

**BOARD OF REGENTS
MINUTES OF THE MEETING
October 4-6, 2016**

The South Dakota Board of Regents met on October 4-6 at Northern State University in Aberdeen, South Dakota, with the following members present:

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

The following member was not present:

Bob Sutton, Vice President

Also present during all or part of the meeting were Mike Rush, Executive Director and CEO; Guilherme Costa, Board of Regents General Counsel; Paul Turman, System Vice President for Academic Affairs; Nathan Lukkes, Assistant Vice President for Research and Economic Development; Michele Anderson, Internal Auditor; Kayla Bastian, Director of Human Resources; Monte Kramer, System Vice President of Finance and Administration; Dave Hansen, System Chief Information Officer; Molly Hall-Martin, Director of Student Preparation & Success; Molly Weisgram; System Director of Student Affairs and Executive Assistant to the CEO and Board; Janelle Toman, Director of Communications; Mary Ellen Garrett, Accounting Manager; Barry Dunn, SDSU President; José-Marie Griffiths, DSU President; Tom Jackson Jr., BHSU President; Heather Wilson, SDSM&T President; Tim Downs, NSU President; James Abbott, USD President; Alyssa Kiesow, Debbi Bumpous, Erin Fouberg, JoEllen Lindner, Karen Marchant, Checka Leinwall, NSU; Mark Hawkes, Stacy Krusemark, Marcus Garstecki, DSU; Roberta Ambur, Jim Moran, Sheila Gestring, Mary Berry, Kim Grieve, USD; Jan Puszynski, SDSM&T; Julie Johnson, Aberdeen community; Katherine Grandstrand, American News; and other members of the regental system and public and media.

TUESDAY, OCTOBER 4, 2016

Regents' President Randy Schaefer declared a quorum present and called the meeting to order at 3:00 p.m.

REGENTS' WORKSHOP

Research Buildings/Centers and their Impact on Research Capacity

Nathan Lukkes, Assistant Vice President for Research and Economic Development, said the purpose of the Regents Workshop is to focus on the system's research enterprise, including the research facilities and Governor Research Center program budget requests. He said the intent of the workshop is to provide a forum for the Regents to interact with campus representatives and have an in-depth discussion on the research enterprise and the capital project requests relating thereto. He said that based on this discussion an item prioritizing the research facility requests will be presented to the Board later in the meeting.

To provide context to the discussion, Nathan overviewed the system strategic goal around Research and Economic Development and provided information on the following topics: system research awards and expenditures activity over the last 10 years, system technology transfer activity, numbers of research FTEs and STEM graduates, the benefits of research, limiting factors, and strategic investment.

BHSU President Tom Jackson, Jr. and Provost Chris Crawford talked about research, scholarship and creative activity at a comprehensive liberal arts university. President Jackson explained that BHSU focuses on the undergraduate research experience which is a value-add for its students. Provost Crawford introduced the research activities at BHSU.

NSU President Tim Downs, Associate Professor of Biology Dr. Alyssa Kiesow, and Dean of the College of Arts and Sciences Josh Hagen provided information on research activities at NSU. Dr. Kiesow explained that research at NSU goes beyond science, explaining that it includes creativity and scholarship and anything that develops critical thinking. She said research is embedded in the classroom but is also conducted outside the classroom through various means. Dean Hagen spoke about the institution's proposal for a new Math and Science Building.

DSU President José-Marie Griffiths, Vice President of Finance Stacy Krusemark, and Professor of Education and Dean of Graduate Studies and Research Mark Hawkes provided information on research at DSU. President Griffiths explained that DSU seeks \$18 million to build a secure laboratory for cyber work; they would call it MadLabs (short for Madison Cyber Labs). She explained that South Dakota is in a unique position to be a hub of cybersecurity resources for the region and announced that DSU was recently designated a Center of Academic Excellence – Cyber Defense Regional Resource Center (CRRC) by the U.S. National Security Agency and the U.S. Department of Homeland Security. This is one of only four in the nation. She explained that DSU is currently engaged in discussions with several potential funding partners.

SDSM&T President Heather Wilson and Vice President of Research Jan Puszynski provided information on the growing research activities at SDSM&T and explained that space is currently a barrier to research expansion at the institution. They introduced their proposal to create a South Dakota Institute for Advanced Materials and Manufacturing. They said this is a great opportunity

for SDSM&T to make a difference for the South Dakota economy. The proposed Institute would utilize all the externally funded equipment that is currently in ill-suited space. President Wilson explained that the Institute aligns well with other efforts in Rapid City, including a new innovation district in downtown Rapid City just approved by the city council. President Wilson also introduced a recent commitment of a land gift within the innovation district worth \$3 million. She described the anticipated planning and construction timeline if the funds were secured to build the facility. She additionally explained that all four presidents (who are proposing new research facilities) collaboratively approached a single donor for 50% of the funding needed for these projects.

Regent Jewett asked about the conditions of the letter President Wilson provided to the Board members describing the recent land gift, which states the gift is contingent upon certain things happening by December 31, 2017. He said meeting this deadline would require quick planning turnaround and the appropriation would have to be approved at this legislative session. He wondered if the donor would be willing to change the date to 2018. The donor was commended for helping to transform downtown Rapid City and President Wilson expressed her gratitude.

SDSU President Barry Dunn, Vice President of Research & Economic Development Kevin Kephart, and Interim Dean of Agriculture and Biological Sciences Daniel Scholl provided information about research at SDSU. Dr. Scholl described the proposed enhancement, enlargement, and renovation of the Animal Disease Research & Diagnostic Lab (ADRDL). He described the funding strategy and timeline assuming that the facility receives legislative approval during the 2017 legislative session.

Regent Jewett asked why South Dakota needs a Level 3 ADRDL facility if surrounding states have Level 3 facilities and South Dakota can utilize them when needed. Dr. Scholl said other states will prioritize their needs first and this type of facility should be viewed like an insurance policy. You hope you don't need it, but if you do, it is critical to have.

President Dunn said that the funding model is not yet finalized but the cost of what is being proposed is predominately on the backs of the livestock industry itself. He emphasized that no tuition or fee money would be involved in this project. Regent Schieffer asked whether there had been any updates on the decision about the state's share of the cost. President Dunn said there was no update. At this point, the industry is the one who is currently negotiating with the Governor's office for funding.

Regent Johnson asked whether these estimates for all proposed projects include the necessary equipment. SDSU said the proposed cost includes the equipment; DSU said the proposed cost includes equipment; SDSM&T said the proposed cost includes the building only because the institution already has the equipment.

USD President James Abbott and Vice President of Research and Sponsored Programs Mary Berry introduced the research and development activities and vision at USD. Dr. Berry described the GEAR Center and Discovery District expansion and provided the rationale for its need. She demonstrated how this expansion aligns with the 2020 R&D Vision. Regarding the funding strategy and timeline, she indicated that the request is for \$14 million and if approved, will have an anticipated completion date of 2020.

At the conclusion of the campus presentations, Nathan summarized them by saying that all proposed projects are good and there is no wrong answer in how the Board chooses to prioritize the projects. He recommended that however the Board prioritizes the projects it should consider a way to build in enough flexibility so that if funding becomes available for lower prioritized projects, the framework should not hold up the process. In response to a question by Regent Morgan, Nathan Lukkes said it is unlikely that any of these projects would solely be funded by the state. He would aim for a 50/50 split.

Rather than prioritize, Regent Schaefer said a better way to frame the activity is to rank the urgency of the projects. Nathan agreed and said that the Governor's office would like a more strategic approach to utilizing one-time money in the future. He said he thinks that BFM might like to see a bill this legislative session that would outline the plan for these four projects. Regent Johnson suggested that investment in biotechnology always requires additional time before a return on investment is seen because of the necessary animal trials. She said some of these projects would have a quicker return on investment for economic development than others.

Regent Schieffer asked whether the other projects besides the ADRDL have private funding lined up for roughly 50% of the cost. President Wilson said the four presidents jointly approached a single donor about providing a 50% match. She said that raising money from philanthropic organizations for research facilities is a heavy lift and connected individuals who care about South Dakota are better possibilities. She said that overall it is more common that states fund facilities.

