

**BOARD OF REGENTS
MINUTES OF THE MEETING
December 3-5, 2013**

The South Dakota Board of Regents met on December 3-5, 2013 in the Surbeck Center at South Dakota School of Mines & Technology, Rapid City, South Dakota, with the following members present:

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

Also present during all or part of the meeting were Jack Warner, Executive Director and CEO; James Shekleton, General Counsel; Sam Gingerich, System Vice President for Academic Affairs; Janelle Toman, Director of Communications; Michele Anderson, Internal Auditor; Daniel Palmer, Director of Institutional Research; Barbara Basel, Director of Human Resources; Monte Kramer, System Vice President of Finance and Administration; Heather Forney, Financial Compliance Officer; Claudean Hluchy, Budget Manager; Dave Hansen, Director of Information Technology; Molly Weisgram, Director of Student Affairs and Assistant to the CEO and Board; James Abbott, USD; David Chicoine, SDSU; David Borofsky, DSU; Kay Schallenkamp, BHSU; Marjorie Kaiser, SDSBVI and SDSD; Heather Wilson, SDSM&T; Mike Isaacson, Lois Flagstad, BHSU; Tyler Bouma, Elliott Breukelman, Judy Dittman, Stacy Krusemark, DSU; Tom Hawley, Veronica Paulson, Calvin D. Phillips, Connie Smith, NSU; Mike Gunn, Fran LeFort, Jade Herman, Susan Stelter, Bora Cetin, Tony Kulesa, Ben Wolf, Brain Ruppert, Chris Timm, Nicholas Claggett, Michael Dollarhide, Jesse Herrera, Pat Mahon, Kelli Shuman, David Marshall, SDSM&T; Doug Wermedal, Marysz Rames, Dean Kattelman, Justin Sell, SDSU; Steve Erpenbach, SDSU Foundation; Chuck Staben, Roberta Ambur, Sheila Gestring, USD; R. Lee Ginsbach, SDSBVI & SDSD; Sid Goss, UCRC; Terry Rowe, Schneider Electric; Shon Anderson, Four Front Design, Inc.; Gary Johnson, community member; and other students, faculty, and members of the press.

TUESDAY, DECEMBER 3, 2013

The Regents convened in open session at 6:00 p.m. on Tuesday, December 3, 2013, in the Surbeck Center, McKeel Room at South Dakota School of Mines & Technology.

IT WAS MOVED by Regent Johnson, seconded by Regent Baloun that the Board of Regents Convene and Dissolve into Executive Session at 6:00 p.m. on Tuesday, December 3, 2013, in order to discuss personnel matters; that it adjourn at 9:00 p.m. and reconvene in executive session at 8:00 a.m. on Wednesday, December 4, 2013, in order to discuss personnel matters; pending and prospective litigation, contractual matters, and to consult with legal counsel; that it rise from executive session at 1:30 p.m. to resume the regular order of business and to report its deliberations while in executive session. All members voting AYE. The MOTION CARRIED.

WEDNESDAY, DECEMBER 4, 2013

Regent President Dean Krogman called the meeting of the Board of Regents to order at 1:30 p.m. on December 4, 2013, and declared a quorum present.

WELCOME AND PRESENTATION BY SDSM&T PRESIDENT HEATHER WILSON

SDSM&T President Heather Wilson welcomed the audience to South Dakota School of Mines & Technology. She recognized Dr. James Feiszli, director of music at South Dakota School of Mines & Technology, as U.S. Professor of the Year for the state of South Dakota. In addition, she introduced Travis Davis, who was recently awarded the prestigious Mitchell Scholarship. Lastly, she gave accolades to the Hardrocker Baja team and then showed a video that highlighted the work of one of Formula 1 team, one of the CAMP teams.

APPROVAL OF THE AGENDA

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

APPROVAL OF THE MINUTES

IT WAS MOVED by Regent Johnson, seconded by Regent Baloun to approve the minutes of the regular meeting on October 8-10, 2013 and the special meeting on November 7, 2013. All members voting AYE. The MOTION CARRIED.

REPORT AND ACTIONS OF EXECUTIVE SESSION

Upon convening at 6:00 p.m. on Tuesday, December 3, 2013, the Board dissolved into executive session in order to discuss personnel matters. As shown on the published agenda, and pursuant to a motion ratifying the purposes stated on the published agenda, it adjourned at 9:00 p.m. and reconvened in executive session at 8:00 a.m. on Wednesday, December 4, 2013, in order to discuss personnel matters; pending and prospective litigation, contractual matters, and to consult

with legal counsel, rising from executive session at 1:30 p.m. to report its deliberations in executive session and to resume the regular order of business.

Regent Morris reported that while in executive session, the Board considered personnel matters, 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 Morris, 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. Accept the recommendations of the hearing officer and enter an order denying NSU Faculty Grievance No. 13-002.
2. Accept the recommendations of the hearing officer and enter an order denying SDSU Faculty Grievance No. 13-003.
3. Accept the recommendations of the hearing officer and enter an order denying SDSU Faculty Grievance No. 13-004.
4. Award a posthumous Bachelor of Science Degree in Marketing to Bryce Sheldon Anglin (NSU); award the title of Distinguished Professor Emeritus of Animal Science to Douglas McFarland (SDSU); and award the title of Associate Professor Emeritus to Bijayananda Naik (USD).
5. Approve awarding two (2) years of prior service credit toward tenure and two (2) years of prior service credit toward promotion for Kevin T. Mahoney (SDSU); and four (4) years of prior service credit toward tenure for Molly Rozum (USD).
6. Accept the appointment of Gene Bilodeau as the executive director for the University Center – Rapid City with an effective date of December 22, 2013 at an annualized salary of \$90,000
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.

All members voting AYE. The MOTION CARRIED.

INDIVIDUAL REPORT OF THE PRESIDENTS AND SUPERINTENDENTS

USD President Abbott thanked Provost Chuck Staben for his work at USD and wished him luck in his new post as president of the University of Idaho.

BHSU President Schallenkamp introduced Gene Bilodeau as the new executive director of the University Center – Rapid City.

REPORT AND ACTIONS OF THE EXECUTIVE DIRECTOR

Dr. Warner highlighted the item on the agenda regarding American Indian student success. He also noted the Governor's budget recommendations, which were presented yesterday. He noted that overall the BOR was very pleased with the recommendations.

Dr. Warner referenced the Interim Actions taken by the Executive Director on behalf of the Board of Regents. A copy of the Interim Actions of the Executive Director can be found on pages ____ to ____.

STUDENT FEDERATION REPORT

Student Federation Executive Director DJ Smith reported that the federation approved a change in its bylaws to include two legislative mentors. The federation approved Peggy Gibson and Billie Sutton as its mentors for legislative matters. He also noted that the federation looks forward to working with Legal Counsel James Shekleton to gain more information about how the federation can participate in sexual harassment/assault prevention.

STUDENT ORGANIZATION AWARDS – SDSM&T

Dr. Pat Mahon, SDSM&T Dean of Students, presented SDSM&T's student organization awards.

The Future Health Science Professionals accepted the award for Academic Excellence. The objective of the Future Health Science Professionals is to create a community for students interested in the health sciences, to encourage volunteer work, to help students prepare for future academic challenges, and to promote personal and professional growth. The American Society of Civil Engineers Student Chapter accepted the award for community service. The purpose of the American Society of Civil Engineers Student Chapter is to enhance the personal and professional development of students. The Hardrockin' Drama Club accepted the award for organizational leadership. The Hardrockin' Drama Club integrates the arts into a science and engineering curriculum in order to provide a creative outlet. A copy of the Student Organization Awards – SDSM&T can be found on pages ____ of ____.

2020 VISION TRACKING

Dr. Paul Turman explained actions taken toward tracking the progress of the strategy implementation of the 2020 Vision Plan. He explained that the SD REACH Committee will meet on December 11, and in preparation for the event organizations/agencies have been asked to help compile a list of activities that have been undertaken to begin the implementation of the *2020 Vision* since it was approved in June 2013. He referenced the activities undertaken since June by the SD BOR and its member institutions, along with specific outcomes. He further explained that the reports from all agencies/organizations will be compiled and distributed to REACH committee members at the December meeting, and incorporated into the annual report on the *2020 Vision*. REACH committee members will be asked to use the report as the basis for a plan of action for the next six months.

Dr. Turman explained that one of the board's larger agenda/action items is to continue to grow the right kind of workforce for the state and to grow research.

