

**BOARD OF REGENTS
MINUTES OF THE MEETING
December 5-7, 2017**

The South Dakota Board of Regents met on December 5-7 at South Dakota School for the Deaf in Sioux Falls, South Dakota, with the following members present:

Bob Sutton, President
Kevin Schieffer, Vice President
John Bastian, Secretary
Conrad Adam, Regent
Jim Morgan, Regent
Randy Schaefer, Regent
Jim Thares, Regent
Pam Roberts, Regent
Joan Wink, Regent

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; Tasha Dannenbring, System Director of Institutional Research; Leah Ahartz, System Budget Manager; 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; Jan Puszynski, SDSM&T President; Tim Downs, NSU President; James Abbott, USD President; Kathy Johnson, Brandon Bentley, BHSU; Marcus Garstecki, Stacy Krusemark, Angi Kappenman, Judy Dittman, Dick Hanson, DSU; Veronica Paulson, Alan LaFave, NSU; Heather Forney, Steve Malott, SDSM&T; Dennis Hedge, Wesley Tschetter, Michaela Willis, SDSU; Roberta Ambur, Sheila Gestring, Kim Grieve, Carrie Gonsor Sanderson, USD; Claudean Hluchy, SDSD/SDSBVI; Gene Bilodeau, BHSU-RC; Craig Johnson, UC-SF; Alan Aldrich, SDEA/COHE; and other members of the regental system and public and media.

TUESDAY, DECEMBER 5, 2017

BOARD WORK

ROLL CALL:

Adam – PRESENT
Bastian – PRESENT
Morgan – PRESENT
Roberts – PRESENT
Schaefer – PRESENT
Thares – PRESENT
Wink – PRESENT
Schieffer – PRESENT
Sutton – PRESENT

Regent Sutton declared a quorum present and called the meeting to order at 4:35 p.m.

1-B Approval of the Agenda

IT WAS MOVED by Regent Schaefer, seconded by Regent Thares, to approve the agenda as published with the following revisions: (1) change agenda item number 4-F New Certificate Request – USD – Healthcare Analytics (Undergrad) to 4-F(1); (2) add F-1(2) New Certificate Request DSU Cybersecurity Network Services Software Development; and (3) move 4-I(1) USD – New Department of Sustainability and Environment off the consent agenda and to the Academic Affairs Committee as 8-W. Motion passed.

1-C Declaration of Conflicts

Regent Sutton explained that he has a conflict with agenda item 4-C(1) and will abstain from the consent agenda vote.

1-D Approval of the Minutes – Meetings on October 3-5, 2017; November 1-2, 2017; November 7, 2017

IT WAS MOVED by Regent Schieffer, seconded by Regent Wink, to approve the minutes of the meetings on October 3-5, 2017; November 1-2, 2017; and November 7, 2017. Motion passed.

1-E Rolling Calendar

IT WAS MOVED by Regent Adam, seconded by Regent Bastian, to approve December 4-6 as the dates and NSU in Aberdeen as the location for the December 2018 Board of Regents' meeting. Motion passed.

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

REGENTS' WORKSHOP

2-A Campus Financial Presentations

Dr. Monte Kramer, System Vice President of Finance and Administration, said the following presentations will include revenue and expense information, core expenditures, total cash statement information, and uncommitted cash information. He also noted that although USD, SDSM&T, and SDSU will share comparisons with their peer institutions, the comprehensive schools will provide comparisons to institutions within their Carnegie classification. Dr. Kramer explained that he will follow-up with additional information about Higher Learning Commission (HLC) ratios as these will be referenced in the presentations but may not be familiar to the regents.

Sheila Gestring, USD Vice President of Finance and Chief Financial Officer, provided key financial indicators for USD. She gave an overview of FY17 revenues and expenditures. She explained that USD's HLC ratios composite score for FY17 was 2.6. She also shared enrollment information as well as challenges and opportunities faced by the institution.

Veronica Paulson, NSU Vice President of Finance and Administration, provided information on NSU's FY17 revenues, expenditures and changes in net position. She provided information on total cash and explained that the institution has been building its cash reserves since 2012 because it was below the 10% threshold at that time. The institution's cash reserves are currently at 27.07%. She showed NSU's HLC ratios with a composite financial indicator of 8.4 in FY17. She explained that NSU's enrollments have decreased since 2013 but said there are signs of potential changes to that trend. Lastly she shared information about the institution's grant activity.

Kathy Johnson, BHSU Vice President for Finance and Administration, provided information on BHSU's FY17 revenues and expenditures. She explained that tuition and fees make up 48% of BHSU's revenue, which is higher than the other regental institutions. This means that enrollment changes make a significant impact, which makes cash reserves especially important to the institution. She described the freshmen class sizes since 2014, showing that there has been growth since President Jackson's initial year of employment. She also shared information about retention, degrees awarded, and scholarships available.

Stacy Krusemark, DSU Vice President of Business and Administrative Services, provided information on DSU's FY17 revenues and expenditures. He prefaced the data that compares DSU to other SDBOR institutions and Carnegie classification by explaining that it is difficult to find peer institutions for DSU because of its unique specialization in cyber security. He shared information about cash balances. He showed the HLC ratios for DSU and noted that the indicator for the institution was 2.2. Additionally he shared information on credit hour by fund source and full-time equivalent enrollments by location.

Steve Malott, SDSM&T Vice President of Finance and Administration, and Heather Forney, SDSM&T Controller, acknowledged a time of financial crisis in 2013 and the plan implemented by past President Wilson toward financial stability. During that time, a loan was taken out by the institution from the system office. Steve explained that the final loan payment was made in November 2017. Regent Sutton recognized this important achievement by SDSM&T and

congratulated all involved on a job well done. Steve went on to share information on SDSM&T's FY17 revenue and expenditures. Peer comparison and cash statement information was also provided. The HLC ratio indicator was 2.8 for 2017. Lastly, credit hour production, full-time equivalent enrollments, and grants and contracts information was provided to the Board.