In response to comments by Regent Jewett, Nathan agreed that IT infrastructure is part of the equation as much as space, etc. President Griffiths said that unless you are transferring very large amounts of information across the fibers, you are not limited in what you can do with the existing infrastructure. This would be applied to big data research but not the type of facility and research being discussed by DSU. President Griffiths further commented on the difficulty of securing matching money from philanthropic organizations. She agreed with President Wilson that the best possible funders of research facilities would be those individuals who care about the future of South Dakota.

Dr. Kephart said that SDSU is experiencing an increase in the use of data transfer over the fibers. Dr. Monte Kramer, System Vice President of Finance and Administration, agreed that this is very important and the Board office is in ongoing conversations about increasing the amount of IT capacity. He said the need includes replacement of equipment, and it will have to be a state priority in order to be accomplished.

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian, that the Board of Regents convene and dissolve into Executive Session at 6:20 p.m. on Tuesday, October 4 to discuss personnel matters and rise at 7:30 p.m.; that it reconvene at 8:00 a.m. on Wednesday, October 5 to discuss personnel matters, pending and prospective litigation, contractual matters, and to consult with legal counsel; and that it rise to resume the regular order of business at 12:30 p.m. and report its deliberations while in Executive Session during the portion of the regular order of business that begins at 1 p.m. on Wednesday, October 5, 2016. Motion Passed.

WEDNESDAY, OCTOBER 5, 2016

Regents' President Randy Schaefer declared a quorum present and called the meeting to order at 1:10 p.m.

BOARD WORK

3-A Approval of the Agenda

Regent Kevin Schieffer proposed that item 7-H be handled at 2 p.m. The agenda was approved with this stipulation.

3-B Declaration of Conflicts

Regents' President Randy Schaefer noted that he has a conflict with agenda item 7-V, as he has previously disclosed that he is a member of SDSU Growth Partnership, and will recuse himself from the discussion and vote.

3-C Approval of the Minutes – Meeting on August 2-4, 2016

The Board approved the minutes of the meeting on August 2-4, 2016. Motion Passed.

3-D Rolling Calendar

The Board approved next year's Board of Regents meeting to be held on October 3-5, 2017, at Dakota State University in Madison. Motion Passed.

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

CONSENT AGENDA

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

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve items 4-A through 4-G. Motion Passed.

Academic and Student Affairs

4-A Joint Powers of Agreement – SDSU and Dept. of Agriculture

The South Dakota Department of Agriculture (DOA) entered into an agreement with South Dakota State University (SDSU) to establish and continue an Extension Forester position at SDSU within the Cooperative Extension Service. The agreement commenced on October 1, 2014, and ends on September 30, 2017. DOA will provide \$80,000 to SDSU in the third and final year of the agreement, and SDSU will provide non-federal matching funds.

A copy of SDSU's Joint Powers of Agreement with the Department of Agriculture can be found on pages ___ to ___ or the official minutes.

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

Approve South Dakota School of Mines and Technology to enter into a Memorandum of Understanding with Arba Minch University (AMU), Arba Minch, Ethiopia to assist in facilitating collaborative opportunities between the two universities.

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

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

Approve South Dakota State University's Guideline for Undergraduate Education Cooperation with the China Medical University (CMU) in Taichung, Taiwan to be used in conjunction with SDSU's current active Agreement on Academic Cooperation with CMU. This Guideline is for a 2+2 international student program involving the Department of Health and Nutrition Sciences.

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

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

Approve the study abroad agreement between the University of South Dakota and the University of Auckland; the international student exchange agreement with the University of South Wales; the renewal of the exchange agreement with Otaru University of Commerce; the renewal of the MOU with Otaru University of Commerce; and the renewal of the partnership agreement with the University of Vigo.

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

4-C Memorandum of Agreement – SDSU & NCTA

Approve South Dakota State University to enter into a memorandum of agreement with the University of Nebraska – Nebraska College of Technical Agriculture (NCTA) to facilitate simultaneous enrollment opportunities for students pursuing the Dairy Production Concentration at NCTA.

A copy of SDSU and SCTA's Memorandum of Agreement can be found on pages ___ to ___ of the official minutes.

4-D(1) Program Modifications – Black Hills State University

Approve Black Hills State University's Program Modifications for B.S in American Indian Studies, B.S. in Biology, B.A. in English, B.S in Environmental Physical Science, B.A. in History, B.S. in Mass Communication, B.S. in Mathematics; B.S. in Outdoor Education; and B.S. in Psychology programs.

A copy of BHSU's program modifications can be found on pages ___ to ___ of the official minutes.

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

Approve the University of South Dakota's program modifications for Ph.D. in Basic Biomedical Sciences (Neurology and Infectious Disease Specializations), B.S. in Health Sciences (No Specialization, Paramedic Specialization), B.S. in Kinesiology & Sport Sciences, and B.S. in Social Work (No Specialization, Child Welfare Specialization).

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

4-E New Certificate Request – SDSU – Engineering Graphics

Approve South Dakota State University's request to offer an undergraduate certificate in Engineering Graphics as described in Attachment I.

A copy of SDSU's new certificate request can be found on pages ___ to ___ of the official minutes.

4-E New Site Request – USD – Minor in Criminal Justice

Approve the University of South Dakota's minor in Criminal Justice through online distance delivery as described in Attachment I.

A copy of USD's new site request can be found on pages ___ to ___ of the official minutes.

Budget and Finance

4-G M&R Projects

Approve Black Hills State University's request to modify the renovation project for the Student Union Bookstore to create additional storefront. The estimated cost went from \$150,000 (approved at the April 2015 BOR Meeting) to a \$300,000 and will be funded by bookstore revenues.

Approve South Dakota School of Mines and Technology's request for the Campus Pavement Project at an estimated cost of \$300,000 to repave and maintain campus roads and curbs. Funding for this project will be from parking funds.

A copy of BHSU and SDSM&T's Maintenance and Repair Projects can be found on page ___ of the official minutes.

PLANNING AND RESOURCE DEVELOPMENT

5-A Welcome and Presentation by NSU President Timothy Downs

NSU President Tim Downs welcomed the audience to NSU and said that Northern was pleased to host the Board of Regents meeting. He said there has been much activity on campus with homecoming the previous week, the Board of Regents and the South Dakota Supreme Court on campus this week, and the Johnson Fine Arts Center ribbon cutting this evening. He said he is excited about the new Fine Arts Center because it confirms that NSU is a phenomenal place for the arts as well as all of the other comprehensive elements of a university. He introduced Dr. Kenneth Boulton, Dean of the School of Fine Arts, as well as nine students who performed a musical piece for the audience.

5-B Student Organization Awards

JoEllen Linder, NSU Vice President of Student Affairs and Enrollment, introduced the Student Organization Awards. The Award for Academic Excellence for 2015 was presented to the NSU Honors Club. The Award for Community Service was presented to the Northern State Art Club. The Award for Organization Leadership was presented to AWAREWolves.

A copy of the NSU Student Organization Awards can be found on page ___ of the official minutes.

5-C Reports on Individual Regent Activities

Regent Jim Morgan reported on a visit he made to SDSM&T to learn more about the research, facilities, and activities at the institution. He said his visit included a tour of the deep underground lab as well as summer project presentations by students.

Regents' President Schaefer reported that he enjoyed the SDSU inauguration events for new SDSU President Barry Dunn on September 29.

5-D Report and Actions of Executive Session

After convening at 6:20 p.m. on Tuesday, October 4, 2016, the Board dissolved into executive session in order to discuss personnel matters. The Board rose from executive session at 8:30 p.m. The Board dissolved into executive session at 8:00 a.m. on October 5, 2016, in order to discuss personnel matters, pending and prospective litigation, contractual matters, and to consult with legal counsel. The Board rose from executive session at 12:45 p.m.