A copy of the item on 2020 Vision Tracking can be found on pages ____ to ____ of the official minutes.

RESEARCH & COMMERCIALIZATION REPORT

Dr. Turman explained that in October representatives from the Governor's Office requested information on research and commercialization activity across three respective areas. Specifically, the Board of Regents was asked to provide information that included: (1) History of Rounds Research/Commercialization Initiative: How and why it began, specific goals, and why was it structured as it was. (2) History of the Governor Research Centers: How were they selected, funded, terminated/continued, their award/expenditure history. And (3) Commercialization: Startup activity, job creation, and patent disclosures.

This information was collected to create the Research & Commercialization Report and submitted to the Governor's office.

He explained that the report as a whole shows that the one-time investments from the state were meaningful and justified. For instance, the breakdown of the Ph.D. programs shows that the system produced more Ph.D. graduates in the new programs that were created by this initiative than in all the STEM based Ph.D. programs that were in place before FY05. Also, the \$450,000 investment in the Competitive Research Grants for new faculty generated \$3 million in external grant funding for FY13.

A copy of the Research & Commercialization Report can be found on pages ____ to ____ of the official minutes.

HOUSING AND AUXILIARY REVENUE BONDS, SERIES 2014A, INCLUDING THE REFUNDING OF SDBOR SDSU AND BHSU HOUSING AND AUXILIARY FACILITIES REVENUE BONDS, SERIES 2004

Dr. Monte Kramer explained that at the special meeting on November 7, 2013, the Board approved the financing of projects at BHSU, SDSM&T and SDSU, as well as a refunding of the SDSU Series 2004 bonds. Upon further review of outstanding bonds by the underwriter it was realized that the 2004 BHSU bonds could also be included as a current refunding. The NPV savings from this deal will be an estimated \$171,198 or 5.9% of refunded bonds. With the release of a debt service reserve fund of \$388,000 applied to the drawdown of debt, BHSU will be able to decrease its annual debt further and benefit from a reduction in the annual debt payment of around \$67,000 per year. The addition of the BHSU refunding to the 2014A issues was run by BHSU and they agreed that using the savings to drawdown the debt was an acceptable approach. Therefore, the Board is requested to amend and restate its actions of November 7, 2013 relating to the referenced subject.

The Board is requested to authorize the financing of (i) the construction and equipping of new housing facilities for the Institutional System for Black Hills State University ("*BHSU Project*"); (ii) the remodeling, renovation and addition to the student wellness and fitness facilities and the acquisition of related equipment for the Institutional System for South Dakota School of Mines and Technology ("*SDSMT Project*"); (iii) the remodeling and renovation of Brown Hall, including an addition for community space and the acquisition of related equipment for the Institutional System for South Dakota State University

(“SDSU”) (the “SDSU Project”); (iv) the refunding of certain of the Board’s South Dakota State University Housing and Auxiliary Facilities Revenue Bonds, Series 2004 (the “Refunded Series 2004 SDSU Bonds”) and a portion of the costs of refunding all of the Board’s outstanding Black Hills State University Housing and Auxiliary Facilities Revenue Bonds, Series 2004 (the “Refunded Series 2004 BHSU Bonds”) and (v) certain capitalized interest and costs of issuance through the issuance of the referenced Revenue Bonds (the “Bonds”).

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

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

Regent Baloun asked if we price each of these separately or as a package. Dr. Kramer said they will go out into the market as separate pieces.

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

- (i) the BHSU Project, the SDSMT Project and the SDSU Project;
- (ii) capitalized interest during construction for the SDSMT Project;
- (iii) the refunding of the Refunded Series 2004 SDSU Bonds, but only if (a) the net present value of the savings from the portion of the Bonds attributable to the refunding shall be at least \$540,000 and (b) the aggregate debt service on the portion of the Bonds attributable to the refunding does not exceed the aggregate debt service on the Refunded Series 2004 SDSU Bonds;
- (iv) the refunding of the Refunded Series 2004 BHSU Bonds, but only if (a) the net present value of the savings from the portion of the Bonds attributable to the refunding shall be at least \$87,150 and (b) the aggregate debt service on the portion of the Bonds attributable to the refunding does not exceed the aggregate debt service on the Refunded Series 2004 BHSU Bonds; and
- (v) costs of issuance of the Bonds (Attachment II—Ninth Supplemental System Revenue Bond Resolution);

ROLL CALL:

Krogman - AYE
Schaefer - AYE

Morris - AYE
Baloun - AYE
Jewett - AYE
Johnson - AYE
Schartz - AYE
Schieffer - AYE
Sutton - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Jewett to approve the contract with the underwriter, BMO Capital Markets GKST Inc., who will market the Bonds for the Board; *provided, however*, that the aggregate principal amount of Bonds sold pursuant thereto shall not exceed \$44,000,000, shall mature not later than April 1, 2039, shall bear interest at a true interest cost not exceeding 5.00%, and shall be sold at an underwriter's discount of not more than 0.625% of the proceeds of the Bonds (Attachment III—Bond Purchase Agreement).

ROLL CALL:

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

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Jewett to approve an escrow agreement with First Bank & Trust, Brookings, South Dakota, the Registrar for the Series 2004 SDSU Bonds, to provide for the defeasance of the Series 2004 SDSU Bonds maturing on and after April 1, 2015 (Attachment IV—SDSU Escrow Agreement).

ROLL CALL:

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

Sutton - AYE

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Jewett to approve an escrow agreement with Wells Fargo Bank, National Association, Minneapolis, Minnesota, the Bond Registrar for the Series 2004 BHSU Bonds, to provide for the defeasance of the Series 2004 BHSU Bonds maturing on and after October 1, 2014 (Attachment V—BHSU Escrow Agreement);

ROLL CALL:

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

The MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Jewett to ratify the distribution of the preliminary official statement and approve the distribution of the official statement to reflect the actual terms of the transaction once they are determined and the Bonds are ready for sale (Attachment VII* – draft Preliminary Official Statement).

ROLL CALL:

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

The MOTION CARRIED.

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

Director of the Board and other Board officials to perform those acts and to execute those documents necessary to complete the Bond issue, the Ninth Supplemental Bond Resolution, the Bond Purchase Agreement, the BHSU Escrow Agreement and the SDSU Escrow Agreement.

ROLL CALL:

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

The MOTION CARRIED.

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

ROLL CALL:

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

The MOTION CARRIED.

A copy of Housing and Auxiliary Revenue Bonds, Series 2014A, Including the Refunding of SDBOR SDSU and BBHSU Housing and Auxiliary Facilities Revenue Bonds, Series 2004 can be found on pages ____ to ____ of the official minutes.

SDSU FOOTBALL STADIUM

SDSU President David Chicoine, President of the Student Association Ben Stout, Finance Vice President Wes Tschetter as well as athletic director Justin Sell represented the item regarding the the SDSU Football Stadium. President Chicoine explained that SDSU is requesting approval of the financing plan for the SDSU football stadium and submission of the project to the 2014

legislative session. SDSU is requesting emergency approval of the project such that construction would begin in summer 2014 and continue in stages through the 2014 and 2015 football seasons with the proposed new stadium completed for the 2016 football season.

President Chicoine said the pro forma presented for the project has an appropriate mix of private fundraising and acceptable debt coverage from operations. Funding for this construction project will be from operating revenues, proceeds from revenue bonds, private donations, a guarantee from the Foundation, and university cash. At this time, the pro forma identifies a target of \$36,000,000 in revenue bond sales debt serviced with revenues from amenity seat agreements, season ticket sales, sponsorships, concessions, parking and miscellaneous revenues.

He noted that the current pro forma represents a realistic scenario for the number of games that will be held each year in the facility as well as the planned pricing for tickets. The major assumption is the number of tickets sold and revenue generated.

The debt service will come from the incremental revenue related to the expanded and improved facility. The pro forma identifies key revenue sources as ticket sales, advertising and sponsorships, concessions, catering, parking and other revenue. The revenue from ticket sales from football games, including all premium seating and the facility fee, accounts for around 80% of the revenue needed to meet the pro forma projections. The tickets sold number does not include free tickets to students, band members and parents.

The cost of tickets will also increase with the new facility. The current cost for a game day ticket is \$20.00, which will be increased to \$27.00, including the \$2.00 per ticket facility fee. The cost for a demand game ticket will be increased from \$40 to \$47.00, including the facility fee. The average weighted cost of a ticket for the three year historical period was \$14.97, reflecting various discounts. The average cost moving forward will be \$39.35, including the facility fee. This represents a 162% increase in the average cost of regular and demand/game day tickets.