Wes Tschetter, SDSU Vice President of Finance and Business, and Mike Holbeck, SDSU Director of Finance and Budget, provided an overview of FY17 revenues and expenditures. Mike described FY17 expenditures at SDSU. He provided peer comparison data. Additionally, he showed grants and contract numbers, explaining that the numbers have stabilized and growth has occurred since FY15. He also provided cash balance information. He noted that the institution's FY17 HLC ratios composite score was 2.0. Lastly, he provided information about full-time equivalent enrollments.

Dr. Kramer invited regents to provide feedback about the type of information they would like to see in this presentation in the future. He shared information about metrics that were not included due to other presentations planned throughout the year. Regent Sutton said the presentation on the auxiliary system will be provided in late March and noted this is a particularly good presentation for new regents.

Regent Schieffer said he is working to better understand the financial statements of a nonprofit versus for-profit business, recognizing there are significant differences. He questioned whether he should be concerned when revenues do not grow as fast as expenditures in a nonprofit business. Dr. Kramer said this is not a concern if it is localized to a single year; however, if this is a trend, there is concern. He said, at this time, the financial situation of the six universities is not concerning.

Regent Schieffer said the story that is told through the peer institution data, if solid and defensible, is extraordinary. It tells a story about the regental system's ability to do so much more with less. He would like to dive into this further because, if true, this shows that South Dakota is running an extremely efficient operation.

Dr. Kramer noted that there is a project in progress to better define peer institutions for the comprehensive universities. He said many of the current peer institutions for the comprehensive universities are scattered throughout the nation and suggested that the reworking of these may feature more regional institutions.

Regent Bastian recommended that a future Regents' Workshop focus on Financial Indicator Ratios and this session should be conducted sooner rather than later.

IT WAS MOVED by Regent Bastian, seconded by Regent Morgan, that the Board dissolve into executive session at 6:55 p.m. on Tuesday, December 5, 2017, to discuss personnel matters; that it rise from executive session at 8:45 p.m.; that it reconvene into executive session at 8:00 a.m. on Wednesday, December 6, 2017, to discuss personnel matters, student matters consistent with executive session issues, pending and prospective litigation, contractual matters, marketing or pricing strategies by a board of a business owned by the state when public discussion may be harmful to the competitive position of the business, and to consult with legal counsel; that it rise

from executive session at 12:30 p.m. to resume the regular order of business; and that it report its deliberations while in executive session. Motion passed.

WEDNESDAY, DECEMBER 6, 2017

The Board reconvened at 1:10 p.m.

Regent Sutton said if there are no objections there will be three additional modifications of the agenda: (1) remove item 4-U BOR Policy 5:25 – Auxiliary Revenue Systems Revisions (First Reading) from the agenda; add item 6-V DSU Active Duty Military Tuition to the Budget and Finance Committee; and (3) move item 8-A Student Federation Report to 5-C(1) under the Planning, Governance, and Resource Development Committee. There were no objections so the agenda was modified accordingly.

CONSENT AGENDA

IT WAS MOVED by Regent Adam, seconded by Regent Schieffer, to approve consent agenda items 4-A through 4-V, with the exception of 4-U which was removed from the agenda. Motion passed, Regent Sutton abstained.

Academic and Student Affairs

4-A Graduation Lists

Approve the Fall 2017 graduation lists for BHSU, DSU, NSU, SDSM&T, SDSU, and USD contingent upon the students' completion of all degree requirements.

A copy of the graduation lists can be found on pages ____ to ____ of the official minutes.

4-B (1) Agreements on Academic Cooperation – SDSU

Approve each of the Agreements on Academic Cooperation between South Dakota State University and 1) Chung-Ang University (CAU); 2) Dongguk University, Gyeongju (DUG); and 3) University of Ulsan (UOU) in South Korea.

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

4-B (2) Agreements on Academic Cooperation – SDSM&T

Approve the Agreement on Academic Cooperation between South Dakota School of Mines & Technology and Università della Calabria in Italy.

A copy of SDSM&T's Agreements on Academic Cooperation can be found on pages ____ to ____ of the official minutes.

4-C (1) Articulation Agreement – SDSU

Approve the updated articulation agreement between South Dakota State University and Avera McKennan School of Radiologic Technology.

A copy of SDSU’s Articulation Agreement can be found on pages ____ to ____ of the official minutes.

4-C (2) Articulation Agreement – DSU & NSA

Approve the updated articulation agreements between Dakota State University and the National Cryptologic School (NCS) of the National Security Agency (NSA) for the 1) AS in Software Development, 2) BS in Cyber Operations, and 3) MS in Applied Computer Science with Specialization in Cyber Operations programs.

A copy of DSU’s Articulation Agreement can be found on pages ____ to ____ of the official minutes.

4-D Affiliation Agreement – USD & API

Approve the affiliation agreement between the University of South Dakota and Academic Programs International (API).

A copy of the Affiliation Agreement for USD & API can be found on pages ____ to ____ of the official minutes.

4-E New Site Request: USD BA/BS in Criminal Justice (Online)

Approve University of South Dakota’s request to deliver the Bachelor of Arts (BA) and Bachelor of Science (BS) programs in Criminal Justice through online distance delivery as described in Attachment I.

A copy of the New Site Request: USD BA/BS in Criminal Justice (Online) can be found on pages ____ to ____ of the official minutes.

4-F (1) New Certificate Request: USD Certificate in Healthcare Analytics (Undergrad)

Approve University of South Dakota’s undergraduate certificate in Healthcare Analytics as presented in Attachment I.