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

IT WAS MOVED by Regent Schieffer, seconded by Regent Schaefer, 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. Approve the settlement agreement for the litigation captioned as Fedora Sutton v. South Dakota Board of Regents, CIV. 16-4020, (U.S. District Court for the District of South Dakota).
2. Award the title of Professor Emeritus for Ms. Risë Smith (DSU); and the title of Professor Emerita of Communication Studies and Theatre for Dr. Laurie Haleta (SDSU). The resolution of recognition can be found on pages ____ to ____ of the official minutes.
3. Approve the requests for a one (1) year extension of time for tenure consideration for Elise Boxer (USD).
4. Deny SDSU Faculty Grievance No. 2016-02.
5. Deny SDSU Faculty Title IX/EEO Appeal No. 2016-03.
6. Accept the appointment of Dr. Michaela L. Willis as SDSU vice president for the division of student affairs effective July 22, 2016 at an annualized salary of \$165,000; and accept the title change for Karyn Weber from assistant to the president to chief of staff at SDSU, effective August 15, 2016, with no change in salary.
7. Approve the personnel actions as submitted by the Board office, campuses, and special schools. A copy of the personnel actions can be found on pages ____ to ____ of the official minutes.

Motion Passed.

5-E Report of the Executive Director

Dr. Mike Rush, Board of Regents Executive Director and CEO, explained that he recently gave the key note address for New Mexico's Higher Education Summit. He said the purpose of the Summit was to address the state's 66% attainment goal. He emphasized this because the Board recently reaffirmed its commitment to a 65% attainment goal in South Dakota.

Additionally, he said that he had the pleasure of engaging a class taught by Marshall Damgaard at USD about the importance of postsecondary education.

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

5-F Amendment to the By-Laws (Second Reading)

Guilherme Costa, Board of Regents General Counsel, explained that at its August 2016 meeting the Board approved the first reading of an amendment to the By-Laws. The item before the Board at the August 2016 meeting specifically addressed changes to the Search and Screen Committee, including involving the local or campus advisory committee before finalists are selected, and allowing the President of the Board to appoint members of the local or campus advisory committee, rather than the full Board. The revisions also included some clarifying non-substantive revisions to Article IV. During the Board's August discussion, two additional amendments to the By-Laws were discussed (eliminating the Committee of the Whole Board and revising the indemnification language) and were also approved as part of the first reading.

He explained that no substantive changes were made between the first and second reading of the By-Laws revision.

Regent John Bastian explained that he originally brought up changes to Section 8.1 on indemnification and has since found a way to simplify the language. Therefore, before he makes the motion, he wants to propose a friendly amendment to change the language in Section 8.1 to read as follows:

“Indemnification is subject to the limitations and exceptions set forth in SDCL § 3-19-2.”

IT WAS MOVED by Regent Bastian, seconded by Regent Schieffer, to approve the second and final reading of the revisions to the By-Laws, as shown in Attachment I, with the changes to Section 8.1 as proposed by Regent Bastian to read “Indemnification is subject to the limitations and exceptions set forth in SDCL § 3-19-2.” Motion Passed.

A copy of the Amendment to the By-Laws can be found on pages ___ to ___ of the official minutes.

5-G 2017 Proposed Legislation

Dr. Monte Kramer, System Vice President of Finance and Administration, provided an overview of the preliminary list of Board-sponsored legislative items, which will be updated and finalized at the December Board meeting. He noted that additional items, which may also result in legislation, will be discussed in separate Board items.

Regent Schieffer asked for clarification about the budget request to increase teacher salaries at the South Dakota School for the Blind and Visually Impaired. Dr. Kramer explained that no legislation is required for a request to increase teacher salaries. He said this is a budget request that would be included in the general bill.

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

5-H NSU Foundation Report

Dr. Rush, Board of Regents Executive Director, introduced this topic by explaining that this is a new agenda item for the Board. He placed this topic on the agenda because it is important that the Board remain aware of the activities of the institutional foundations and also that the Memorandum of Understanding between the institutions and foundations be refreshed from time to time.

Todd Jorde, NSU Foundation President and Chief Executive Director, provided a brief overview of the activities the NSU Foundation is undertaking to support the university.

Dr. Downs said that as a new president he is working closely with the foundation and all its committees. He said a major priority continues to be scholarships and appreciates the foundation’s partnership.

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

BUDGET AND FINANCE

7-H FY18 GAF Increases

Dr. Kramer, System Vice President of Finance and Administration, explained that student affordability is a concern for the Regental system and is a top priority for the FY18 Board of Regents budget request. That said, BHSU, NSU, SDSU and USD are requesting General Activity Fee (GAF) increases for FY18. With a tuition freeze or tuition buy down as a top priority, appropriate planning and consideration need to be given to requests that will increase the cost of post-secondary education.

Dr. Kramer explained that the Board is not being asked to take action at this meeting regarding the FY18 GAF increases. Rather the purpose of the presentation is to provide information about the requests and identify additional information that may be needed to make a decision at the March 2017 BOR meeting.

The institutions requesting GAF increases above inflation presented their proposals, explaining how the additional GAF funds will be spent and why they believe they need the GAF increases and related projects.

BHSU Vice President of Student Affairs Lois Flagstad, Vice President for Finance and Administration Kathy Johnson, and Student Senate President Brittany Thompson presented the GAF request for a new wellness center at BHSU. The increase would also provide additional money for student organizations. Brittany Thompson said that students do not feel that they currently have workout space that is tailored to non-athletes. Kathy Johnson provided information about the proposed funding and timeframe. Regents asked questions about whether community members would be allowed the opportunity to purchase memberships and whether the student senate had approved the wellness center.

USD Vice President of Finance Sheila Gestring, Vice President of Student Services & Dean of Students, Kim Grieve, and Student Senate President Nathaniel Steinlicht provided an overview of the GAF request at USD that would be directed to student programming and athletic needs. Nathaniel Steinlicht explained why the GAF increase is important to the students and discussed the intensive process of gathering student feedback and input. Sheila Gestring would continue the phased in fee increase that started in FY16 GAF but was delayed in FY17 due to the tuition freeze. She provided additional information about athletic spending at USD compared to its peers. Regent Kathryn Johnson asked about the students' perspective on affordability. Nathaniel Steinlicht said the student senate was transparent when collecting feedback but 60% of students indicated their willingness to take on the extra burden because they see this as an investment in the school which will provide more opportunities for them.

SDSU Vice President of Student Affairs Michaela Willis, Associate Vice President of Student Affairs Doug Wermedal, and Student Senate President Allyson Helms explained the GAF increase to be dedicated to an expansion of the Student Union, which would create a new multi-cultural center, expanded meeting space, and space for student organizations.

NSU Vice President of Finance and Administration Veronica Paulson, Student Association Vice President Brooke Nelson, and Student Association President Corey Klatt presented the

institution's requested GAF increase to support general student programming, Honors Program, athletic, fine arts and expanded pool hours.

A copy of the FY18 GAF Increases can be found on pages ___ to ___ of the official minutes.

ACADEMIC AND STUDENT AFFAIRS

6-A Student Federation Report

Robert McLean, Executive Director of the Student Federation, explained that October 4 was the deadline for the Student Federation to show the sufficient change needed to convince SDSU and USD to remain in the Student Federation. He explained the changes made thus far, which included changes to the organizational roles of the Student Federation (Executive Director and Chair), changes to the budget structure that will include a flat fee for all institutions, and changes to the institutions' voting power on legislative issues. He said the Federation agreed to consensus voting for Legislative issues. If not all institutions agree, then the individual institutions are left to lobby independently.

Regent Bastian expressed appreciation for the work by the Executive Director and all the Federation members. In response to a question by Regent Harvey Jewett, Robert McLean clarified that by "consensus" he means "unanimous." Additionally, prompted by Regent Johnson, Robert McLean indicated that the By-Laws and Federation meeting minutes will be posted on the www.sdbor.edu website in the future.

6-B Institutional Items of Information

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

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

6-C Program Review Reports (BHSU)

Dr. Paul Turman, System Vice President for Academic Affairs, noted that BHSU recently conducted reviews on six of its academic programs: American Indian Studies, Exercise Science, History, Human Services, Political Science, and Sociology. He indicated that he saw no concerns with these programs.