To date there is \$19,800,000 in private commitments to the project which will be available at the time of construction. The Foundation will guarantee \$7,200,000 to SDSU has secured additional private funding for the project in the last few days and continues to work on the pro forma. SDSU will also invest \$2,000,000 of unrestricted university funds to cover the cost of building out the university police and the retail space. The Foundation will provide the Board with a guarantee letter for the \$7,200,000 as well as addressing the private funds raised to date. The project will be bonded through the South Dakota Building Authority. The anticipated interest rate used in the pro forma is 4.55% which is in-line with current borrowing rates. Since the first two years of the interest only payment will be capitalized, the bond issue will be approximately \$39,600,000, resulting in total principal, interest and SDBA administrative costs of about \$69.1M over the life of the bonds.

He noted that the student association has passed a resolution that shows the association's commitment to the stadium project. Ben Stout further explained the resolution and said it was passed on November 11.

There has been no financial commitment garnered from the students as of this date. The pro forma does not reflect a student commitment. But it was noted that conversations are being initiated with student leadership on their possible involvement in supporting operations and maintenance through a student fee. The latest dialogue is a request of \$1.75 per credit which would generate \$487,000 per year. The addition of the student fee revenue to the pro forma would improve the coverage ratio by 15 basis points to an estimated 1.49 in 2017 and keeps it above 1.46 throughout the 10 years of the pro forma.

Athletic Director Justin Sell explained the tremendous success they've had in selling premium seats to date and they have already had interest and response on naming rights. He further explained that there will be seating options for faculty, staff, and anyone else.

Regent Jewett asked and Wes Tschetter clarified that there will be no student funds involved in the building of this project.

In response to a question from Regent Baloun, Justin Sell said that they plan to communicate with their constituent groups. He said the process moving forward involves creating a student committee that will be involved in everything including the budgeting process to ensure student participation and buyin.

Regent Johnson asked for clarification that this pro forma does not include a student fee. President Chicoine agreed that the pro forma does not include student fees. He noted that between now and FY17, discussions will be had regarding how student fees might be involved. He said any discussion and consideration of a student fee would come before the Board within the next year and a half.

Dr. Warner noted that the pro forma does rely on the fundraising of \$27M. He commended the fundraising efforts that have been done over the last six weeks. He said the foundation is still vouching for about \$7M, so he is very hopeful that SDSU will meet this amount and exceed it.

Regent Schieffer asked when SDSU expects the Construction Manager At-Risk to generate a hard figure maximum price. President Chicoine said that they would not be back in front of the Board before they have this guaranteed maximum price established as well as further evidence of student support.

IT WAS MOVED by Regent Sutton, seconded by Regent Schaefer to accept the SDSU Stadium Project funding pro forma and include an authorization bill in the 2014 legislative package. The cost of the project is not to exceed \$65M and the portion to be bonded shall not exceed \$39M including capitalized interest and issuance costs. SDSU is to set-aside a reserve specifically for this project that is equivalent to one year's debt service payment. The project scope and related funding is to include all necessary parking improvements, and infrastructure (HVAC, electrical, etc.) needed to support the facility operations. There shall be an annual report to the Board after each fiscal year comparing actuals to the pro forma.

All members voting AYE, the MOTION CARRIED.

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

2014 LEGISLATION

Dr. James Shekleton introduced the ten bills that were developed for the Board's review, which include the following:

1. An Act to amend chapter 107 of the 2012 Session Laws, to increase expenditure authority to accommodate donations to projects at Black Hills State University and Northern State University and to authorize the acquisition and renovation of improved real property for a project at Dakota State University.

This bill increases the expending authority for the BHSU Jonas Hall renovation from \$2.2M to \$4.4M and the NSU Johnson Fine Arts Center renovation from \$7.75M to \$12M. It changes the DSU information system building authorization from new construction on campus to authorize the acquisition of the Madison Community Hospital with donated funds and its renovation to suit the DSU purpose, the cost of the renovation is increased from \$10M to \$11.4M and acceptance of a gift of an \$1.6M is authorized to purchase the hospital facility and land.

2. An Act to authorize the Board of Regents to purchase improved property in Spearfish and to make an appropriation for such purposes.

This bill authorizes the Board of Regents to purchase the facility used by the BHSU childcare facility and appropriates for that purpose other funds derived from revenues generated by the facility for a sum not to exceed one dollar.

3. An Act to amend chapter 82 of the session laws of 2013 to appropriate general funds and higher education facility funds to replace a portion of the other funds appropriated for the construction of swine teaching and research facilities at South Dakota State University.

This bill appropriates \$2,000,000 from the state general funds, and \$1,000,000 from the higher education facilities fund to replace other funds, payable from donations, originally appropriated to the \$5,250,000 project.

4. An Act to authorize the Building Authority to contract for the construction of an addition, remodeling, and renovation of the Animal Disease Research and Diagnostic Lab on the campus of South Dakota State University and to make an appropriation therefor.

This bill authorizes the Building Authority to issue bonds in an amount not to exceed \$6,150,000 and to construct a 6,000 sq.ft. addition to the ADRDL. As was the case with the original ADRDL, the bill does not pledge higher education facility funds to repay the bonds, but, rather, assumes that these will be covered

from general fund appropriations, as are bonds issued for improvements at state institutions operated by the executive branch.

5. An Act to authorize the Board of Regents to demolish buildings on the campus of South Dakota State University and to make appropriations therefor.

This bill appropriates \$120,000 from other funds derived from donations to demolish the Alvilda Mae Sorenson building and the Tompkins Alumni Center.

6. An Act to authorize the Board of Regents to purchase improved real property in Brookings County and to make an appropriation for such purposes.

This bill authorizes the Board to acquire 135 acres and associated improvements that lie north of the Highway 14 Truck Bypass and contiguous with state lands already used by the Agricultural Experiment Station. It appropriates \$1,410,000 from other funds derived from grant and contract indirect recovery funds, royalty funds, and income from sales of services.

7. An Act to authorize the Board of Regents to purchase improved real property in the City of Brookings and to make an appropriation for such purposes.

This bill authorizes the Board to acquire three city properties adjacent to the campus, including existing houses and a newly constructed 8,000 sq.ft. storage facility. It appropriates \$888,700 from other funds derived from grant and contract indirect recovery funds, royalty funds, and income from sales of services.

8. An Act to require criminal background checks of Board of Regents employees and certain volunteers.

This requires all Board of Regents' employees, aged 18 or older, as well as volunteers for activities involving the supervision of minors, to submit to criminal background checks. Based upon legislation governing school district employment, it exempts persons hired for event engagements, such as speakers, performers, or competition judges, umpires or similar officials.

This bill will permit the Board to access the best source of criminal background information when screening employees or those volunteers who may have contact with minors.

9. An Act provide for judicial review of Board of Regents decisions involving student discipline and residency classification.

This bill amends the administrative procedures act to permit student appeals to the Board of Regents in disciplinary matters and residency classification disputes. These changes will assure compliance with evolving due process requirements.

10. An Act permits South Dakota to participate in a state authorization reciprocity agreement for distance education programing.

This bill makes it possible for South Dakota public and private postsecondary institutions to participate in an emerging multi-state reciprocity system designed to reduce the cost of delivering postsecondary distance education to students located in different states. Based upon requirements articulated in an April 2013 report issued by the National Commission on State Regulation of Distance Education, this bill directs the Board to enter into an interstate reciprocity agreement on behalf of South Dakota and to assume state responsibilities for verification and reporting within the administrative framework of the reciprocity agreement. Board institutions will participate in the interstate reciprocity arrangement, and any other South Dakota institutions, be it a technical institute, a tribal institution, a nonprofit private institution or a proprietary institution may elect to participate if it so chooses. The authority of the Board for verification and reporting does not disturb responsibilities assigned to the Secretary of State or to the Attorney General under existing law.

Regent Jewett suggested the Board submit a bill to ask the legislature to fully fund an insurance shortfall.

Regent President Krogman said he would prefer not to do so because he thinks working this through the legislative leadership gives it a better chance of success than being sponsored by the Board of Regents. Regent Jewett said he understands this sentiment but believes we need to acknowledge this problem and fight for the shortfall money. Regent Baloun said he would like to discuss this with the Governor's office and legislative leadership first. He noted that if we feel there isn't the support, we could call a meeting to approve additional legislation related to this.