A copy of the University of South Dakota’s certificate request in Healthcare Analytics (Undergrad) can be found on pages ____ to ____ of the official minutes.

4-F (2) New Certificate Request: DSU Certificates in Cybersecurity, Network Services, and Software Development (Undergrad)

Approve Dakota State University's undergraduate certificates in Cybersecurity, Network Services, and Software Development as presented.

A copy of DSU's certificate requests in Cybersecurity, Network Services, and Software Development (Undergrad) can be found on pages ____ to ____ of the official minutes.

4-G New Specialization: SDSU Data Science Specialization in BS in Mathematics

Approve South Dakota State University's Data Science Specialization in the Bachelor of Science (BS) in Mathematics program as presented in Attachment I.

A copy of the New Specialization: SDSU Data Science Specialization in BS in Mathematics can be found on pages ____ to ____ of the official minutes.

4-H Academic Calendar Definitions and Update (PT)

Approve the Academic Calendars through the 2026-27 academic year.

A copy of the Academic Calendar Definitions and Update can be found on pages ____ to ____ of the official minutes.

4-I (1) Naming Request – USD – New Department of Sustainability and Environment

<<Moved to the Committee on Academic and Student Affairs>>

4-I (2) Naming Request – SDSU – School of Communication and Journalism

Approve South Dakota State University's request to create a new School of Communication and Journalism as presented in Attachment I.

A copy of South Dakota State University's naming request can be found on pages ____ to ____ of the official minutes.

4-J Request to Seek Accreditation – SDSM&T

Approve South Dakota School of Mines & Technology's request to seek accreditation from the American Alliance of Museums (AAM) for their Museum of Geology.

A copy of SDSM&T's Request to Seek Accreditation can be found on pages ____ to ____ of the official minutes.

4-K Inactive Status and Program Termination Requests – SDSU & USD

Approve South Dakota State University's request to terminate their Medical Laboratory Science (B.S.) – Clinical Laboratory Specialization; and approve USD's request to terminate their Bachelor of General Studies – Business Specialization, and terminate their Associate of Science in Nursing.

A copy of the Inactive Status and Program Termination Requests – SDSU & USD can be found on pages ____ to ____ of the official minutes.

4-L Joint Powers Agreement – SDSU & SD Department of Agriculture

Approve the Joint Powers Agreement between South Dakota State University and the South Dakota Department of Agriculture set forth in Attachment I.

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

4-M SDLTAP Joint Powers Agreement – SDSU & SD Department of Transportation

Approve the Joint Powers Agreement between South Dakota State University and the South Dakota Department of Transportation set forth in Attachment I regarding the South Dakota Local Transportation Assistance Program (SDLTAP).

A copy of the SDLTAP Joint Powers Agreement can be found on pages ____ to ____ of the official minutes.

BUDGET AND FINANCE

4-N M&R Projects

Approve the maintenance and repair projects as listed on the attachment.

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

4-O FY19 M&R Fee Projects

Approve the FY19 M&R Fee projects as requested.

A copy of the FY19 M&R Fee Projects can be found on pages ____ to ____ of the official minutes.

4-P FY19 HEFF M&R Projects

Approve the HEFF M&R requested projects for FY19.

A copy of the FY19 HEFF M&R Projects can be found on pages ____ to ____ of the official minutes.

4-Q FY19 Auxiliary System M&R Projects

Approve the FY19 Auxiliary System M&R projects as presented in Attachment I.

A copy of the FY19 Auxiliary System M&R Projects can be found on pages ____ to ____ of the official minutes.

4-R FY19 AES M&R Projects

Approve the AES M&R projects for FY19 as requested.

A copy of the FY19 AES M&R Projects can be found on pages ____ to ____ of the official minutes.

4-S FY19 Special Schools M&R Projects

Approve the FY19 M&R projects for the South Dakota School for the Deaf.

A copy of the FY19 Special Schools M&R Projects can be found on pages ____ to ____ of the official minutes.

4-T NSU Naming Request – Great Plains East and Great Plains West

Approve the request by Northern State University to name the new residence halls being constructed on campus “Great Plains East” and “Great Plains West.”

A copy of the NSU Naming Request – Great Plains East and Great Plains West can be found on pages ____ to ____ of the official minutes.

4-U BOR Policy 5:25 – Auxiliary Revenue Systems Revisions (First and Final Reading)

<<Removed from the agenda>>

4-V BOR Policy 6:9 – Auxiliary System Revenues – Delete (First and Final Reading)

(1) Waive the two-reading requirement of By-Laws Section 5.5.1, and (2) approve the deletion of BOR Policy 6:9 – Auxiliary System Revenues.

A copy of the BOR Policy 6:9 – Auxiliary System Revenues – Delete (First and Final Reading) can be found on pages ____ to ____ of the official minutes.

PLANNING AND RESOURCE DEVELOPMENT

5-A Welcome and Presentation by SDSA/SDSBVI Superintendent Marjorie Kaiser

SDSA/SDSBVI Superintendent Marjorie Kaiser welcomed the audience to Sioux Falls and the School for the Deaf campus. She recognized several members from the Association for the Deaf who were in attendance at the Board meeting. Additionally she shared information about the many

services provided by the school as well as a video that highlighted the importance of early detection and intervention for children and families.

5-B USD Student Organization Awards

Dr. Kimberly Grieve, Vice President for Student Affairs and Dean of Students, introduced the Student Organization Awards for USD. The Award for Academic Excellence for 2016 was presented to the USD Speech and Debate Team. The Award for Community Service was presented to Pi Kappa Alpha Fraternity (PIKE). The Award for Organization Leadership was presented to Women in STEM (Science, Technology, Engineering, and Mathematics).