A copy of the Program Review Reports (BHSU) can be found on pages ___ to ___ of the official minutes

6-D Intent to Plan Request – NSU – BFA in Art and Art Education

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, explained that NSU has submitted an intent to plan requesting authorization to develop a Bachelor of Fine Arts (BFA) in Art and Art Education. The request is in recognition of the national standard for studio art degrees moving from the BA/BS to the BFA, a professional degree accredited by the National

Association of Schools of Art and Design (NASAD). SDSU and BHSU have transitioned to the BFA in the last two years.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to authorize NSU to develop a proposal for a BFA in Art and Art Education as described in Attachment I with the following conditions: 1) The university will research existing curricula, consult with experts concerning the curriculum, and provide assurance in the proposal that the program is consistent with current national standards and with the needs of employers; 2) The proposal will define the specific knowledge, skills, and competencies to be acquired through the program, will outline how each will be obtained in the curriculum and will identify the specific measures to be used to determine whether individual students have attained the expected knowledge, skills, and competencies; and 3) The university will not request new state resources and the program proposal will identify the sources and amounts of all funds needed to operate the program and the impact of reallocations on existing programs. Motion Passed.

A copy of NSU's Intent to Plan Request for a BFA in Art and Art Education can be found on pages ___ to ___ of the official minutes.

6-E GEAR UP Update

Molly Hall-Martin, Director of Student Preparation & Success, provided the Board with an update on the current happenings within the GEAR UP Program, including summer and academic programming. She indicated that regional coordinators visit high schools each week and high schools with 60+ students get a .5 FTE coordinator to enhance academic programs and college preparation activities. In response to a question by Regent Johnson, she described the assessment approach of the program, which includes a pre- and post-tests as well as a full-impact study.

A copy of the GEAR Up Update can be found on pages ___ to ___ of the official minutes.

6-F College Application Week 2016-17AY

Molly Hall-Martin, Director of Student Preparation & Success, provided the Board with an update regarding the plans for the 2016-17 College Application Week Campaign (CAW). She said this year marks the third year of South Dakota's participation in this initiative. For this year, participating schools include schools that have previously participated in the CAW as well as most GEAR UP, tribal, and Jump Start schools.

She explained that when examining the matriculation rates of students from the CAW schools, the CAW appears to be impactful. Data suggests that 38% of students from CAW high school are appearing at regental institutions as compared to roughly 18% before the CAW. Molly Hall-Martin indicated that the High School Transition Report provides data on the retentions rates of these students and will be examined in coming years.

She indicated that the long term goal is to expand the CAW state-wide and probably to limit the free applications to the students' top two institutions, instead of their top three.

Regents asked for a summarized report of these activities, helping them to better understand the trends. Dr. Turman said the data being reported is currently in aggregate due to the data

agreement currently in place between the Board of Regents and Department of Education. He indicated that the current data agreement would need to be revised. If such a revision were supported by the DOE it would be possible to gain access to this data and develop a report for the Board.

Regarding the goal to expand the CAW state-wide, Dr. Turman said that even school districts with high rates of college-going could benefit from the effort because they too have students who may not consider college a realistic possibility.

A copy of the College Application Week 2016-17AY can be found on pages ___ to ___ of the official minutes.

6-G SDBOR Interactive Dashboards

Dr. Turman, System Vice President for Academic Affairs, gave a brief overview and demonstration of the current interactive dashboards available on the BOR website.

A copy of the SDBOR Interactive Dashboards can be found on pages ___ to ___ of the official minutes.

6-H Dual Credit Outcomes and Cost Analysis

Dr. Turman, System Vice President for Academic Affairs, noted that during its June 2016 meeting, the Board raised a number of questions about the implications for continued expansion of dual credit opportunities in the Regental system. He said that two discipline councils had noted in their year-end report that continued evaluation and discussion should occur during the 2016-17 academic year on the potential adverse impact (academic and financial) for the growing number of students entering their first year experience with a larger portion of their General Education coursework completed.

He summarized the findings of the analysis by saying that students who enrolled in one of the state's six public universities with dual credit coursework completed more credit hours and had significantly higher grade point averages after the first year of college than students who did not complete any dual credit coursework.

Regent Morgan noted the fact that 50% of students who take dual credit coursework matriculate into the regental system, and for the other 50% that do not, the state system has generated revenue that they would not have otherwise captured.

Regent Jewett asked several questions about the difference between dual credit and concurrent coursework. He asked that the Factbook better delineate these. Dr. Turman described the process of approving concurrent courses and said that fewer than a tenth of high schools in South Dakota participate in concurrent credit with the Board of Regents institutions because the teacher must have the graduate credentials to offer the course for college credit within the high school.

A copy of the Dual Credit Outcomes and Cost Analysis can be found on pages ___ to ___ of the official minutes.

6-I(1) BOR Policy 2:5 Revision – Transfer of Credit (First Reading)

Dr. Turman, System Vice President for Academic Affairs, stated that during the discussion of general education transfer, the Academic Affairs Council supported a number of underlying principles that would work best for the system. Board of Regents staff agreed to modify the proposed language to align with the desired outcomes that included: 1) allowing for the ease of transfer for students within the Regental system after successfully completing the general education requirements at the initial home institution; and 2) establishing the framework for accepting general education transfer for transfer students when non-Regental institutions have goals and learning outcomes that align with Policy 2:7 and 2:26. The policy language proposed addresses this along with other concerns/issues discussed by the Council. He touched upon how this policy revision is related to the next agenda item on the WICHE Interstate Passport.

IT WAS MOVED by Regent Jewett, seconded by Regent Schieffer, to approve the first reading of the revisions to BOR Policy 2:5 – Transfer of Credit as presented. Motion Passed.

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

6-I(2) WICHE Interstate Passport

Dr. Turman, System Vice President for Academic Affairs, gave an overview of the current status of the system's participation in the WICHE Interstate Passport initiative along with the current draft Passport Block being proposed.

IT WAS MOVED by Regent Morgan, seconded by Regent Adam, to approve the draft Passport Block proposed by faculty within the Regental system, and move forward with participation in Interstate Passport consortium as a system. Motion Passed.

A copy of the WICHE Interstate Passport item can be found on pages ___ to ___ of the official minutes.

6-J BOR Policy 1:7:8 Revision – Discipline Councils (First Reading)

Dr. Turman, System Vice President for Academic Affairs, explained that BOR Policy 1:7:8 – Discipline Councils provides a common framework for faculty across common discipline areas to be involved in system initiatives, monitor the common course catalog, and coordinate with colleagues across the Regental system. Over the past two decades much of the work for the Discipline Councils has shifted from the Council of Presidents and Superintendents to the Academic Affairs Council as provosts routinely identify topics/issues that are referred to council chairs to mediate with the faculty representatives. Considering the changes in how the Discipline Councils are managed, Dr. Turman explained that Board staff has undergone a review and edited Policy 1:7:8 to more accurately reflect the processes that are actually occurring to manage the system's Discipline Councils.

IT WAS MOVED by Regent Roberts, seconded by Regent Morgan, to approve the first reading of the proposed revisions to BOR Policy 1:7:8 – Discipline Councils as presented. Motion Passed.

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

6-K BOR Policy 5:17 Revision – Instructional Funding (First Reading)

Dr. Turman, System Vice President for Academic Affairs, explained that BOR Policy 5:17 – Instructional Funding stipulates the minimum number of students that must be enrolled in course sections offered at the state’s public universities. He said the modifications proposed to the policy are clerical in nature and do not create any substantive changes.

IT WAS MOVED by Regent Morgan, seconded by Regent Johnson, to approve the first reading of the proposed revisions to BOR Policy 5:17 – Instructional Funding as presented. Motion passed.

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

6-L BOR Policy 2:3 Revision – System Undergraduate Admissions (First Reading)

Dr. Turman, System Vice President for Academic Affairs, explained that Board Policy 2:3 – System Undergraduate Admissions spells out scoring thresholds for a variety of college entrance exams that are accepted by regental universities. He said that changes proposed to board policy are technical only and no substantive changes to underlying processes are suggested. In general, language mentioning “a conversion table approved by the Board of Regents” refers to materials published in SDBOR placement guidelines. These guidelines have also been updated to reflect these changes.