Regent Sutton asked how much money we've actually paid out of our pocket as a system due to the shortfall over the last few years. Dr. Warner explained that we paid \$1.5M last year and it's projected to be more than a million this coming year.

Dr. Warner recommended deleting #4 (An Act to authorize the Building Authority to contract for the construction of an addition, remodeling, and renovation of the Animal Disease Research and Diagnostic Lab on the campus of South Dakota State University and to make an appropriation therefor) since it was not included in the Governor's budget request.

IT WAS MOVED by Regent Jewett, seconded by Regent Baloun to remove #4 from the proposed legislation. All members voting AYE. The MOTION CARRIED.

IT WAS MOVED by Regent Baloun, seconded by Morris to authorize the Executive Director to submit the proposed bills, to prepare additional legislation that may be required, and to make such modifications or, following their introduction, amendments to the bills as may be in his best judgment prudent, provided that such modifications or amendments shall not change the fundamental purpose of the authorized legislation, and, with the approval of the Board President, to submit such additional legislation as may be necessary and proper. All members voting AYE. The MOTION CARRIED.

A copy of the item prepared for 2014 Legislation can be found on pages ____ to ____ of the official minutes.

SDSD LEASE TO LUTHERAN SOCIAL SERVICES

Dr. Shekleton explained that the South Dakota School for the Deaf requests Board approval to lease the lower level of the main school building in Sioux Falls to Lutheran Social Services. He explained the details of the proposed lease, noting that locating the LSS English as second language program at SDSD would provide another avenue to enhance awareness of SDSU resources among immigrant communities.

Superintendent Kaiser gave further explanation of the space being proposed for lease. She said the space was configured specifically for a school so the incoming tenant would need some modifications. In response to a question, Superintendent Kaiser said there is not room for any expansion for Lutheran Social Services and the first level of the building needs to be maintained for the School for the Deaf's purposes.

IT WAS MOVED by Regent Baloun, seconded by Regent Schieffer to authorize the South Dakota School for the Deaf to lease some 12,960 square feet of the lower level of the main school building to Lutheran Social Services for a five year term at an annual rental of \$110,160 on the other terms and conditions set forth in the attached lease document. All members voting AYE, the MOTION CARRIED.

A copy of the item prepared for SDSD Lease to Lutheran Social Services can be found on pages ____ to ____ of the official minutes.

SDSM&T PROPOSED HOUSING LEASE AGREEMENT

Dr. Shekleton, President Heather Wilson and Dean of Students Pat Mahon explained that SDSM&T proposes to enter into a ten - year lease agreement with Technology Housing, LLC for two furnished apartment complexes (planned occupancy of 121 beds in Rocker Square I and 142 beds in Rocker Square II), with parking, adjacent to the campus, to meet student housing needs. Technology Housing, LLC shall maintain the roof, walls, floors, electrical, plumbing, heating, air conditioning, major appliances, security systems, electronic door access, and the structure of Student Housing, including parking and all common areas, in a good state of repair. Technology Housing, LLC, will be responsible for major grounds maintenance. Additionally, Technology Housing, LLC, will ensure that fire detection, including sprinkler systems, building security systems and locking mechanisms, and emergency exits are in compliance with all applicable codes and in working order at all times. Technology Housing, LLC, is responsible for property taxes and agrees to insure the structure and secure comprehensive general liability insurance of \$2,000,000 per occurrence.

President Johnson asked how the anticipated rates that will be charged to the students compare to the current residence halls as well as a regular apartment in Rapid City. Dean Mahon explained that rates are higher than the residence halls but the difference is that these units provide

apartment-style living. They are on the high end for apartments in Rapid City but the students value their proximity to campus.

IT WAS MOVED by Regent Jewett, seconded by Regent Schieffer to amend the recommended action of the executive director to insert the phrase, after the institution's name, "upon approval of the Executive Director in consultation with the President of the Board". All members voting AYE, the MOTION CARRIED.

IT WAS MOVED by Regent Schaefer, seconded by Regent Johnson to authorize the South Dakota School of Mines & Technology upon approval of the Executive Director in consultation with the President of the Board to enter into an extended lease agreement with Technology Housing, LLC, in substantially the form appended hereto, for two housing complexes known as Rocker Square I and Rocker Square II. The requested lease duration would commence August 15, 2014 and continue until August 15, 2024. All members voting AYE, the MOTION CARRIED.

A copy of the item prepared for SDSM&T Proposed Housing Lease Agreement can be found on pages ____ to ____ of the official minutes.

BOR POLICY REVISIONS TO ENHANCE PROTECTION AGAINST SEXUAL ABUSE

Dr. Shekleton explained that developments in the course of the past three years triggered substantial review and adjustment of system approaches to protecting students, staff, and visitors from improper or unwanted sexual advances and to providing victims with appropriate support. He cited, in particular, 2011 initiatives of the United States Department of Education and the US Department of Justice in matters involving Title IX compliance, the 2012 report issued by former US Attorney General Louis J. Freeh addressing Pennsylvania State University practices and the Clery Act amendments contained in the Violence Against Women Reauthorization Act of 2013.

He commented that South Dakota appears to be among the institutions and systems at the front of the pack on these efforts thanks to initiatives lead by Dr. Warner and Barbara Basel to provide training for institutional and system staff members with responsibilities for investigation or resolution of complaints involving sexual harassment or sexual assault.

He explained that the policies were developed in close consultation with administrative staff members at institutional and system level. The four sets of policy revisions and the one new policy referred to the Board for action are the product of a process that involved extensive review by representatives of the academic affairs officers, the student affairs officers, deans of students, Title IX/EEO officers, human relations directors and the Council of Presidents and Superintendents, as well as system and institutional attorneys.

He discussed the changes and noted that although some of the changes may appear to be complex, the principal objectives in each case are relatively simple and straightforward. He cited five objectives: 1. Making patent the Board's readiness to discipline sexual abuse, sexual assault and domestic violence occurring on campus or implicating campus responsibilities; 2. Providing new means for victims to enlist support from institutions before unwelcome conduct becomes

severe; 3. Reiterating assurances of prompt action and protection from retaliation; 4. Centralizing institutional compliance functions to assure proper oversight of investigation and resolution of complaints and to evaluate the effectiveness to institutional practices and 5. Preserving current procedural mechanisms that coordinate procedural rights of various categories of employees, students and visitors in order to balance the rights of victims and the due process rights of persons accused of misconduct, while avoiding repetitive internal procedures needed to resolve the merits of claims and the propriety of discipline.

In response to a question, he further explained that sexual harassment and abuse are two distinct concepts; however, on a national level incidences of sexual abuse meet the requirement for a severely hostile environment and, in turn, fit into the realm of sexual harassment. Regent President Krogman asked that this information be shared with the abuse organizations in the state.

Barbara Basel addressed the training requirements expected by Title IX. She said she has worked with the human resources people in the system, academic affairs and student affairs councils. This work has involved defining what training needs to be provided, who needs to be trained, and when this training should take place.

IT WAS MOVED by Regent Sutton, seconded by Regent Jewett to approve the recommended amendments to Board Policy No. 1:17, 1:18, 1:19 and 3:4, and adopt the new policy recommendations advanced as Board Policy No. 1:17.1.. All members voting AYE, the MOTION CARRIED.

A copy of the Policy Revisions to Enhance Protections Against Sexual Abuse can be found on pages ____ to ____ of the official minutes.

FY15 GOVERNOR'S BUDGET RECOMMENDATIONS

Claudean Hluchy said that Governor Daugaard gave his annual Budget Report for fiscal year 2015 on December 3, 2013 at 1:00 PM. She explained that the total general fund base increase totaled \$6.4 million or 3.6%, which does not include the employee compensation package. In his speech the Governor referenced a 2.6% increase for the BOR. She explained that the 2.6% does not include the tuition freeze monies nor the bond payment reduction.

A copy of the FY15 Governor's Budget Recommendations can be found on pages ____ to ____ of the official minutes.

NSU NEW GREENHOUSE PRELIMINARY FACILITY STATEMENT AND FACILITY PROGRAM PLAN

NSU President Jim Smith explained that Northern State University requests approval of its Preliminary Facility Statement and approval of its Facility Program Plan for the proposed construction of a new Greenhouse at an estimated cost of \$750,000.

He explained that an on-campus greenhouse will allow NSU to provide plant materials year round for Plant Systematics, Environmental Science and Conservation, General Biology, Biotechnology, Genetics, Ecology and other classes. This facility will also allow for the expansion of the botany teaching collection.