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

5-C Update on 2017 Spencer Foreman Award for Outstanding Community Service Awarded to USD Sanford School of Medicine

Dr. Susan Anderson, Sanford School of Medicine Chair of Family Medicine, provided a brief overview of the 2017 Spencer Foreman Award for Outstanding Community Service recently awarded to the Sanford School of Medicine. She explained that many consider this to be the top award that a medical school in the United States can receive. She further described the reasons why this award truly recognizes the entire state of South Dakota.

5-C(1) Student Federation Report

<<See agenda item 8-A>>

5-D Reports on Individual Regent Activities

Regent Sutton thanked Regent Bastian for his leadership on the presidential search at the South Dakota School of Mines & Technology. He recognized the excellent result of the search and attributed much of that success to good leadership and engagement of the entire SDSM&T presidential search committee and Board staff.

Regent Morgan explained that he was invited to the SDSU Student Senate to speak during one of its recent meetings. He appreciated the invitation and learned much.

5-E Report and Actions of Executive Session

Upon convening at 6:55 p.m. on Tuesday, December 5, 2017, the Board dissolved into executive session in order to discuss personnel matters. The Board rose from executive session at 8:45 p.m. The Board reconvened in executive session at 8:00 a.m. on December 6, 2017, in order to discuss personnel matters, student matters, pending and prospective litigation, contractual matters, marketing or pricing strategies by a board of a business owned by the state when public discussion may be harmful to the competitive position of the business, and to consult with legal counsel. The Board rose from executive session at 1:10 p.m.

Regent Bastian reported that while in executive session, the Board considered personnel and administrative actions, student matters, pending and prospective litigation, contractual matters, marketing or pricing strategies by a board of a business owned by the state when public discussion may be harmful to the competitive position of the business, consulted with legal counsel, and gave directions to its executive director and general counsel concerning these matters.

IT WAS MOVED by Regent Bastian, seconded by Regent Thares, 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 awarding two (2) years of prior service credit toward tenure and two (2) years of prior service credit toward promotion for Dr. Brianna Mount (BHSU); award one (1) year of prior service credit toward tenure and one (1) year of prior service credit toward promotion for Dr. Marla Fogderud (NSU); and award two (2) years of prior service credit toward tenure for Dr. Myanna Dellinger (USD).
2. Award an honorary posthumous Bachelor of Fine Arts in Studio Art to Ms. Amanda Voisin (BHSU).
3. Award an honorary Doctorate of Public Service to Mr. Steven T. O'Rourke (SDSM&T).
4. Approve the leave request for Mengyu Qiao (SDSM&T).
5. Approve the request to appoint Mr. Curtis Price (SDSMT) at the rank of Lecturer.
6. Approve the request to grant tenure to Dr. Sharrel Pinto (SDSU) and Dr. James Rankin (SDSM&T).
7. Waive the prohibition in BOR Policy 1:6 of granting a tenured faculty appointment to a president, and approve the contract terms of Dr. James Rankin, with an annualized salary of \$349,440 and effective date of January 8, 2018.
8. Approve the personnel actions as submitted by the Board office, campuses, and special schools. A copy of the personnel actions can be found on pages ____ to ____ of the official minutes.

Motion passed, Regents Schaefer and Sutton abstained.

5-F Report of the Executive Director

Dr. Mike Rush described the recent Town Hall meetings conducted by the Board of Regents. He explained that these were very productive and appreciated the involvement of the presidents and regents.

Dr. Rush also acknowledged the passing of Representative Craig Tieszen, who attended the Town Hall meeting in Rapid City. He shared his condolences with Representative Tieszen's friends and family.

Additionally, Dr. Rush provided an update on the Capital University Center (CUC), explaining that the CUC Foundation has agreed to take responsibility for the operational costs of the CUC and has also hired a consultant to do some future planning for the Foundation and the CUC.

Lastly, he explained that as the 2018 legislative session approaches, the Board office has planned four special telephonic Board meetings to discuss related topics, which will take place on certain Friday afternoons during session. That said, because regents are invited to participate in regular Friday Board meetings conducted by the Board office during session to update system leadership on legislative happenings, all Friday meetings will be publically noticed in case there is a quorum of the Board present.

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

5-G Amendments to the BOR By-Laws (First and Final Reading)

Guilherme Costa, Board of Regents General Counsel, explained that the recommended changes to the By-Laws will impact how the Board can waive the two-reading requirement in Section 5.5.1 of the By-Laws. In October 2017, the Board approved revisions to this section of the By-Laws, but after confusion arose about the revised method, it was determined that the method should be further revised. Whereas the prior language required unanimous consent of the regents present at the meeting, the proposed revisions will require unanimous consent of the regents voting on the proposed Board policy adoption or revision. Also, a minor change was made to change “Career Service” to “Civil Service” in section 3.1.2, which aligns with current terminology in statute.

IT WAS MOVED by Regent Bastian, seconded by Regent Morgan, to approve the first and final reading of the By-Laws, with the revisions as shown in Attachment I. Motion passed.

A copy of the Amendments to the BOR By-Laws (First and Final Reading) can be found on pages ____ to ____ of the official minutes.

BUDGET AND FINANCE

6-A Building Committee Report

Monte Kramer, System Vice President of Finance and Administration, reviewed the actions taken by the building committees since the October 2017 meeting.

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

6-B Capital Projects List

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

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

6-C Campus Tuition Proposals

Monte Kramer, System Vice President of Finance and Administration, summarized the proposed tuition programs for nonresident students as brought forth by the universities. He said approval of these proposals at this time would allow the universities to start recruiting from the surrounding states.