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

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

6-M Review of the August 4, 2016 Approved Revisions to BOR Policy 3:4 – Student Code of Conduct

Guilherme Costa, Board of Regents General Counsel, explained that this informational item regarding BOR Policy 3:4 was requested by the Board at the August 2016 meeting to see the policy after it removed sections 4.E.1.g and 4.E.2.a.ii, which was approved at the August 2016 meeting. He said that after the August meeting, Board staff identified the need to make one minor additional deletion to remove language from 4.E.1.i.ii that became superfluous.

Regent Jewett said he made the motion that resulted in these changes but said these revisions do not accomplish all the changes that he would like to see. He indicated that his major concern is the section that deals with student organizations. Guilherme reminded the Regents that this language has been in the policy for several years and was not a part of the recent revisions made to the Student Code.

Regent Bastian said that he is not aware of any student groups coming forward to raise concerns with this section of the policy.

Regents' President Schaefer said that the section on student organizations indicates that the Board does not condone underage drinking and he agrees with that position.

A copy of the review of BOR Policy 3:4 can be found on pages ___ to ___ of the official minutes.

6-N Autism Overview

DSU President José-Marie Griffiths and Vice President of Student Affairs Marcus Garstecki provided information about students on the autism spectrum. President Griffiths reported that the data suggests that only 30% of people on the spectrum go onto postsecondary and, of those, only 20% succeed. She indicated that South Dakota and its surrounding region has a higher incidence rate than the rest of the nation, and the incident rate is especially high on the reservations. Marcus Garstecki indicated that DSU is seeing growing numbers of students on the spectrum and said these students require more intensive student support. In addition to providing insight into areas of challenges for individuals on the autism spectrum, he presented ways that postsecondary educators can assist these students to be successful. He overviewed the program that DSU would like to implement to better assist these individuals called Spectrum STRONG.

Regent Johnson asked whether there is any effort involved in this project to help educate the DSU community about how to assist students on the spectrum. In response, President Griffiths indicated that there is a lot of interest on campus to learn more about this. The STRONG program proposes to incorporate members of the community, for instance by including a peer mentoring component that they believe would be a good fit with education majors.

President Griffiths and Marcus Garstecki indicated that in addition to the students who have declared themselves on the spectrum, the campus would like to expand some elements of the program to all students in order to better instill the soft skills that employers are looking for in employees.

A copy of the Autism Overview can be found on pages ___ to ___ of the official minutes.

The Board moved to the portion of the agenda containing the community forum.

THURSDAY, OCTOBER 6, 2016

Regents' President Randy Schaefer declared a quorum present and called the meeting to order at 9:05 a.m.

BUDGET AND FINANCE

7-A Building Committee Report

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

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

7-B Capital Projects List

Dr. Kramer, System Vice President of Finance and Administration, provided the Capital Improvement Project List identifying the current capital improvement projects along with the Regental representative, estimated dollar amount, the source of funds for the project, and the current status of the project.

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

7-C BOR Policy 4:25 Overtime

Kayla Bastian, Director of Human Resources, explained that the first reading of this policy was approved at the August 2016 BOR Meeting. She reminded the Board that the policy revisions come as a result of the final rules issued by the U.S. Department of Labor (DOL) regarding the Fair Labor Standards Act (FLSA). The new rule go into effect on December 1, 2016. Currently, the salary threshold for exemptions to overtime pay requirements is \$23,600. This will be increased to \$47,476.

She said the policy revisions have been reviewed with RAC, SAC, BAC, AAC and COPS, and has had no substantive changes since it was presented at the August BOR meeting for a first reading.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve the second reading of the proposed revisions to BOR Policy 4:25 as presented. Motion Passed.

A copy of the proposed revisions to BOR Policy 4:25 Overtime can be found on pages ___ to ___ of the official minutes.

7-D Prioritization for FY18 Student Affordability Budget Request

Dr. Kramer, System Vice President of Finance and Administration, explained that the FY18 Student Affordability budget request totaling \$9.2 million comprises five main components: Resident, Nonresident, Off-Campus, HEFF and the Small School Initiative. He asked the Board about its preferred prioritization of the various components.

Regent Jewett noted the security issues facing the university as well as its students, including IT security, physical safety and security, etc. He believes this is a truly critical need. He recognized that there will not be a monetary request this year to bolster these efforts, but he felt that the legislature should be prepared to see a request in the following year.

Dr. Kramer agreed and said that an additional security person at each campus does appear on the budget request. Dr. Rush felt that the IT request will provide a good opportunity to introduce the physical safety and security needs as well.

Dr. Kramer said that this agenda item seeks to clarify the position of the Board on the prioritization of the student affordability request. Regent Roberts felt that the proposed prioritization outlined on the agenda item, i.e. resident tuition, nonresident tuition, off-campus tuition, and small school initiative, was appropriate.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve the prioritization of the funding to be 1) Resident Tuition, 2) Nonresident Tuition, 3) Off Campus Tuition, and 4) Small School Initiative. HEFF should remain a priority but should be adjusted based on the components funded. The preference would be to fund each priority in full rather than partially fund the components. Motion Passed.

A copy of the proposed Prioritization for FY18 Student Affordability Budget Request can be found on pages ___ to ___ of the official minutes.

7-E USD Muenster Student Union Financing Update

Dr. Kramer, System Vice President of Finance and Administration, explained that at the October 2013 Board meeting USD presented a plan to internally finance the addition to the Muenster Student Center. That plan used dollars that had been set aside in the Repair and Replacement Reserve Account (RRR) for the student union as well as borrowing RRR funds from residential life and the Wellness Center. The plan included a payback schedule for replenishing the RRR accounts for the Wellness Center and residence halls. The Muenster Student Center was completed in the fall of 2014. He touched upon the cost and funding sources associated with the project as well as a repayment schedule.

A copy of the USD Muenster Student Union Financing Update can be found on pages ___ to ___ of the official minutes.

7-F HEFF Cash Flow Statement

Dr. Kramer, System Vice President of Finance and Administration, explained that the primary source of dollars to support university academic facilities is the tuition dollars placed into the Higher Education Facilities Fund (HEFF). He said starting in FY17 the percentage contributed to HEFF is 11.5% of all tuition dollars, with the exception of the first \$875,000 of medical school tuition revenue. The reduction from 20% to 11.5% reflects the payoff of the HEFF Series 2008 bond (\$8,612,640) redirecting the \$704,077 payment to the tuition freeze, and increasing the tuition fee base by rolling the university support fee into tuition. While the percentage is reduced, the 11.5% produces the same amount of revenue to support HEFF debt and maintenance and repair as it did previously. He reminded the Board that HEFF supports new construction as well as the M&R needs of the universities.

He provided an overview of the upcoming bonding schedule.

Regent Jewett asked about the NSU request for the Math and Science Center. He noted that the need has not yet been quantified but it would likely be somewhere in the neighborhood of \$30 million. He asked when that project would be funded. Dr. Kramer said additional bond debt could be added in FY29 or FY30 because that is when some significant bond payments get paid off.

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

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

Dr. Kramer, System Vice President of Finance and Administration, reminded the Board of the previous policy changes to BOR Policy 5:21 – System Collection Policy. He said that since December 2015, the Board office staff has worked with the Bureau of Finance and Management (BFM) and the Obligation Recovery Center (ORC) concerning delinquent accounts and license revocation. Through this effort, it has been determined that BOR student account debt alone will not be subject to driver's license or license plate revocation. Due to this, the universities have revisited the System Collection policy and would like to change the amount for accounts that have to be submitted to ORC from \$1,000 to \$250. This would allow the universities to use in-house collection efforts on accounts less than \$250 and utilize the ORC on all accounts over \$250. This is also the dollar amount that will be used as the threshold for writing-off debt when submitting it to the Board of Finance, provided in-house collection efforts are exhausted. He said the Business Affairs Council concurs with the new threshold.

Regent Johnson asked if the understanding with BFM about the revocation of driver's licenses and license plates is documented anywhere. Dr. Kramer said that it is written into the Memorandum of Understanding with the vendor.

