in the new format that includes the purpose of the policy and definitions. There were no substantial changes to the policy.

IT WAS MOVED by Regent Roberts, seconded by Regent Bastian, to (1) waive the two-reading requirement of By-Laws Section 5.5.1, and (2) approve the first and final reading of BOR Policy 5:19 – System Funding as shown in Attachment I. Motion passed.

A copy of the BOR Policy Revisions – BOR Policy 5:19 – System Funding (First & Final Reading) can be found on pages ____ to ____ of the official minutes.

6-K USD Discovery District: City of Sioux Falls Easement Resolution

Nathan Lukkes, Board of Regents General Counsel, stated that the USD Research Park, Inc. (dba the USD Discovery District) requests that the Board of Regents adopt the Resolution set forth in Attachment I requesting the grant of easements to the City of Sioux Falls for street/highway right-of-way, water, sanitary and storm sewers, drainage, other utilities or structures associated with the operation and maintenance of the street/highway, as directed by the Executive Director of the Board of Regents.

He further explained that the immediate need for this resolution is to facilitate the City of Sioux Falls financing, constructing and taking responsibility for the operation and maintenance of those portions of W. Haines Street and N. Pell Avenue shown in Attachment II, to include the water, sanitary and storm sewers, drainage, other utilities or structures associated with the operation and maintenance of the street. The “blanket easement” resolution approach detailed in Attachment I will serve to expedite the processing of such requests, while maintaining sufficient checks and balances in the process.

IT WAS MOVED by Regent Roberts, seconded by Regent Morgan, to approve and adopt the Resolution set forth in Attachment I, requesting the Commissioner of School and Public Lands to proceed with the easements as stated therein. Motion passed.

A copy of the USD Discovery District: City of Sioux Falls Easement Resolution can be found on pages ____ to ____ of the official minutes.

6-L (1) Routine Information Items – Building Committee Report

Dr. Monte Kramer, System Vice President of Finance and Administration, reviewed the actions taken by the building committees.

A copy of the Routine Information Items – Building Committee can be found on pages ____ to ____ of the official minutes.

6-L (2) Routine Information Items – Capital Project List

Dr. Monte Kramer, System Vice President of Finance and Administration, reviewed the October Capital Project List.

A copy of the Routine Information Items – Capital Project List can be found on pages ____ to ____ of the official minutes.

IT WAS MOVED by Regent Morgan, seconded by Regent Mickelson, to reconvene in executive session at or around 9:00 a.m. on Thursday, October 4, 2018, to continue consulting with legal counsel and discussing personnel matters, pending and prospective litigation, contractual matters, and marketing or pricing strategies by a board or business owned by the State when public discussion may be harmful to the competitive position of the business; and that the Board rise from executive session at the conclusion of its discussions and act in public session on any recommended actions it deems prudent as a result of its executive session deliberations.

Campus Community Forum

The Board responded to questions from the campus community.

THURSDAY, OCTOBER 4, 2018

The Board reconvened at 7:30 a.m.

Breakfast Meeting with Area Legislators

Representative Chip Campbell (District 35), Representative Scyller Borglum (District 32), and Representative David Johnson (District 33) met with board members to informally discuss priorities in the public university system. Topics included online education, cultivation of corporate donor support, efficiencies, and Board outreach to legislators.

The Board reconvened in Executive Session at 9:15 a.m.

The Board reconvened in public session at 12:50 p.m. with five regents in attendance, including Regents Roberts, Mickelson, Bastian, Schieffer, and Lund.

Report and Action of Executive Session

Regent Roberts reported that the Board dissolved into Executive Session at 9:15 a.m. on Thursday, October 4, 2018, to consult with legal counsel and discuss personnel matters, pending and prospective litigation, contractual matters, and marketing or price strategies of a board of a business owned by the State when public discussion may be harmful to the competitive position of the business. She said the Board came out of executive session at 12:50 p.m. While in Executive

Session, the Board discussed the matters just described, which included certain recommended actions as set forth in the Secretary's Report and other matters permitted by the law.

IT WAS MOVED by Regent Roberts, seconded by Regent Mickelson, to approve the recommended actions as set forth in the Secretary's Report and that it publish said Report and official actions in the formal minutes of this meeting. Motion passed.