He described the requests of the universities saying that all except BHSU would like to offer the equivalent of resident tuition rates to first-time freshman and new transfers from Nebraska starting with Academic Year 2018-19. BHSU requests to offer the equivalent of resident tuition rates for first-time freshman and new transfers from Colorado and Montana starting Academic Year 2018-19. SDSM&T requests approval to offer the equivalent of resident tuition rates for first-time freshman and new transfers from Colorado with a minimum of a 27 ACT and a 3.5 GPA starting with Academic Year 2018-19. USD Law School requests approval to offer the equivalent of resident tuition rates for Law School students with an LSAT of 155 or higher starting with Academic Year 2018-19.

Dr. Kramer referenced the break-even analysis provided in the Board item and said that the numbers are reasonable and the institutions are confident that there would be a break-even outcome if not in the first year at least by the second.

Regent Sutton clarified that this does not change anything that the Board does for tuition setting in March. He said any adjustments to tuition made by the Board in March 2018 would apply to these students as well.

Dr. Kramer emphasized that these changes would apply to new freshmen and new transfer students only. The changes do not apply to current students.

IT WAS MOVED by Regent Roberts, seconded by Regent Wink, to approve the equivalent of resident tuition rates for first-time freshman and new transfers from Nebraska starting with AY18-19 (academic year) for all schools except BHSU; to approve the equivalent of resident tuition rates for first-time freshman and new transfers from Colorado and Montana at BHSU starting AY18-19; to approve the equivalent of resident tuition rates for first-time freshman and new transfers from Colorado for students with a minimum of a 27 ACT and a 3.5 GPA at SDSM&T starting with AY18-19; and to approve the equivalent of resident tuition rates for Law School students at USD Law School with an LSAT of 155 or higher starting with AY18-19. Motion passed.

A copy of the Campus Tuition Proposals can be found on pages ____ to ____ of the official minutes.

6-D Maintenance & Repair Planning

Monte Kramer, System Vice President of Finance and Administration, provided background information as to how maintenance and repair projects have been funded as well as how the system has worked toward a goal of setting enough money aside for maintenance and repair projects (2% of replacement values).

He explained that the recent reassessment of building replacement values by the Office of Risk Management has resulted in a 75% funding shortfall for FY19 maintenance and repair projects. New space has been added across the system and thereby added to the demand for maintenance and repair dollars. Also, in the last four years, there has not been a significant tuition increase in an effort to manage student cost, and the number of credit hours is static or declining. He said relying on future growth in credit hours or tuition increases to generate enough HEFF to fund the growing demand for maintenance and repair is no longer feasible.

Regent Sutton requested that Dr. Kramer provide the PowerPoint slides on the M&R planning to the regents.

In response to a question by Regent Thares, Dr. Kramer explained how the Board monitors spending from the M&R account. Regent Thares questioned the replacement valuations and whether the ones being used are appropriate. Dr. Kramer described the process for the different valuations and agreed that there is no hard and fast number, nor is there a perfect valuation process.

Regent Bastian said rather than looking at 2-3%, it might be more important to understand whether the amount that is currently available is appropriate for maintaining and repairing the buildings. Dr. Kramer said that he strongly believes that the amount generated at 2% is the very least the institutions should be setting aside to properly maintain the buildings.

Recognizing that M&R has consistently been a budget priority brought to the legislature, Dr. Kramer said it will be increasingly difficult to get the amount needed to achieve the 2% goal. After providing a series of possible solutions, Dr. Kramer suggested requiring the universities to have a viable maintenance and repair plan for new facilities that would satisfy SDCL 13-51-15.

Regent Schieffer asked whether the recommended motion should include exceptions for good cause and look at resetting the baseline allocation to campuses while first studying whether the current baseline is fair. Dr. Kramer said the campuses are having the conversation about whether the current allocation is fair. He said the Board needs to be concerned if the appropriate amount is being committed to this purpose.

Dr. Rush said that South Dakota has a unique system of higher education. He said the institutions are treated as a unit; however, many states treat each institution separately.

Regent Roberts said she feels strongly that the discussions of allocations need to be continued.

USD President Abbott expressed concern about the impact of making a decision today without a lot of vetting. He said it should not go unnoticed that USD has continually put more into the M&R fund than it has taken out.

Regent Schieffer reiterated the idea of incorporating exceptions into the recommended motion in response to the fairness issue.

SDSU President Dunn said the Council of Presidents has had multiple discussions about M&R. He said in the case of SDSU, it is not irrelevant that along with the Precision Ag building several existing buildings will be taken offline.

The Board discussed the importance that whatever action taken on this item needs to send the message to the legislature that M&R for the building projects being addressed during the 2018 legislative session will not be added to the regental system's M&R budget request.

IT WAS MOVED by Regent Roberts and seconded by Regent Wink, to require institutions with building projects that will go to the Legislature for approval in 2018 develop a plan to fund the 2% maintenance and repair using tuition, fees, institutional funds, private dollars or other funds.

After additional discussion, it was clarified that any motion would not require that those projects coming to the 2018 legislative session bring specific plans for how they will address M&R, especially considering that this issue requires a system-wide solution.

Regent Sutton said a working group should be developed with the goal that the group report back to the Board at its March 2018 meeting. This group will include central office Board staff, presidents, and regents. He said he will appoint this group as Board President.

With unanimous consent, the Board allowed a modification to the original motion.

MODIFIED MOTION: IT WAS MOVED by Regent Roberts, seconded by Regent Wink, to direct central office staff to come back to the next regular Board of Regents meeting in March 2018 with a recommendation to address future M&R funding. Motion passed.

A copy of the Maintenance & Repair Planning can be found on pages ____ to ____ of the official minutes.