NSU Vice President of Finance Veronica Paulson explained that currently plants are housed in teaching lab space or lab preparation areas which does not provide an optimal learning experience. She said these areas of study have shown strong growth since 2008. She explained that the budget of \$750,000 was developed by the architect who drew up the preliminary plans for the greenhouse. She noted that the greenhouse will be located adjacent to the MeWaldt-Jensen building and will occupy approximately 960 square feet. This location will allow for plants to be transported safely between the greenhouse and the labs/classrooms during the winter months. The building will be a multi-chambered facility with a lobby area for general use and separate rooms for each specific, scientific area. The chambers will have movable walls to adjust for various research activities.

No funding source has been identified for the facility. The Board is being asked to consider funding the facility out of HEFF capital funds. This project was not part of the HEFF ten-year plan and is not currently identified as a commitment.

A new HEFF statement was provided reflecting the \$1.0M commitment to the Swine Unit as contemplated in legislation for 2014 and the potential commitment of \$750,000 to the NSU Greenhouse. The statement now reflects the actual bond payment for the 2013B series bonds and reflects a change to interest estimate assumptions from 4% to 4.5%. The current cash flow estimates will push the next round of bonding into FY2022.

On-going operational costs will be funded through existing facilities management budgets. Additional project details can be found in NSU's attached Preliminary Facility Statement and Facility Program Plan documents and elevation designs.

Dr. Kramer gave explanation to the bond schedule.

IT WAS MOVED by Regent Schaefer, seconded by Regent Jewett to approve NSU's Preliminary Facility Statement and Facility Program Plan for construction of a Greenhouse at an estimated cost of \$750,000. Consider the request to fund the project out of HEFF capital funds and, if approved, include a bill in the 2014 legislative package. All members voting AYE. The MOTION CARRIED.

A copy of the item prepared for NSU New Greenhouse Preliminary Facility Statement and Facility Program Plan can be found on pages ____ to ____ of the official minutes.

THURSDAY, DECEMBER 5, 2013

Regent President Krogman called the meeting of the Board to order at 9:30 a.m.

REPORT AND ACTIONS OF THE COMMITTEE ON ACADEMIC AND STUDENT AFFAIRS

Regent Johnson presented the report and actions of the Committee on Academic and Student Affairs as follows:

INFORMATIONAL ITEMS

Institutional Items of Information

The Committee received Institutional Items of Information submitted by Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, University of South Dakota, South Dakota School for the Blind and Visually Impaired, and South Dakota School for the Deaf. No action required. A copy of the Institutional Items of Information can be found on pages ____ to ____ of the official minutes.

2012-2013 CAAP Report

The Committee received the Collegiate Assessment of Academic Proficiency Report. Summarized by the *Executive Summary* (Attachment I), the *CAAP Outcomes Report* (Attachment II) describes student performance on the CAAP examination during the 2012-2013 academic year. Information only. A copy of the 2012-2013 CAAP Report can be found on pages ____ to ____ of the official minutes.

2012-2013 Minimum Progression Standards Report

The annual *Minimum Progression Standards Report* provides system data for students who met and students who did not meet Regental minimum progression benchmarks during the 2012-2013 academic year. The Executive Summary and Full Report were provided to the committee. Information only. A copy of the 2012-2013 Minimum Progression Standards Report can be found on pages ____ to ____ of the official minutes.

Changes to the Operations of the State's Library Network

The Committee received an update on the changes to the operations of the state's library network (SDLN). Information only. A copy of the Changes to the Operations of the State's Library Network can be found on pages ____ to ____ of the official minutes.

Institutional Program Review Report – DSU Information Systems

The Committee received a program review report from Dakota State University for its Information Systems program. No action required. A copy of the Institutional Program Review Report – DSU Information Systems can be found on pages ____ to ____ of the official minutes.

Licensure and Certification Report

The Committee received program the annual Licensure and Certification Report. The examinations included in this report are those that must be passed before a person may be fully licensed or certified to engage in the occupation or profession. Optional examinations are not included. Information only. A copy of the Licensure and Certification Report can be found on pages ____ to ____ of the official minutes.

BHSU – HLC Notice of Accreditation

Black Hills State University has been informed by the Higher Learning Commission that the institution's accreditation by the Commission will continue with the next reaffirmation in 2022-2023. A copy of this is attached. As part of the review process, BHSU also asked that the Commission approve, and the institution's affiliation status reflect, the set of master's programs authorized by the Board. In addition, the institution asked and the Commission did approve expansion of distance offerings with no additional Commission approval required. As a note, Board approval is required. Information only. A copy of the BHSU – HLC Notice of Accreditation can be found on pages ____ to ____ of the official minutes.

SDSU – HLC Multi-Location Visit Report

South Dakota State University has provided the attached letter from the Higher Learning Commission stating the results from the recent Commission review of SDSU's operations at Capital University Center and at University Center Rapid City. This review was required to fulfill federal regulations related to an institution's operations at multiple off campus locations. As stated, the pattern of operations at the locations visited appears to be adequate and no further review or monitoring is necessary. Information only. A copy of the HLC Multi-Location Visit Report can be found on pages ____ to ____ of the official minutes.

CONSENT ITEMS

Application of Advanced Placement Guidelines

Regent Schieffer moved to approve the addition of the disclaimer to the system's AP guidelines. Regent Schartz seconded the motion and the motion passed. A copy of the Application of Advanced Placement Guidelines can be found on pages ____ to ____ of the official minutes.

Graduation Lists

The Committee received graduation lists for Fall 2013 from Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University and the University of South Dakota. A copy of the Graduation Lists can be found on pages ____ to ____ of the official minutes.

Regent Schieffer moved to approve the BHSU, DSU, NSU, SDSMT, SDSU, and USD graduation lists contingent upon the students' completion of all degree requirements. Regent

Schartz seconded the motion and the motion passed. A copy of the FY15 M&R Project List can be found on pages ____ to ____ of the official minutes.

SDSM&T – Department Name Change

It was moved by Regent Schieffer and seconded by Regent Schartz to approve the renaming of the Department of Atmospheric Sciences to the Department of Atmospheric and Environmental Sciences. Motion passed. A copy of the SDSM&T – Department Name Change can be found on pages ____ to ____ of the official minutes.

Program Modifications – SDSM&T

Regent Schieffer moved to approve SDSM&T's program modification requests for its B.S. in Geology, M.S. in Biomedical Engineering, and M.S. in Mining Engineering. Regent Schartz seconded the motion and the motion passed. A copy of the Program Modifications – SDSM&T can be found on pages ____ to ____ of the official minutes.

Program Modifications – SDSU

Regent Schieffer moved to approve SDSU's program modifications requests for its B.S. in Early Childhood Education, M.S. in Nutrition – Exercise Science Specialization, M.S. Nutrition – Food Science Specialization, M.S. in Nutrition – Nutritional Science Specialization, M.S. in Sport and Recreation Studies, and Ph.D. in Nursing. Regent Schartz seconded the motion and the motion passed. A copy of the Program Modifications – SDSU can be found on pages ____ to ____ of the official minutes.

II-D (3) Program Modifications – USD

Regent Schieffer moved to approve USD's program modification requests for its B.B.A/M.P.A. in Accounting, B.A. in International Studies, and B.S. Social Work. Regent Schartz seconded the motion and the motion passed. A copy of the Program Modifications – USD can be found on pages ____ to ____ of the official minutes.

Program Reactivations – SDSU

Regent Schieffer moved to approve SDSU's request to reactivate the M.S. in Nursing and the Post-Master's Certificate in Family Nurse Practitioner. Regent Schartz seconded the motion and the motion passed. A copy of the Program Reactivations – SDSU can be found on pages ____ to ____ of the official minutes.

Program Termination – USD

Regent Schieffer moved to approve USD's program termination request for its M.A. in Theatre. Regent Schartz seconded the motion and the motion passed. A copy of the Program Termination – USD can be found on pages ____ to ____ of the official minutes.

New Program Request – USD – Minor in Child and Adolescent Development

Regent Schieffer moved to approve USD's new program proposal for a Minor in Child and Adolescent Development as described in Attachment I. Regent Schartz seconded the motion and the motion passed. A copy of the New Program Request – USD – Minor in Child and Adolescent Development can be found on pages ____ to ____ of the official minutes.