ADJOURMENT

IT WAS MOVED by Regent Bastian, seconded by Regent Lund, to adjourn the meeting. Motion passed.

Meeting adjourned at 12:55 p.m.

DRAFT

Secretary's Executive Session Report

The Board convened in Executive Session pursuant to the vote of the majority of the Board present and voting at its public meeting on Tuesday, October 2, 2018, and then again on Wednesday, October 3, 2018, in accordance with SDCL 1-25-2 to discuss matters authorized therein. Following executive session, the Board will meet in open session to discuss and take official action on the matters set forth below, all other matters discussed were consistent with the requirements of SDCL 1-25-2, but no official action on them is being proposed at this time.

Recommended Actions:

2-A.1 – Approve the salary adjustments, appointments and clinical faculty rank requests as outlined in Attachment I.

2-A.2 – Award two (2) years of prior service credit toward tenure and two (2) years of prior service credit toward promotion for Quintin Owens (BHSU) and Bridget Diamond-Welch (USD).

2-A.3 – Award an honorary posthumous Bachelor of Science in Chemical Engineering to Mr. Benjamin Authier (SDSMT).

2-C.1 – Authorize settlement as to the named defendants in the case referenced in Item 2-C.1 within the parameters discussed therein upon review of General Counsel and concurrence of the Executive Director.

2-C.2 – Authorize settlement as to the named defendants in the case referenced in Item 2-C.2 within the parameters discussed therein upon review of General Counsel and concurrence of the Executive Director.

2-F – Authorize proceeding with the lease and purchase options related to the SDSD within the parameters discussed.

PERMANENT SALARY ADJUSTMENTS 5% OR GREATER

Dakota State University

Name	Title	Effective Date	Job Change Reason	Rate	Salary	Previous Rate	Previous Salary	% Increase
Suraj Mahat	Software Systems Engineer	22-Jun-18	Reclassification	\$31.25	\$65,000.00	\$21.40	\$44,511.14	46%

South Dakota State University

Name	Title	Effective Date	Job Change Reason	Rate	Salary	Previous Rate	Previous Salary	% Increase
Cody Caldwell	Assistant Coach-Wrestling	22-Jun-18	Change Salary Rate/Pay Grade	\$24.04	\$50,000.00	\$21.15	\$44,000.00	14%
Jenna Cowan	Project Lead	22-Jul-18	Reclassification	\$25.24	\$52,500.00	\$24.03	\$50,000.00	5%
Camila Diel	Licensing Coordinator	22-Jul-18	Reclassification	\$26.44	\$55,000.00	\$23.11	\$48,068.00	14%
Kathleen Fitzgerald-Ellis	Asst Dir Nursing Student Serv	22-Jul-18	Reclassification	\$25.98	\$54,043.00	\$23.62	\$49,130.00	10%
Amber Healy	Associate Director	22-Jun-18	Permanent Additional Duties	\$29.81	\$62,000.00	\$27.31	\$56,797.00	9%
Samuel Jennings	Dean of Students	22-Jun-18	FY Salary Increase	\$49.25	\$102,443.00	\$44.25	\$92,030.00	11%
Jennifer Kerkvliet	Pop Health Eval Ctr Director	22-Jul-18	Reclassification	\$33.46	\$69,595.00	\$30.42	\$63,268.00	10%
Linda Lemme	Coordinator-Cont Nurs Ed Svc	22-Jun-18	Change in Appointment Type	\$18.62	\$42,864.00	\$18.40	\$38,271.26	12%
Jody Owen	Director	22-Jun-18	Permanent Additional Duties	\$35.10	\$73,000.00	\$30.86	\$64,191.00	14%
Jessica Riens	Manager-Parking & Transportati	22-Jun-18	FY Salary Increase	\$24.04	\$50,000.00	\$21.64	\$45,000.00	11%
Jody Own	Director	22-Jun-18	Permanent Additional Duties	\$35.10	\$73,000.00	\$30.86	\$64,191.00	14%
Carissa Thielbar	Assistant Coach - Women's BB	15-Jun-18	Promotion	\$30.80	\$64,000.00	\$24.04	\$50,000.00	28%