6-E HEFF Cash Flow Statement

Monte Kramer, System Vice President of Finance and Administration, explained that the primary source of dollars to fund construction, maintenance, and renovation of university academic facilities is the tuition dollars placed in the Higher Education Facilities Fund (HEFF). He referenced the cash flow statement for HEFF as of October 2017 which was provided as an attachment. He said the provided cash flow statement shows actual and planned revenues and expenditures for FY15 through FY30.

He said the cash flow statements all show a fairly large unobligated balance at the end of each year even with additional debt financing plans. Because annual revenues do not come in until September, the cash balance at fiscal year-end must be sufficient to pay approximately one-half of the annual lease payment which is due in August. Projection of debt capacity and cash flows must both be considered prior to issuing new debt. We would only fund projects when capacity is available to debt service the leases and when sufficient cash is available to meet the annual payment.

He said based on current assumptions and revenues, \$10.5M of remaining projects on the 2012 Ten-Year Plan can be bonded in FY22 and \$12.5M in FY27. If this happens, it will have taken us 15 years to complete the projects that we thought we had the cash flow to complete in 10 years.

Regent Adam asked where the 3% figure for interest earnings comes from. Dr. Kramer said that figure is probably high but that is what it has been over the last few years. It's invested by the State Investment Council and includes all the money that has not yet been spent.

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

6-F FY17 Auxiliary System Agreed-Upon Procedures Report

Shelly Anderson, System Director of Internal Auditor, provided an overview of the financial statement for the auxiliary system which is required by bond counsel.

A copy of the FY17 Auxiliary System Agreed-Upon Procedures Report can be found on pages ____ to ____ of the official minutes.

6-G New BOR Policy 5:14 – Protection of SSN Revisions (Second Reading)

Monte Kramer, System Vice President of Finance and Administration, reviewed the new policy that addresses the necessary use and protection of private personal information. The policy deals with the collection, storage, use, and disclosure of social security numbers.

IT WAS MOVED by Regent Roberts, seconded by Regent Bastian, to approve the second and final reading of the new BOR Policy 5:14 – Protection of Social Security Numbers as presented. Motion passed.

A copy of the New BOR Policy 5:14 – Protection of SSN Revisions (Second Reading) can be found on pages ____ to ____ of the official minutes.

6-H BOR Policy 5:24 – Effort Certification Revisions (Second Reading)

Monte Kramer, System Vice President of Finance and Administration, requested approval of the changes made to BOR Policy 5:24 – Effort Certification as presented.

IT WAS MOVED by Regent Roberts, seconded by Regent Schaefer, to approve the second and final reading of BOR Policy 5:24 – Effort Certification as presented. Motion passed.

A copy of the BOR Policy 5:24 – Effort Certification Revisions (Second Reading) can be found on pages ____ to ____ of the official minutes.

6-I NSU Athletic and Recreational Turf Field Complex FDP

Veronica Paulson, NSU Vice President for Finance and Administration, requested approval of NSU's Facility Design Plan to construct an Athletic and Recreational Turf Field Complex

estimated at \$6,303,314 to be funded through \$6,000,000 in private funds and \$303,314 in HEFF M&R funds. She explained that the project will include synthetic practice and playing surfaces for football, soccer, and lacrosse with additional opportunities for intramurals and education opportunities (e.g., coaching and training). The 7,200 gross square foot space will include a 6,000 square foot pavilion structure and a 1,200 square foot outdoor covered area.

IT WAS MOVED by Regent Roberts, seconded by Regent Morgan, to approve NSU's Facility Design Plan to construct an Athletic and Recreational Turf Field Complex estimated at \$6,303,314 to be funded through \$6,000,000 in private funds and \$303,314 in HEFF M&R funds and to submit this project for legislative approval. Motion passed.

A copy of the NSU Athletic and Recreational Turf Field Complex FDP can be found on pages ____ to ____ of the official minutes.

6-J NSU Regional Science Education Center FDP

Veronica Paulson, NSU Vice President for Finance and Administration, reviewed previous action taken by the Board and building committee regarding NSU's Regional Science Education Center. She described the design of the center and said it will provide research and teaching labs to NSU's biology, chemistry, and physics programs. She said the total project costs are estimated at \$25,175,000 to be funded entirely through private donations.

IT WAS MOVED by Regent Thares, seconded by Regent Wink, to approve NSU's Facility Design Plan to construct the Regional Science Education Center at an estimated cost of \$25,175,000 to be funded entirely through private donations. Motion passed.

A copy of the NSU Regional Science Education Center FDP can be found on pages ____ to ____ of the official minutes.

6-K SDSU American Indian Student Center FPP

Dean Kattelman, SDSU Associate Vice President for Facilities Services, reviewed SDSU's Facility Program Plan to build an American Indian Student Center to serve as the hub of cultural programming, services, and advocacy for the recruitment, transition, retention, and graduation of American Indian students at SDSU. He said the cost of the 12,000-16,000 square foot building is estimated at \$4,500,000, with \$4,000,000 coming from private donor funds and \$500,000 from the annual allocation to SDSU of the School and Public Lands fund. Utility costs are projected to equal \$20,000 and will be paid from the state general fund utility allocation. Operating costs are projected to equal \$37,000 and would be funded through available funds in the university operating budget. The impact to on-going annual M&R, funded using HEFF dollars, is estimated to be \$66,680 based on the estimated construction cost of \$3,334,000.

IT WAS MOVED by Regent Roberts, seconded by Regent Morgan, to approve SDSU's Facility Program Plan to construct a new American Indian Student Center with projected costs equal to \$4,500,000 with funding of \$4,000,000 from private donations and \$500,000 in School & Public Land Funds and to request legislative approval for the project. Motion passed.

A copy of the SDSU American Indian Student Center can be found on pages ____ to ____ of the official minutes.