Regent Bastian said state law pertaining to the ORC continues to require driver's license and license plates revocation. He said state law would forbid what is being proposed, and without a legislative change this action would be a violation of state law. Regent Bastian said he would not be in favor of this without a legislative fix. Regent Schieffer agreed.

Dr. Kramer understood and explained that the Board is currently trying to find ways to make this work because it cannot currently write off debt if it does not utilize the ORC.

Regent Jewett referred to the opt-out option in the legislation and felt that it may be legal and appropriate to enter into the agreement as discussed; however, it should be reviewed by the Board's legal counsel.

The Regents agreed to defer this item until the December BOR meeting in order to give legal counsel an opportunity to review.

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

7-H FY18 GAF Increases

Moved to earlier in the agenda

7-I DSU Madison Cyberlabs (MadLabs) – Preliminary Facility Statement

Dr. Kramer, System Vice President of Finance and Administration, explained that DSU requests approval of its Preliminary Facility Statement to begin planning for the future construction of the Madison Cyber Labs (MadLabs) building. This proposed building will allow opportunities for

South Dakota to strengthen its initiatives in national defense. He said approval of this proposed project will allow DSU to develop a Facility Program Plan to outline more specific project details and costs. This project was submitted as part of the BOR's FY18 budget request. Local funds or private donations will fund the facility program plan.

IT WAS MOVED by Regent Jewett, seconded by Regent Adam, to approve DSU's Preliminary Facility Statement to begin planning for a Madison Cyber Labs (MadLabs) building. Motion Passed.

A copy of the DSU Madison Cyber Labs (MadLabs) – Preliminary Facility Statement can be found on pages ___ to ___ of the official minutes.

7-J DSU Residence Hall and Trojan Center Student Union Update

Stacy Krusemark, DSU Vice President Business and Administrative Services, updated the Board on the Building Committee's budget change requests regarding the DSU Residence Hall and Trojan Center Student Union projects. He said DSU was successful in getting a Title III grant that included \$462,000 that could be invested in the Learning Engagement Center Space, located in the basement of the old hospital. The Building Committee also added \$57,587.44 from the Auxiliary System Repair and Replacement Reserve Account (RRR). The total dollar amount added to the two projects was \$519,587.44.

A copy of DSU's Residence Hall and Trojan Center Student Union Update can be found on pages ___ to ___ of the official minutes.

7-K NSU Science and Math Building Update

Dr. Kramer, System Vice President of Finance and Administration, provided an update regarding the NSU Science and Math Building. He explained that NSU recently received a commitment of \$15 million in private funds for this project. In order to move this project forward and leverage the private money, the donor is also offering an interest free loan for the balance of the project cost (up to an additional \$20M), until such time as HEFF can pick up debt service for the project. The Board would likely issue a private placement bond that the donor would buy and carry until HEFF can cash flow the debt service. When HEFF becomes available, the Board would issue bonds in an amount sufficient to buy the bonds back and then the principal and interest would be covered with HEFF.

He said NSU would like to request that HEFF be considered as a potential fund source should the project cost exceed \$15 million. The NSU project would need to replace another project(s) on the 2012 Ten-Year Plan or the other projects will need to be pushed out beyond FY24. At the current time, the HEFF projections support a \$7.5 million bond issue in FY22 and the balance of the \$15.5 million in FY24.

Regent Jewett said that if a quantitative estimate for the cost of the project is not developed by December, he believes that the project should be submitted to the legislature nonetheless otherwise the project will be delayed an entire year. He noted the complexity of these types of buildings and said that they require significant planning.

Veronica Paulson, NSU Vice President for Finance and Administration, provided an update on the planning. She said TSP was selected as the architect and a schedule of workshops has commenced. These workshops include discussions about the different models and options available in an effort to determine the needs of the project and estimated cost. The program plan is anticipated to be ready for Board review in December.

Regent Johnson asked whether or not some of the other spaces should be taken off line in response to this additional building. Veronica Paulson explained that E-learning and the Accelerated Nursing program continue to need space so that has not been considered. Regent Johnson encouraged the institution to closely consider the current space utilization so the campus foot print does not just keep growing, requiring a burden in regard to maintenance and repair.

In response to questions about the dollar amount submitted to the legislature, Dr. Kramer confirmed that the dollar amount included in the Board-approved program plan is what gets taken to the legislature.

The Regents discussed space utilization planning. Dr. Kramer said that a space utilization study is conducted every fall. He referenced another space study that was done a few years ago that assessed the quality of space. Additionally, he introduced another institutional capacity study that will tell the Board the capacity of the current facilities considering the current pedagogy. He said this project has recently been approved by Dr. Rush.

Regent Jewett explained that the Board is being asked to support a legislative request to amend the existing Ten-Year Plan to include the NSU Math and Science Building.

Regent Schieffer said the request to amend the Ten-Year Plan has recent precedent.

Dr. Rush provided perspective by saying that the Ten-Year Plan has been modified recently due to opportunity through generous donations. He said that we need to figure out a way to take advantage of this gift for the NSU Math and Science Building. He said that the NSU project is a good idea and is consistent with the Board's direction. He said that we will need to determine internally how the system will pay back the no interest loan to the satisfaction of the donor.

SDSM&T President Wilson shared that there are other buildings for other campuses on the Ten-Year Plan. She said that adding \$20 million to the debt service for a project that is not currently on the Ten-Year Plan makes a statement that the Board prioritizes this project over other priorities that have already been identified. She noted that SDSM&T does not have a single building on the plan but would love to add her priorities if the plan is being opened for edits.

NSU President Downs said that within any system there are limited resources. He said that he understands President Wilson's perspective and respects her as a colleague. He said that the project being discussed supports the economy of an agriculturally-based state. He said that growth in the sciences is important to the students and is important to the attractiveness of the institution. He said that this facility will be planned appropriately and will be considered a regional math and science center used for K-12 students and teachers as well as postsecondary students.

Regents' President Schaefer said that the difficulty is trying to reallocate the \$20 million dollars already committed on the Ten-Year Plan. He appreciated President Downs' commitment to working to find the gap if one exists.

SDSU President Dunn said that he would also like to reconsider the Ten-Year Plan for a Precision Agriculture Building at SDSU. He said that he understands that decisions to change the Ten-Year Plan are very impactful to the system and noted that he has significant donations already identified for a precision agriculture building.

Dr. Kramer indicated that there is nuance in this request to change the Ten-Year Plan. He said that the plan has been changed before, but new projects have not been added unless they replace that same institution's approved project(s).

Regent Jewett disagreed and provided examples where changes have been made to the Ten-Year Plan. He described why NSU needs this facility.

Regent Morgan clarified that the request is to put the project on the Ten-Year Plan and seek approval by the legislature. He sought clarification, asking whether other projects on the Ten-Year Plan will be disrupted if the Math and Science project is added to the Plan. Dr. Kramer answered by saying that adding the project to the Ten-Year Plan will not necessarily disrupt the other projects if it is added at the end of the plan. He said that without a dollar amount it is difficult to understand how the Board's actions might impact the projects already on the Plan.

The Board did not take any action, preferring to wait until a dollar amount is available in December.

A copy of the NSU Science and Math Building Project Update can be found on pages ___ to ___ of the official minutes.

7-L SDSM&T SD Advanced Materials and Manufacturing Institute – Preliminary Facility Statement

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan, to approve SDSM&T's Preliminary Facility Statement to plan for construction of South Dakota Advanced Materials and Manufacturing Institute. Motion Passed.

A copy of SDSM&T's South Dakota Advanced Materials and Manufacturing Institute Preliminary Facility Statement can be found on pages ___ to ___ of the official minutes.

7-M SDSU Wildlife Unit Natural Resources Research Support Facility – Preliminary Facility Statement

Dean Kattelman, SDSU Associate Vice President of Services and Facilities, explained that SDSU requests approval of its Preliminary Facility Statement to construct a Natural Resources Research Support Facility. The project cost is estimated at \$300,000. The original building, known as the Pesticide Research Facility, was destroyed by fire in January 2016. The building was located at the Wildlife Research Unit north of the SDSU main campus and was part of the SDSU Ag Experiment Station units. The building will be constructed at the site of the former structure. Due to the small size of the capital improvement project and the simple nature of the

facility, SDSU requests exemption from the remainder of the capital improvement process. Funding for this facility will come from insurance settlement proceeds and supplemented with AES pesticide fee revenues. The insurance settlement amount was \$112,026.07.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan, to approve SDSU's Preliminary Facility Statement to construct a Natural Resources Research Support Facility at an estimate cost of \$300,000 funded with insurance proceeds and AES pesticide fees, and to exempt it from the remainder of the capital improvement requirements. Motion Passed.