New Program Request – USD – Minor in Interprofessional Disabilities Services

Regent Schieffer moved to approve USD's new program proposal for a Minor in Interprofessional Disabilities Services as described in Attachment I. Regent Schartz seconded the motion and the motion passed. A copy of the New Program Request – USD – Minor Interprofessional Disabilities Services can be found on pages ____ to ____ of the official minutes.

New Program Request – USD – Minor in K-12 English as a New Language

Regent Schieffer moved to approve USD's new program proposal for a Minor in K-12 English as a New Language as described in Attachment I. Regent Schartz seconded the motion and the motion passed. A copy of the New Program Request – USD – Minor in K-12 English as a New Language can be found on pages ____ to ____ of the official minutes.

Cooperative Agreements – NSU

It was moved by Regent Schieffer and seconded by Regent Sutton to approve the proposed cooperative agreement between NSU and JAMK University of Applied Sciences; and St. Luke's College. Motion passed. A copy of the Cooperative Agreements – NSU can be found on pages ____ to ____ of the official minutes.

Cooperative Agreements – SDSU

It was moved by Regent Schieffer and seconded by Regent Sutton to approve the proposed cooperative agreement between SDSU and Dakota Wesleyan; Iowa Lakes Community College (ILCC); and Program Lead the Way. Motion passed. A copy of the Cooperative Agreements – SDSU can be found on pages ____ to ____ of the official minutes.

Cooperative Agreements – USD

It was moved by Regent Schieffer and seconded by Regent Sutton to approve the proposed cooperative agreement between USD and the PRAIREE Consortium; Rapid City Regional Hospital Medical Radiology Program; Sanford Medical Center School of Radiologic Technology; Avera McKennan Hospital and University Health Center School of Radiologic Technology; and the University of Western Australia. Motion passed. A copy of the Cooperative Agreements – USD can be found on pages ____ to ____ of the official minutes.

SUBSTANTIVE

Intent to Plan: DSU Master of Science in Analytics and SDSU Master of Science in Data Science

It was moved by Regent Sutton and seconded by Regent Schieffer to authorize Dakota State University and South Dakota State University to develop a proposal for a Master of Science in Data Science with the following conditions:

1. The universities will develop these programs collaboratively, establishing a common core of courses.
2. The universities 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.
3. 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.
4. The proposal will define the specific knowledge, skills, and competencies to be acquired through the program and demonstrate how each will be obtained in the curriculum.
5. The proposal will identify the specific measures to be used to determine whether individual students have attained the expected knowledge, skills, and competencies and the consequences for students who do not achieve at the expected levels.

The University of South Dakota expressed interest in participating in the intent to plan proposal. A copy of the Intent to Plan: DSU Master of Science in Analytics and SDSU Master of Science in Data Science can be found on pages ____ to ____ of the official minutes.

Revisions to Board Policies 2:7 & 2:26 – General Education

Regent Sutton moved to approve the proposed change to Board Policy 2:7 & 2:26. Regent Schieffer seconded the motion and the motion passed. A copy of the Revisions to Board Policies 2:7 & 2:26 – General Education can be found on pages ____ to ____ of the official minutes.

Revisions to Board Policies 2:3 – System Undergraduate Admissions

Regent Sutton moved to approve the proposed change to Board Policy 2:3. Regent Schieffer seconded the motion and the motion passed. A copy of the Revision to Board Policies 2:3 – System Undergraduate Admissions can be found on pages ____ to ____ of the official minutes.

Revisions to Board Policies 2:10 – Grades and Use of Grade Point Averages (GPA)

Regent Sutton moved to approve the proposed change to Board Policy 2:10. Regent Schieffer seconded the motion and the motion passed. A copy of the Revisions to Board Policies 2:10 –

Grades and Use of Grade Point Averages (GPA) can be found on pages ____ to ____ of the official minutes.

Revisions to Board Policies 2:29 – Definitions of Credits and Related Institutional Requirements

Revisions to Board Policy 2:29 will be continued until later date. A copy of the Revisions to Board Policies 2:29 – Definitions of Credits and Related Institutional Requirements can be found on pages ____ to ____ of the official minutes.

Cooperative Agreement – NSU and SDSU

Cooperative agreement between Northern State University and South Dakota State University will be continued until later date. A copy of the Cooperative Agreement – NSU and SDSU can be found on pages ____ to ____ of the official minutes.

Full Report

IT WAS MOVED by Regent Johnson, seconded by Regent Sutton to adopt the report and actions of the Committee on Academic and Student Affairs. All members voting AYE. The MOTION CARRIED. A copy of the Full Report can be found on pages ____ to ____ of the official minutes.

REPORT AND ACTIONS OF THE COMMITTEE ON BUDGET AND FINANCE

Regent Schaefer presented the report and actions of the Committee on Budget and Finance as follows:

INFORMATIONAL

Institutional Items of Information

The Committee received the Institutional Items of Information from BHSU, DSU, NSU, SDSM&T, SDSU, USD, SDSBVI, and SDSU. No action required. A copy of the Institutional Items of Information can be found on pages ____ to ____ of the official minutes.

Capital Project List

The Committee received the Capital Project List that identifies 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. The list indicates if the projects were part of the 2005 or 2012 Ten-Year Plans. Information only. A copy of the Capital Project List can be found on pages ____ to ____ of the official minutes.

Building Committee Report

The Committee received information regarding the activities of the various building committees that had met since the last meeting as follows: the Building Committee for the SDSU Physical Education Complex Frost Arena HVAC Replacement project approved the construction/bid documents for the project; the Building Committee for the SDSU Enrollment Services Center (Medary Commons) awarded the bid to GA Johnson for a total not to exceed \$2,812,500; the Building Committee for the SDSU Football Stadium selected JE Dunn/Henry Carlson as the construction manager at-risk for the project; the Building Committee for the USD Health Science and Research Lab approved the facility design plan with a total project cost of \$12,599,085; the Building Committee for the USD Mechanical Overhaul project approved the facility design plan for the project with an estimated cost of \$10,000,000; and the Building Committee for the USD Sports Performance Enhancement Facility approved the facility design plan with a total project cost of \$53,623,380. Information only. A copy of the Building Committee Report can be found on pages ____ to ____ of the official minutes.

State and Self-Support Tuition Cash Flows

The Committee received information on the state and self-support tuition cash flows because each fall and spring the institutions are asked to update their state-support credit hour projections as well as their revenue estimates, showing how the projected hours and revenues align with the campus' budgets. A copy of the State and Self-Support Tuition Cash Flows can be found on pages ____ to ____ of the official minutes.

Fall 2013 Tuition Reduction Programs

The Committee received information on tuition reduction programs as outlined in Board Policies 5:5 and 5:5:1. The total tuition and fees waived for the fall 2013 semester was \$410,437, which included a total of \$177,921 in tuition and USF fees for Guard members, as well as \$232,516 for all other programs. A copy of the Fall 2013 Tuition Reduction Programs can be found on pages ____ to ____ of the official minutes.

BIT Network Redundancy

The Committee received information regarding the proposal the Board accepted from BIT that will provide path-diversity through SDN. A copy of BIT Network Redundancy can be found on pages ____ to ____ of the official minutes.

USD Muenster Financing Update

The Committee received information regarding the Muenster Center financing. The project is still on budget and on track for a completion date of December 2014. While the internal loan was significant, current estimates show that the project will actually borrow less money from the RRR accounts than originally planned. This should allow USD to payback the RRR accounts one year sooner than originally expected. A copy of the USD Muenster Financing Update can be found on pages ____ to ____ of the official minutes.

Student Accounts Receivable

The Committee received the annual report of student receivables. The report looks at current receivables and also looks at the debt that has been written-off. It should be noted that the receivables represent less than 1% of total student revenues for years FY10 through FY13. According to a NACUBO 2010 survey, the benchmark for bad debt collection runs at 3.5% nationally. A copy of the Student Accounts Receivable can be found on pages ____ to ____ of the official minutes.

FY13 Athletic Report

The Committee received the annual athletic report showing FY13 revenues and expenditures for the athletic programs at each school. A copy of the FY13 Athletic Report can be found on pages ____ to ____ of the official minutes.

CONSENT CALENDAR

IT WAS MOVED by Regent Jewett, seconded by Regent Baloun to approve the following item on the consent calendar:

FY14 M&R Fee Projects

Approve SDSU's request to renovate four classrooms in the Administration Building at an estimated cost of \$145,000. Funding for this project will come from University Support Fees. A copy of the FY14 M&R Fee Projects can be found on pages ____ to ____ of the official minutes.