6-L SDSU Outdoor Sports Support Facility PFS & PFF

Dean Kattelman, SDSU Associate Vice President for Facilities Services, requests approval of the Preliminary Facility Statement and Facility Program Plan to construct an Outdoor Sports Support Facility. He said the project's estimated cost of \$600,000 is to be funded through SDSU's athletic and other business income. Estimated annual utility costs of \$675 will be funded through the state funded utility allocation. Operational costs of \$500 annually will be funded through the budget of the Athletic Department. An estimated impact to HEFF M&R of \$10,000 annually is projected based on the construction cost. It was noted that this project will need legislative approval, and a building committee representative will need to be assigned.

IT WAS MOVED by Regent Schaefer, seconded by Regent Bastian, to approve SDSU's Preliminary Facility Statement and Facility Program Plan for an Outdoor Sports Facility, at a cost of \$600,000 to be funded with athletic and other business income, and to submit this project for legislative approval. Motion passed.

A copy of the SDSU Outdoor Sports Support Facility PFS & PFF can be found on pages ____ to ____ of the official minutes.

6-M SDSU Southeast Neighborhood Apartments FPP

Monte Kramer, System Vice President of Finance and Administration, recapped previous Board action that approved SDSU's Preliminary Facility Statement for the Southeast Neighborhood Development project. He explained that this project introduces an alternate project to others explored in the past. He said SDSU is seeking approval for this project now because it will be included in a bonding item later on the agenda.

Michaela Willis, SDSU Vice President of Student Affairs and Wes Tschetter, SDSU Vice President of Finance and Business, explained that the current plan will include construction of a four story apartment building with approximately 160 beds and two-story townhouse units totaling 56 beds. There will be a mix of one to four bedroom apartments within a total gross square footage of 90,000-120,000 (dependent upon finalization of unit mix sizes, number of stories, and amenities included). The number of beds could vary depending on the best design and unit mix sizes. The current planning is between 190-232 beds.

The need for additional housing is usually driven by sustained occupancy rates that limit the ability of the universities to accommodate students. She explained that there are other reasons for building housing, including the demand for housing types that do not exist. SDSU currently has available housing but feels that the market is demanding apartments with more amenities that would attract upper-classmen. SDSU closed State Village (44 beds) this year and will remove State Court (43 beds) as part of this project taking a total of 87 beds out of the system. This new project will add a total of 190-232 beds to the system, for a net increase of 103-145 beds. Current apartment rentals

on campus show that of the 444 beds available, 402 are filled, or occupancy of 90.5%. SDSU's current occupancy rates follow with the number of beds that are currently available.

Dr. Kramer said the estimated project cost to build apartments and townhouses is \$20,000,000. The fund sources would be \$18.0M in revenue bonds debt serviced from student rent revenues in the new facility and no more than \$2.0M in cash from the auxiliary system.

It was emphasized that, if necessary, SDSU will implement their back-up plan to close Waneta, implement an on-campus housing requirement for student-athletes and manage releases.

IT WAS MOVED by Regent Roberts, seconded by Regent Wink, to approve the Facility Program Plan for SDSU's Southeast Neighborhood Apartments project and allow this project to be included in the proposed 2017 Auxiliary System Bond Series. The estimated project cost to build the apartments and townhouses is \$20.0M to be funded using \$18.0M in revenue bonds debt serviced from student rent revenues in the new facility and no more than \$2.0M in cash from the auxiliary system. Motion passed.

A copy of the SDSU Southeast Neighborhood Apartments FPP can be found on pages ____ to ____ of the official minutes.

6-N SDSU Request to Demolish Buildings

Dean Kattelman, SDSU Associate Vice President for Facilities Services, stated that approval to demolish buildings is allowed if the Board considers such action to be one of the following: (1) in the best interests of the State of South Dakota, (2) in order to make better use of the area, (3) because of extensive maintenance and repair costs, or (4) because of fire or safety hazards.

He said legislation will be sought for demolition of the Swine Research unit upon Board approval because of its building classification. Demolition, removal, and disposal costs are estimated to equal \$171,500 to be paid in the following breakdown; \$69,000 from AES M&R funds, \$2,500 from SDSU Facilities and Services Operating and Maintenance funds, and \$100,000 from Pesticide Sales income.

IT WAS MOVED by Regent Schaefer, seconded by Regent Morgan, to approve SDSU's request to demolish the unused facilities because it is in the best interest of the state, and relocate two buildings. Projected cost of \$71,500 for the demolition and disposals will be paid using \$69,000 from AES M&R funds and \$2,500 from SDSU Facilities O&M funds with the cost of relocation to equal \$100,000 being paid from pesticide sales income. Motion passed.

A copy of the SDSU Request to Demolish Buildings can be found on pages ____ to ____ of the official minutes.

6-O USD Dakota Dome Renovation FPP

Roberta Ambur, USD Vice President for Administration and Technology, requested approval of its Facility Program Plan to renovate the Dakota Dome. Originally built in 1979, the 218,829 gross

square foot facility has not undergone any major renovations since then. Funding for the renovation will be come from three sources: \$14,500,000 from bond proceeds with the debt service guaranteed by the USD Foundation; \$6,419,602 from USD's local funds cash; and a total of \$5,400,398 from the annual HEFF M&R allocation.

She explained that utility costs will remain the same or most likely decrease due to upgrades in the mechanical and electrical systems, and will be paid through the state funded university utility allocation – annual utility cost is \$212,602. Ongoing operational budgets won't change due to the building already being occupied by USD. Maintenance and repair needs will not increase because the facility is already included in the calculation at replacement cost.

