

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Conference Room
306 E. Capital Ave, Pierre, SD
August 17, 2012**

The Board of Regents convened via teleconference at 9:00 a.m. on August 17.

ROLL CALL:

Kathryn Johnson, President - PRESENT
Dean Krogman, Vice President - PRESENT
Randy Schaefer, Secretary - PRESENT
Terry Baloun, Regent - PRESENT
James Hansen, Regent - PRESENT
Harvey Jewett, Regent - PRESENT
Randy Morris, Regent - ABSENT
Carole Pagones, Regent - PRESENT
Patrick Weber, Regent - ABSENT

Also present during all or part of the meeting were Jack Warner, Executive Director and CEO; Monte Kramer, System Director of Finance and Administration; Claudean Hluchy, Budget Manager; James Shekleton, General Counsel; Janelle Toman, Director of Communications; Molly Weisgram, Executive Administrative Assistant; President David Chicoine, Barry Dunn, Daniel Scholl, Michael Walker, SDSU; Liza Clark, BFM; David Borofsky, DSU; Ken Curley, Brookings Register; Bob Mercer, media; Rick Vallery, Brenda Forman, Jim Faulstich, Lisa Richardson, Lyle Perman, and Randy England, commodities group representatives.

Regent President Johnson called the public meeting of the Board of Regents to order and declared a quorum present.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Hansen, seconded by Regent Jewett to approve the agenda as published.

ROLL CALL:

Johnson - AYE
Krogman - AYE
Schaefer - AYE
Baloun - AYE
Hansen - AYE
Jewett - AYE
Morris - ABSENT
Pagones - AYE
Weber - ABSENT

The MOTION CARRIED.

REVIEW OF UPDATED AES BUDGET REQUEST ITEM

Dr. Monte Kramer explained that at the August BOR meeting, the board approved the FY14 budget request, with the provision that the AES item be revised to better respond to the needs of the commodities group. He summarized the revised item.

Discussion ensued related to whether or not the commodities groups should provide a portion of the funds needed. Dean Dunn said the way the system works is that faculty members need to be in place in order to apply for the grants. He said they have a good track record of leveraging external grant dollars.

Further discussion of whether the projected \$1.84M of grant dollars generated through these faculty members should be used to offset faculty salaries. Regent Baloun said that agriculture is 25% of the South Dakota's economy. If we successfully generate the projected monies, and he believes we will, we should grow the research rather than replace the salary dollars.

Regent Hansen said there is no guarantee that the grant dollars will be generated. Barry Dunn addressed this concern by saying their infrastructure for grant application and awards is in place, and their track record for grant awards is strong.

Regent Jewett described his interest in receiving an annual report by FTE of the amount of grants awarded and the amount of indirect payments per grant. He feels he needs more specificity of what the grants are engendered and for what subjects. Further discussion of indirect costs. Dean Dunn described the levels of indirect costs.

Regent Johnson agreed, saying not only would it track performance but the report could prove the benefit to the state of funding research scientists.

IT WAS MOVED by Regent Jewett, seconded by Regent Hansen to adopt the revised AES budget request item.

IT WAS MOVED by Regent Jewett, seconded by Regent Hansen to amend the motion to require annual reporting on the progress and return on investment of FTEs as well as indirect payment tracking.

The regents engaged in further discussion on the details of the report. Regent President Johnson noted that this is very similar to what the state has been doing with the 2010 centers, investing in people and watching what that investment has produced.

Regent Schaefer said he would fully expect that the return on this investment would likely be at least as much as they have shown in the past.

ROLL CALL:

Johnson - AYE
Krogman - AYE
Schaefer - AYE
Baloun - AYE

Hansen - AYE
Jewett - AYE
Morris - ABSENT
Pagones - AYE
Weber - ABSENT

The MOTION CARRIED and the amendment was adopted.

Dean Dunn gave background on how and why AES chose its priorities.

IT WAS MOVED by Regent Jewett, seconded by Regent Hansen to approve the revised AES request as amended.

ROLL CALL:

Johnson - AYE
Krogman - AYE
Schaefer - AYE
Baloun - AYE
Hansen - AYE
Jewett - AYE
Morris - ABSENT
Pagones - AYE
Weber - ABSENT

The MOTION CARRIED.

ADJOURN

IT WAS MOVED by Regent Baloun, seconded by Regent Jewett to adjourn the meeting of the full board at 9:45 a.m.

ROLL CALL:

Johnson - AYE
Krogman - AYE
Schaefer - AYE
Baloun - AYE
Hansen - AYE
Jewett - AYE
Morris - ABSENT
Pagones - AYE
Weber - ABSENT

The MOTION CARRIED.