A copy of the SDSU Wildlife Unit Natural Resources Research Support Facility – Preliminary Facility Statement can be found on pages ___ to ___ of the official minutes.

7-N SDSU Student Wellness Center Addition – Facility Program Plan

Dean Kattelman, SDSU Associate Vice President of Services and Facilities, explained that SDSU requests approval of its Facility Program Plan to construct an addition to the Wellness Center at an estimated cost of \$15,057,696. SDSU presented its Preliminary Facility Statement for this project to the March/April 2015 Board meeting. At that meeting, SDSU's request for a General Activity Fee increase of \$4.50 was also approved. He explained that the new space will be utilized for additional courts, fitness areas, and support space. The check-in area for all students and community members will be relocated to this addition. Along the east side of the addition, racquetball courts and a multipurpose activity court (MAC) will be added. For ease of scheduling, the MAC gym area will allow for hosting of activities that may require exterior access. An outdoor programs area will also be included within the addition. This program space will allow students to check out outdoor equipment such as tents, sleeping bags, and canoes. In addition, two racquetball courts will be constructed. To support these areas, additional fitness equipment will be required.

He said that when including the estimated bond sale cost and some fees, the total project cost is estimated at \$15,057,696. Funding for this construction and renovation project will come from bond proceeds of approximately \$12,000,000 with the balance coming from GAF cash accumulated from the previously approved \$4.50 GAF. Regent Morgan serves as the building committee representative on this project.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan, to approve SDSU's Facility Program Plan to construct an addition to and renovate portions of the Wellness Center at an estimated cost of \$15,057,696. Funding for this project will come from approximately \$12,000,000 in bond proceeds and \$3,057,696 in GAF cash. Of the \$4.50 GAF, \$1.00 is earmarked for ongoing operations costs and utility costs, and \$0.64 is dedicated to maintenance and repair. Motion Passed.

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

7-O SDSU Animal Disease Research and Diagnostics Lab (ADRDL) Additional and Renovations – Facility Design Plan

Dean Kattelman, SDSU Associate Vice President of Services and Facilities, explained that SDSU requests approval of its Facility Design Plan for the Animal Disease Research and

Diagnostic Laboratory (ADRDL) addition and renovations at a total estimated cost of \$61,380,704. The Preliminary Facility Statement was approved by the Board at its October 2014 meeting and the Facility Program Plan was approved at the December 2014 Board meeting.

IT WAS MOVED by Regent Schieffer, seconded by Regent Adam, to approve SDSU's Facility Design Plan to construct an addition and to renovate the current Animal Disease Research and Diagnostic Laboratory (ADRDL) at an estimated cost of \$61,380,704, including \$2,272,000 already identified for planning and design. Motion Passed.

A copy of the SDSU Animal Disease Research and Diagnostics Lab (ADRDL) Additional and Renovations – Facility Design Plan can be found on pages ___ to ___ of the official minutes.

7-P SDSU Performing Arts Center Addition – Facility Design Plan

Dean Kattelman, SDSU Associate Vice President of Services and Facilities, explained that SDSU requests approval of its Facility Design Plan for the construction of a theatre and music education addition to the Performing Arts Center at an estimated cost of \$49,819,083. As part of the 2012 Board of Regents 10-year Capital Project Plan (HB1051), SDSU's Preliminary Facility Statement for this project was approved in May 2012 with the Facility Program Plan approved by the Board at its December 2015 meeting. The building committee approved this Facility Design Plan at their September 26, 2016 meeting.

In April 2015, a major gift of a pipe organ was approved by the Board of Regents. This organ will be installed in the new recital hall at no cost to the project. No changes have been made from the Facility Program Plan. The programmed spaces remain the same. There are minor changes related to the site and supporting utilities. The floor plan of the building was adjusted slightly to avoid a telephone and computer cabling utility vault. Additional parking to service the larger facility as well as some replacement parking that will be displaced by the construction will be part of the project.

The project cost estimate includes a current estimate of construction costs from the Construction Manager at Risk. The project team is identifying various cost-saving options to resolve the difference between the budget and the current project cost estimate for the project. The current discrepancy is well within the project contingency allowance and considered achievable.

IT WAS MOVED by Regent Schieffer, seconded by Regent Adam, to approve SDSU's Facility Design Plan to finalize design options and begin construction of the Performing Arts Center additions at an estimated cost of \$49,819,083. Funding for this construction project will consist of \$13,000,000 from future HEFF bonded funds plus \$35,391,807 from gifts and donations for this project. The project team is identifying various cost-saving options to resolve the difference between the budget and the current project cost estimate for the project. Motion Passed.

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

7-Q SDSU Harding Hall Renovation – Revised Facility Program Plan

Dean Kattelman, SDSU Associate Vice President of Services and Facilities, explained that SDSU requests approval of its Revised Facility Program Plan to renovate and construct an

addition to Harding Hall at an estimated cost of \$8,300,000. SDSU's Preliminary Facility Statement for this project was approved by the Board at its April 2015 meeting. The project's Building Committee appointed the design team of JLG Architects in July 2015. The original Facility Program Plan was approved by the Board at the December 2015 special meeting.

Funding options currently available will not allow for the significant renovations or additions originally proposed. SDSU has revised the plan to include only upgrades that fit within the funding available and include the most pressing needs. This effectively takes two classrooms out of the building.

Regent Jewett asked for clarification about whether or not maintenance and repair costs are included in the funding plan. It was confirmed that ongoing operations for utility and facility operating costs will be funded from university operating budgets, and maintenance and repair costs for this facility will be funded through HEFF.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan, to approve SDSU's Revised Facility Program Plan for Harding Hall renovation and addition(s) at an estimated cost of \$8,300,000. HEFF Maintenance and Repair funds of up to \$3.3M and tuition funds of up to \$5.0M from the university's Strategic Investment and Risk Management funds are available to the project. Any additional funds needed must come from external sources. Motion Passed.

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

7-R USD Sports Performance Enhancement Facility Update

Dr. Kramer, System Vice President of Finance and Administration, advised the Board that the USD Sports Performance Enhancement Facility (inclusive of the Sanford Coyote Sports Center, Lillibridge Track Complex and First Bank & Trust Soccer Complex) is nearly complete.

He said that while final invoices are pending, USD anticipates the final total project costs will be less than the \$58,510,423 in large part due to rebidding the track/soccer complex building and preserving contingency throughout the project. The funding for the project has been adjusted. The Sanford Coyote Sports Center fundraising and corporate sponsorships have exceeded prior forecasts; however, the Lillibridge Track Complex and First Bank & Trust Soccer Complex giving have been more challenging. As a result, USD athletic program revenues will be utilized to a greater extent and also replace the earlier approved USD administrative overhead.

Beyond the change in donated funds, the major change from July 2015 to August 2016 is the elimination of the administrative overhead funds from the Arena project in the amount of \$2,100,000 and an increase in athletic revenues to the two projects in the amount of \$1,500,000. The total commitment of university funds has actually decreased by \$600,000 since July 2015.

A copy of the USD Sports Performance Enhancement Facility Update can be found on pages ___ to ___ of the official minutes.

7-S Amended and Restated Joint Powers Agreement between Dakota State University and the City of Madison to Regulate Vehicular Parking

Guilherme Costa, Board of Regents General Counsel, explained that DSU is seeking approval for an Amended and Restated Joint Powers Agreement with the City of Madison to regulate vehicular parking. City of Madison employees recently discovered the original joint powers agreement, which was signed in 1987, between the City of Madison and DSU to regulate vehicular parking (“Original Agreement”). While current city staff and DSU administration were unaware of this Original Agreement, DSU and the city have operated according to the Original Agreement since it was signed in 1987. DSU and the City of Madison have identified the need to update the Original Agreement to include the revised perimeter of the DSU campus to include property that was not part of the campus in 1987. The parties determined that the cleanest approach would be to amend and restate the Original Agreement.