All voted AYE. The MOTION CARRIED.

SUBSTANTIVE

BOR Policy 5:3 – Agreements and Contracts

IT WAS MOVED by Regent Morris, seconded by Regent Baloun to approve the changes to BOR policy 5:3 – Agreements and Contracts will address the current concerns about large contracts not getting enough oversight. Regents Morris and Baloun voted AYE. Regent Jewett voted NAY. The MOTION CARRIED. A copy of the BOR Policy 5:3 – Agreements and Contracts can be found on pages ____ to ____ of the official minutes.

FY15 Fee M&R Project List

IT WAS MOVED by Regent Baloun, seconded by Regent Morris to approve the FY15 Fee M&R project list funded with the maintenance and repair fee revenue. All voted AYE. The MOTION CARRIED. A copy of the FY15 M&R Project List can be found on pages ____ to ____ of the official minutes.

FY15 Auxiliary M&R Project List

IT WAS MOVED by Regent Morris, seconded by Regent Baloun to approve the FY15 Auxiliary Maintenance & Repair project list to be funded with auxiliary revenues. All voted AYE. The MOTION CARRIED. A copy of the FY15 Auxiliary M&R Project List can be found on pages ____ to ____ of the official minutes.

FY15 AES M&R Project List

IT WAS MOVED by Regent Baloun, seconded by Regent Morris to approve the FY15 AES M&R Project List to be funded by the pesticide tax. All voted AYE. The MOTION CARRIED. A copy of the FY15 AES M&R Project List can be found on pages ____ to ____ of the official minutes.

FY15 HEFF M&R Allocation & Project List

IT WAS MOVED by Regent Morris, seconded by Regent Jewett to approve the HEFF allocation and the requested projects for FY15. All voted AYE. The MOTION CARRIED. A copy of the FY15 HEFF M&R Allocation & Project List can be found on pages ____ to ____ of the official minutes.

SDSM&T Utility Infrastructure Improvements Facility Program Plan

IT WAS MOVED by Regent Morris, seconded by Regent Baloun to approve SDSM&T Utility Infrastructure Facility Program Plan at an estimated cost of \$3,240,000. Funding for this project will be \$2,740,000 in 2014 HEFF bond proceeds and \$500,000 from M&R funding. All voted AYE. The MOTION CARRIED. A copy of the SDSM&T Utility Infrastructure Improvements Facility Program Plan can be found on pages ____ to ____ of the official minutes.

SDSU Utility Tunnel/Steam Condensate Infrastructure Repairs & Modernization – Facility Program Plan

IT WAS MOVED by Regent Morris, seconded by Regent Baloun to approve SDSU's Utility Tunnel, Steam/Condensate Infrastructure Repair & Modernization Facility Program Plan to construct a supplemental heating and cooling plant and extension of the north utility tunnel at an estimated cost of \$13,320,000. Funding for the project will include \$7,000,000 in 2013 HEFF bond proceeds with \$6,100,000 in FY15 and future HEFF M&R funding as well as \$220,000 in future general fund M&R allocations. All voted AYE. The MOTION CARRIED. A copy of the SDSU Utility Tunnel/Steam Condensate Infrastructure Repairs & Modernization – Facility Program Plan can be found on pages ____ to ____ of the official minutes.

USD Mechanical Overhaul Project Facility Design Plan

IT WAS MOVED by Regent Baloun, seconded by Regent Morris to approve the USD Mechanical Overhaul and Modernization Facility Design Plan at an estimated cost of \$10,000,000. Funding for this project will come from \$8,000,000 in 2013 HEFF bond proceeds

along with \$2,000,000 of campus M&R funds. All voted AYE. The MOTION CARRIED. A copy of the USD Mechanical Overhaul Project Facility Design Plan can be found on pages ____ to ____ of the official minutes.

USD Sports Performance Enhancement Facility Arena and Outdoor Track and Soccer Complex Facility Design Plan

IT WAS MOVED by Regent Jewett, seconded by Regent Baloun to remove the word “HEFF” from the recommended action offered by the executive director. All voted AYE. The MOTION CARRIED.

IT WAS MOVED by Regent Jewett, seconded by Regent Baloun to approve USD’s Sports Performance Enhancement Facility Arena and Outdoor Track and Soccer Complex Facility Design Plan at an estimated cost of \$53,623,380, as recommended by the Building Committee, where Regent Baloun is the Board representative. Funding for this project will be \$22,700,000 from 2013 bond proceeds, \$27,523,380 in donations and Foundation support, and \$3,400,000 from USD unrestricted cash. All voted AYE. The MOTION CARRIED. A copy of the USD Sports Performance Enhancement Facility Arena and Outdoor Track and Soccer Complex Facility Design Plan can be found on pages ____ to ____ of the official minutes.

USD Science, Health and Research Laboratory – Facility Design Plan

IT WAS MOVED by Regent Morris, seconded by Regent Jewett to approve the USD Science, Health and Research Laboratory Facility Design Plan at an estimated cost of \$12,599,085. Funding for this project will be \$8,695,000 from 2013 HEFF bond proceeds, \$2,404,085 in donations and \$1,500,000 in University Support Fees and grant recovery funds. All voted AYE. The MOTION CARRIED. A copy of the USD Science, Health and Research Laboratory – Facility Design Plan can be found on pages ____ to ____ of the official minutes.

Resolution Requesting Approval to Acquire an Option to Purchase Land in Madison, Lake County, South Dakota

IT WAS MOVED by Regent Baloun, seconded by Regent Morris to adopt the attached resolution pursuant to the power vested in the Board under SDCL § 5-2-1, requesting that the Governor approve acquisition of an option to purchase the land and facilities that currently house the Madison Community Hospital, and described as:

- Lots 1 through 12 Block 1 of H.P. Smith Addition to Madison; and
- Lots 3 through 9 of Block 14 of Kennedy’s 2nd extension of Blocks 12-13-14; and
- Lots 1 and 2 of Madison Clinic Addition, all in the City of Madison, Lake County, South Dakota.

All voted AYE. The MOTION CARRIED. A copy of the Resolution Requesting Approval to Acquire an Option to Purchase Land in Madison, Lake County, South Dakota can be found on pages ____ to ____ of the official minutes.

Full Report

IT WAS MOVED by Regent Schaefer, seconded by Regent Morris to adopt the report and actions of the Committee on Budget and Finance. All members voting AYE. The MOTION CARRIED. A copy of the Full Report can be found on pages ____ to ____ of the official minutes.

APPOINTMENT OF BHSU PRESIDENTIAL SEARCH COMMITTEE

Along with Kathryn Johnson, Chair; Randy Morris; Terry Baloun; Dean Krogman; and USD President James Abbott, Black Hills State University campus and Spearfish community representatives will comprise the presidential search committee developed to aid in the selection of the next BHSU president after current President Kay Schallenkamp's retirement.

IT WAS MOVED by Regent Morris seconded by Regent Baloun to accept the slate of individuals for the BHSU Presidential Search Committee, which include the following:

Faculty (2) – Don Altmyer, Laura Colmenero-Chilberg

Students (2) - Chase Vogel, Lorrin Anderson

Administrator - Lois Flagstad

Exempt - Randy Culver

CSA - Dawn Kennedy

Alumni - Lori Caldwell

BH Foundation - Harvey Krautschun

YJ Foundation - Chris Anderson

Community - Dana Boke

All members voting AYE. The MOTION CARRIED.

REPORT AND RECOMMENDATIONS FROM THE AMERICAN INDIAN COLLEGE-GOING STUDY

Dr. Sam Gingerich explained that a study was undertaken to generate a descriptive account of young American Indians' global perspectives on college-going in the South Dakota context. He prefaced the work done by the working group designed to discuss and build out recommendations to better serve our American Indian postsecondary students. He noted that many of whom on the working group are staff members on the campuses who are directly responsible for working with and supporting American Indian Students.

Dr. Daniel Palmer further explained the study that sought to better understand the American Indian students already in the system and what obstacles face this population of students. He said the study used a focus group design to interview 49 current American Indian undergraduates at four Regental institutions: Dakota State University, Northern State University, South Dakota State University, and the University of South Dakota. Group sessions covered a broad range of topics, including: the desirability of postsecondary education, expectations of the college experience, motives for attending college, factors in college choice, and known barriers to entry. Analysis of the study's narrative data revealed a number of key themes, all of which are

discussed comprehensively in the full report, *Like Two Different Worlds*. He emphasized the fundamental differences of those living on the reservation and highlighted the perspective of these students.