University of South Dakota

Name	Title	Effective Date	Job Change Reason	Rate	Salary	Previous Rate	Previous Salary	% Increase
Alex Antonen	Director of WBB Operations	22-Jul-18	FY Salary Increase	\$19.23	\$40,000.00	\$17.31	\$36,000.00	11%
Sherrie Bosse	Senior Lecturer	22-Jun-18	FY Salary Increase	\$36.97	\$76,889.67	\$36.62	\$69,825.13	10%
Paul Formisano	Director of Writing	22-Jul-18	FY Salary Increase	\$39.70	\$6,879.85	\$36.48	\$6,321.60	9%
Dana Hansen	Teaching Lab Assistant	22-Jun-18	Permanent Additional Duties	\$15.61	\$32,458.10	\$15.45	\$24,102.55	35%
Shannon Hirsch	Teaching Lab Manager	22-Jul-18	Reclassification	\$25.96	\$54,000.00	\$23.44	\$48,758.75	11%
Aaron Horn	Assistant Coach - WBB	22-Jul-18	FY Salary Increase	\$26.44	\$55,000.00	\$22.12	\$46,000.00	20%
Andrew Prevost	Assistant Coach - Football	22-Jun-18	FY Salary Increase	\$27.12	\$56,400.00	\$23.08	\$48,000.00	18%

Deborah Reeves	Curator	22-Jun-18 FY Salary Increase	\$35.12	\$41,633.90	\$31.87	\$37,849.00	10%
Alexa Rudeen	Arena-Equipment Room Manager	22-Jun-18 Sal Adj-Unusual Circumstance	\$17.07	\$35,500.00	\$14.42	\$30,000.00	18%
Monica Sathyanesan	Research Associate III	22-Jul-18 Reclassification	\$23.08	\$48,000.00	\$17.99	\$37,416.50	28%
Theodore Schlafke	FB Asst Coach/Co-Offense Coord	22-Jun-18 FY Salary Increase	\$42.79	\$89,000.00	\$38.46	\$80,000.00	11%
Raluca Simons	Associate Professor	22-Jul-18 FY Salary Increase	\$48.37	\$83,840.20	\$47.42	\$73,978.19	13%
Elizabeth Taggart	Dir of Law School Admissions	22-Jul-18 Change Salary Rate/Pay Grade	\$29.09	\$60,500.00	\$25.72	\$53,500.00	13%
Mark Watson	FB Assistant Coach/Def Backs	22-Jun-18 FY Salary Increase	\$29.09	\$60,500.00	\$26.44	\$55,000.00	10%

APPOINTMENTS REPORTING TO THE PRESIDENT,SUPERINTENDENT or EXECUTIVE DIRECTOR

Name	Title	Effective Date	Salary	Institution
Mark Millage	VP for Inst Adv/Mark/Comm	22-Aug-18	\$130,000.00	DSU
Nathan Lukkes	General Counsel	22-Aug-18	\$166,580.00	BOR

SSOM CLINICAL FACULTY RANK APPROVALS

Name	Academic Rank	Department
David Condon	Assistant Professor	Internal Medicine
Frederick Severs	Associate Professor	Internal Medicine
Maria Del Pilar Dela Puente Garcia	Assistant Professor	Surgery
G. David Potter	Instructor	Surgery
Nathan Bockholt	Instructor	Surgery
Seri Carney	Assistant Professor	Surgery
Barbara Merriman	Assistant Professor	Neurosciences
Nessim Amin	Instructor	Neurosciences
Jason Wurth	Associate Professor	Family Medicine
Jason Wurth	Associate Professor	Family Medicine
David Condon	Assistant Professor	Internal Medicine
Frederick Severs	Associate Professor	Internal Medicine
Barbara Merriman	Assistant Professor	Neurosciences
Nessim Amin	Instructor	Neurosciences
Maria Del Pilar Dela Puente	Assistant Professor	Surgery
G. David Potter	Instructor	Surgery
Nathan Bockholt	Instructor	Surgery

Seri Carney

Assistant Professor

Surgery