IT WAS MOVED by Regent Schieffer, seconded by Regent Jewett, to approve the Amended and Restated Joint Powers Agreement between Dakota State University and the City of Madison regulating parking, as shown in Attachment I. Motion Passed.

A copy of the Amended and Restated Joint Powers Agreement between DSU and the City of Madison to Regulate Vehicular Parking can be found on pages ___ to ___ of the official minutes.

7-T SDSU Performing Arts Center Theatre and Music Education Addition – Memorandum of Understanding with City of Brookings

Guilherme Costa, Board of Regents General Counsel, explained that SDSU is requesting Board approval of the Memorandum of Understanding Regarding the Performing Arts Center at SDSU, between the Board, SDSU, the City of Brookings, and the Brookings School District. Under the original MOU, the City of Brookings provided \$6,000,000 of funding towards the original construction of the PAC. The Original MOU also set forth the use of the PAC by the Brookings Community and Brookings School District.

He said that at the Board’s December 2015 meeting, the Board approved the SDSU Performing Arts Center Theatre and Music Education Addition. As articulated in the Facility Program Plan, SDSU anticipated that some funds would be provided by the City of Brookings and that the renovated PAC will include additional defined uses by the Brookings School District and the Brookings Community. The updated MOU will acknowledge all of the original commitments found in the Original MOU, and adds new commitments by both the City of Brookings and SDSU related to the PAC Addition project as approved by the Board.

IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve the Memorandum of Understanding Regarding the Performing Arts Center at SDSU with the City of Brookings, as contained in Attachment I. Motion Passed.

A copy of the SDSU Performing Arts Center Theatre and Music Education Addition – Memorandum of Understanding with the City of Brookings can be found on pages ___ to ___ of the official minutes.

7-U SDSU 6th Street Land Sale for the SD DOT 6th Street Widening Project in Brookings

Guilherme Costa, Board of Regents General Counsel, explained that the City of Brookings is working with the South Dakota Department of Transportation to widen 6th Street in Brookings. As part of this widening project, the City of Brookings seeks to purchase a section of real

property held in trust by the State of South Dakota for the benefit of SDSU for \$5,492.50. The City of Brookings also seeks a temporary access easement to the real property being sold and for abutting real property for \$692.50. SDSU is requesting that the Board approve the sale of property, the temporary access easement, and a resolution that requests the Commissioner of School and Public Lands to draw up and finalize documents for submission to the Governor to grant the City of Brookings a Warranty Deed for the real property being sold and a Temporary Access Easement for the real property being sold and for abutting real property.

IT WAS MOVED by Regent Schieffer, seconded by Regent Adam, to approve (1) the sale of the real property described in this item and in a Warranty Deed, a draft of which is included as Attachment I, to the City of Brookings for \$5,492.50, (2) temporary access to the real property being sold and for abutting real property described in this item and in a Temporary Access Easement, a draft of which is included as Attachment II, to the City of Brookings for \$692.50, and (3) a resolution requesting the Commissioner of School and Public Lands to draw up and finalize all necessary documents to grant to the City of Brookings a Warranty Deed for the real property being sold and a Temporary Access Easement for the real property being sold and for abutting real property, which resolution is included as Attachment III, and, upon approval as to form by the Board General Counsel, to request the Governor approve, on behalf of South Dakota State University, the Warranty Deed and Temporary Access Easement. Motion Passed.

A copy of the SDSU 6th Street Land Sale for the SD DOT 6th Street Widening Project in Brookings can be found on pages ___ to ___ of the official minutes.

7-V SDSU Hoop Storage Barn

Nathan Lukkes, Assistant Vice President for Research and Economic Development, explained that Growth Partnership has a pending obligation to SDSU pertaining to the replacement of a hoop storage barn, which arose as a result of the Research Park displacing the AES operations previously housed at the research park location. As part of the larger discussions pertaining to the Research Park at SDSU, numerous parties have expressed a desire to clean up all of the pending obligations related thereto in a timely fashion. As a result, SDSU has engaged in a number of conversations with Growth Partnership and is in agreement with accepting \$120,000 on or before February 1, 2017 in full satisfaction of the aforementioned obligation and would request the Board's approval of the same.

IT WAS MOVED by Regent Johnson, seconded by Regent Bastian, to approve acceptance of \$120,000 on or before February 1, 2017, in full satisfaction of Growth Partnership's obligation to SDSU set forth in Attachment I, and to direct staff to formalize an agreement regarding the same and to authorize the Executive Director, upon concurrence of the subcommittee, to execute the agreement. Motion passed, Regents' President Schaefer abstained.

A copy of the SDSU Hoop Storage Barn attachments can be found on pages ___ to ___ of the official minutes.

7-W Research-related Capital Projects

Nathan Lukkes noted that four research-related capital projects were included in the Board-approved FY18 budget request. These included the following: Madison Cyber Labs (DSU); SD

Advanced Materials and Manufacturing Institute (SDSMT); Discovery District GEAR Expansion (USD); and, Animal Disease Research & Diagnostic Laboratory (SDSU).

As discussed during the Regents Workshop on October 4, the Governor's Office requested that the Board prioritize the foregoing projects, as it is unlikely that sufficient funding will exist to complete all of the projects in year one. The prioritization will allow for a phased approach to addressing all four requests.

The Board recognized the importance of the ADRDL project given the magnitude, scope, and multitude of stakeholders involved. Because of this, the members agreed it stands separate from the sequencing of the other three facilities. They strongly support this project.

The Regents explained that they hope these projects can all be accomplished in tandem, considering their ability to positively transform the state of South Dakota. However, in the case that sequencing is necessary, the Board agreed on the following order: Madison Cyber Labs (DSU), SD Advanced Materials and Manufacturing Institute (SDSM&T), and Discovery District GEAR Expansion (USD).

IT WAS MOVED by Regent Schieffer, seconded by Regent Adam, to approve support of legislation and the need to advance the system's four research-related capital project requests as a comprehensive package which allows the projects to move forward individually as the requisite planning is completed and funding secured. In the event prioritization of the projects is needed, the projects shall advance as set forth in agenda item 7-W. Motion Passed.

A copy of the Research-related Capital Projects can be found on pages ___ to ___ of the official minutes.

7-X Performance Contracting Building Committees

Dr. Kramer, System Vice President of Finance and Administration, explained that with the passage of House Bill 1032 during the 2016 legislative session, a number of changes and updates were made to SDCL regarding guaranteed energy savings contracts, often referred to as energy performance contracts. He said this legislation was prompted after the Board office attempted to contract with an energy service provider, but the statutes did not align with the way the industry functions today, nor did the statutes identify fund sources that would be used to pay for the upgrades. The facility upgrades are usually paid for by energy savings generated from the improvements over time, which is now provided for in statute. Additionally, included in the code is language clarifying the process to engage an energy service provider and how the cost of an energy grade audit will be paid for.

Dr. Kramer said BHSU, NSU, and SDSU are ready to release a request for proposal (RFP) requesting an energy grade audit for specific buildings. BOR is working with the Office of the State Engineer (OSE) to draft the RFP. Energy service companies will respond to the RFP and will then conduct the energy grade audit. The campus can then contract with the energy service company selecting projects identified through the audit with the approval of the Bureau of Administration.

He said that, if approved, each of these projects will need a building committee for the purpose of selecting the qualified provider. The RFP responses will be reviewed and rated by OSE, the

campus and the Board office, and a recommendation will be forwarded to the building committee. The building committee will then select the qualified vendor from the ratings or, if necessary, will hold interviews for the firms.

IT WAS MOVED by Regent Schieffer, seconded by Regent Jewett, to approve the appointment of building committees for BHSU, NSU, and SDSU for guaranteed energy savings projects. Motion Passed.

A copy of the Performance Contracting Building Committees can be found on pages ___ to ___ of the official minutes.

ADJOURNMENT

The meeting adjourned at 11:15 a.m.

DRAFT