SDSU Provost Laurie Nichols, who chaired the working group, presented the recommendations developed. She said seven recommendations were drafted and delineated into immediate needs and those that could come later. She explained that the group recommended that a central position at the board office be created to work directly with American Indian communities and high schools that have a high population of American Indian student. She emphasized that this position would be designed to be an educational position about college-going, not a recruitment position. This position would be in direct contact with those working with American Indian students on campus. It would also help to build a system wide network of people. She explained that system-wide retention efforts are also a major recommendation. She said the regental institutions are 19% behind the general retention rate of students when it comes to American Indians. An example of one known effective effort is summer bridge programming.

Another recommendation is to form a consortium of individuals working with American Indian students, sharing best practices, etc. Institutional statements will also be re-evaluated to ensure the statements of commitment and support align with the work being done.

She further explained that data was generated to see which high schools are doing the best job of sending American Indian students to college. She said the group recommended working with them to learn what it is they are doing to create this outcome.

There was a dialog about tribal colleges and the students who chose to attend those schools. Dr. Palmer noted that the bias in this study is to the students who chose regental institutions. Dr. Gingerich said that there is a network that includes the tribal colleges and this would be important to the ambassador position being recommended for the central office.

In response to a question about a mentor program, Dr. Gingerich explained the efforts toward mentorship programs as a result of the College Access Challenge Grant money. He noted that this grant will be phasing out over the next year.

Regent Baloun said a serious mentoring program is warranted. Also, having a relationship with tribal schools is important to ensuring that they do not see us as a threat but as a group devoted to the American Indian students who choose to attend our institutions. He said the Board either needs to commit the resources to this effort or we need to admit that we not going to be effective in this area.

Regent Johnson said that incorporating the expectations, learnings and outcomes from the three-year Board position into a document of best practices is critical. She said without a document such as this a lot of learning could be lost. She encouraged that this be developed.

Regent Sutton recognized that this is where the growth is in South Dakota. He said if we aren't at the front of it we will be behind the curve.

The group clarified that at this point the only commitment of funds in this recommendation is the Board office position. Dr. Warner explained that he has some ideas of where this money will come from and will execute if the Board is comfortable. He clarified that he could fund this position from his current budget over the three-year period proposed.

Regent Schieffer asked about the efforts currently being made regarding the retention efforts at the institutions. Provost Nichols explained that the group involved in the task force was very engaged and yet we need to do better on documenting what each campus is doing toward these efforts.

USD Provost Chuck Staben gave explanation to efforts at USD. He said they have a recruiter devoted to American Indians as well as an American Indian cultural center and advisor. He said those American Indian students who use the center and the support services are more successful, but not all of these students opt to use these services. He also explained that USD has a relationship with the work being done at Crazy Horse. BHSU Provost Rod Custer explained staff dedicated to these efforts, the bridge program for American Indian students, work one-on-one of student and their families, and remediation efforts.

Regent Morris said this is an issue that affects many different areas in the state. He asked why we wouldn't seek legislation to seek funding for the three-year staff position.

Regent Schaefer asked how the measure of success will be taken three years out. Provost Nichols said these metrics have not yet been defined. Dr. Gingerich said the objective is to increase the enrollment, which over the three years is best done by retaining already enrolled students.

SDSM&T President Wilson explained the efforts at Mines. She explained the American Indian student clubs and the GEARUP program hosted at Mines for five weeks every summer. She said Mines currently graduates 9 American Indian students a year but the goal is 20.

Dr. Warner said there are two ways we can look at metrics: enrollment and retention/graduation. He said ultimately we want to see the enrollment of American Indian students mirror the population of American Indian people in the state, which is about 10%. Right now American Indian enrollment is 3% but it should be 10%. We can also look at whether or not applications increase and whether or not yield from those applications are increasing. He said the student success bucket is the other perspective. Are we closing the achievement gaps year over year and closing the gaps at graduation?

It was clarified that the Board staff person hired by the central office should be American Indian him or herself.

Regent Schieffer asked about the current retention rates and their trends over the years. Dr. Gingerich said the retention rate has increased since past years.

He asked for a one or two page write up about the last 5 to 10 years' worth of retention rates for each individual campus. Dr. Gingerich said this is all based on self-reported identity, so the data may not track exactly since the federal framework used for self-reporting has changed in the past

few years, moving from a forced selection of a single race to now allowing individuals to select two or more.

IT WAS MOVED by Regent Jewett, seconded by Regent Johnson to approve the report and recommendations. All members voting AYE. The MOTION CARRIED.

IT WAS MOVED by Regent Morris, seconded by Regent Jewett to submit a bill requesting three years of funding for this particular position. All members voting AYE. The MOTION CARRIED.

A copy of the item prepared for Report and Recommendations from the American Indian College-Going Study can be found on pages ____ to ____ of the official minutes.

2013 GRADUATE PLACEMENT REPORT

Dr. Palmer explained that this analysis explores a dataset generated through the combined efforts of three different data providers: Regents Information Systems, the South Dakota Department of Labor and Regulation, and the National Student Clearinghouse. The principal goal of the analysis is to examine the extent to which Regental degree completers are retained in the state of South Dakota after graduation. Dr. Palmer briefly explained the study's context and methods. He noted that the results of the analysis indicate that a robust majority of students remain in the state following the completion of a degree. He said this finding underscores the social and the economic importance of bolstering the number of degree completions in the state.

Dr. Palmer explained that this information is based on hard data not survey data, which tends to be rife with questions of credibility.

Regent Jewett emphasized that based on the methodology of this report, the information is very conservative since employees of the federal government (including military) and self-employed individuals are not included.

Dr. Warner said this does not describe the total number of students who graduate from our institutions and then get jobs. It only reports those who have a wage record with the Department of Labor.

A copy of the item prepared for Placement Outcomes of Regental Graduates can be found on pages ____ to ____ of the official minutes.

2013 SB5 ACCOUNTABILITY REPORT

Dr. Palmer explained that the SDBOR central office has compiled an analytic report in response to Senate Bill 5 (from the 2013 legislative session; now SDCL 13-48A), which mandates that an annual "accountability report" be submitted to the newly created Council on Higher Education Policy Goals, Performance, and Accountability. The parameters of this report are stipulated in statute, and can be found in sections 4 and 8 of the final bill. Core reporting topics include:

graduate production, retention rates, credit hour completions, affordability, graduate placement, and exit/licensure exam outcomes.

Data for this project are now final, and this report will be submitted to the Council on Higher Education Policy Goals, Performance, and Accountability later this fall.

A copy of 2013 SB5 Accountability Report can be found on pages ____ to ____ of the official minutes.

UPDATE ON COMPLETE COLLEGE AMERICA'S COMPLETION STRATEGIES IN SOUTH DAKOTA

Dr. Gingerich explained that South Dakota has been a participating state in Complete College America's Alliance of States since the beginning (2009) and has been engaged in a variety of projects and initiatives designed to increase student success and college completion rates in our state. As of fall 2013, the Complete College America initiative has now grown to include 33 states and the District of Columbia.

He explained that each fall, CCA invites a team of higher education leaders and policymakers to gather together to examine progress and share successful strategies among states. On October 28-29, South Dakota was represented at CCA's 4th Annual Convening by Sam Gingerich and Janelle Toman of the Board of Regents; Tom Hawley of Northern State University; Deb Shephard of Lake Area Technical Institute; and State Representative Jacqueline Sly, Chair of the House Education Committee.

A theme of the 2013 convening was discussion of the "Game Changers," which are five targeted strategies and reforms to achieve more college graduates. He described the five "Game Changers" which include: (1) Performance Funding, (2) Co-requisite Remediation, (3) Full Time is 15, (4) Structured Schedules, and (5) Guided Pathways to Success.

Dr. Gingerich touched upon the initiatives underway at the system level to address these game changers.

A copy of the Update on Complete College America's Completion Strategies in South Dakota can be found on pages ____ to ____ of the official minutes.

OTHER BUSINESS

Regent President Krogman explained that he is not comfortable with the approach to solving problems by creating an administrative rule rather than changing state law. He said he would like the Board's permission to talk to the administration about fixing a loop hole in the law rather than fixing it in the administrative rules.

ADJOURN

IT WAS MOVED by Regent Baloun seconded by Regent Morris to adjourn the meeting of the Board of Regents on December 5 at 10:45 a.m. All members voting AYE. The MOTION CARRIED.

DRAFT