Additionally, she said the proposed renovation of the Dakota Dome will also update the facility to meet current International Building and Fire Code requirements and will also allow USD to meet ADA and Title IX requirements to provide a safer facility for students, staff, faculty, and visitors to the USD campus. The projected costs of renovation total \$26,320,000 and will be funded in combination from bonds, USD funds, and HEFF M&R funds. If approved this project will need to be submitted to the legislature for approval.

IT WAS MOVED by Regent Roberts, seconded by Regent Wink, to approve USD's Facility Program Plan to renovate the Dakota Dome at an estimated cost of \$26,320,000 to be funded with \$14,500,000 in bond proceeds and debt serviced with private funds, \$6,419,602 from USD's local funds cash, and \$5,400,398 from USD's HEFF M&R allocation, and to submit the project for legislative approval. Motion passed.

A copy of the USD Dakota Dome Renovation FPP can be found on pages ____ to ____ of the official minutes.

6-P USD National Music Museum Addition & Renovation FPP

Roberta Ambur, USD Vice President for Administration and Technology, explained that USD is requesting approval of their Facility Program Plan to renovate 28,830 gross square feet and add 16,380 gross square feet onto the National Music Museum. Funding for this project will be supplied by private donations equaling \$7,718,200 and \$1,500,000 in HEFF M&R.

The cost of the addition is estimated to be \$4,095,000 which will have an annual impact on HEFF M&R of \$81,900. Utility costs are expected not to increase even with the expansion because the building will be more efficient. The ongoing operational budget of \$63,855 will be funded through a combination of USD funds as well as funds from the National Music Museum. If approved, the president of the Board will need to appoint a regent to the building committee.

IT WAS MOVED by Regent Schieffer, seconded by Regent Bastian, to approve USD's Facility Program Plan to renovate and construct an addition to the National Music Museum with costs estimated at \$9,218,200 to be funded through private donations equal to \$7,718,200 and \$1,500,000 in HEFF M&R, and to request legislative approval of the project. Motion passed.

A copy of the USD National Music Museum Addition & Renovation FPP can be found on pages ____ to ____ of the official minutes.

6-Q USD Inman House Lease

Guilherme Costa, Board of Regents General Counsel, explained that USD has requested approval of a property lease to the University of South Dakota Foundation to permit the Foundation to renovate the Inman House, which is a facility that provides both a residence for the USD President and a center appropriate for a variety of university functions. Under the terms of the lease, the USD President will continue to reside in the Inman House in exchange for USD being responsible for all costs associated with maintaining and operating the Inman House. The USD Foundation will oversee and manage the renovation process.

IT WAS MOVED by Regent Roberts, seconded by Regent Wink, to approve the request by the University of South Dakota to 1) Authorize the Executive Director to execute the proposed lease with the University of South Dakota Foundation on behalf of the Board once the General Counsel confirms that negotiations over its final details have been completed and that the final document is in substantially the form reviewed by the Board; 2) Direct the Executive Director to include the final version of the lease as an attachment to his report to the Board at the March 27-29, 2018 Board meeting; 3) Delegate to the University of South Dakota President the power to exercise the powers reserved to the Lessor under the proposed lease insofar as these concern approval of facility designs and specifications and the ordinary supervision of the lease administration. Motion passed.

A copy of the USD Inman House Lease can be found on pages ____ to ____ of the official minutes.

6-R FY19 Governor's Recommended Budget

Leah Ahartz, System Budget Manager, provided a summary of the FY19 Governor's Annual Budget Address. She said Governor Daugaard gave his FY19 budget address on Tuesday, December 5, 2017 when he explained that revenues continue to be below projections for FY18; \$20.3 million lower than initial projections. Combined with increased expenses of \$10.4 million and emergency special appropriations of \$3.0 million, the total shortfall is projected to be \$33.7 million. This shortfall is expected to be resolved through reductions in expenditures for several state agencies and use of other fund cash. The projected FY19 general fund budget is projected to grow by \$32.4 million. She also noted that no employee compensation package for either career service or pay for performance employees has been proposed by the Governor for FY19. This would be the second consecutive year without salary policy.

She said the Governor is proposing base general fund increases of \$2,304,561 for the Board of Regents. That amount is offset by a proposed reduction of (\$370,656) to the REED Network technology costs billed by BIT and a (\$4,188) reduction in general fund lease payments, for a net increase in general funds of \$1,929,717. The increases include ongoing funding for the SD Opportunity Scholarship, utility funding and additional maintenance and repair dollars. Funding for the SDSU Veterinary Program and Animal Disease Research and Diagnostic Lab is being moved from other funds to general funds, resulting in a reduction of other fund authority of

(\$902,000) and a proposed appropriation to general funds of \$892,768. The Governor's recommendations result in a 0.9% increase in base general funding.

The Governor has proposed no one-time dollars for the Board of Regents in FY19.

Lastly, she said the Governor's budget recommendation also includes an amendment to the FY18 General Bill, increasing utility funding by \$264,764. This increase is based on FY17 actual expenditures found on the State Accounting System and preliminary projections for FY18 from Energy Cap data reported by the campuses. The General Bill amendment will also include a reduction of (\$370,656) to the REED Network Technology funding. The general bill amendment is a one-time adjustment to funding. The base fund reduction is reflected in the FY19 budget.

A copy of the FY19 Governor's Recommended Budget can be found on pages ____ to ____ of the official minutes.

6-S NSU Request to Demolish Buildings

Veronica Paulson, NSU Vice President for Finance and Administration, on behalf of NSU, requests approval to demolish a 1,678 square foot apartment building located on S. Herret Street. The two story, 4-unit apartment building was gifted to NSU in 1996, along with a 1,728 square foot six stall garage and a 768 square foot storage building. NSU plans to use the area for a parking lot, due to its proximity to residence halls and the Barnett Center. The estimated cost of demolition is \$30,000, and will occur only if no bid is received after listing the apartment building for sale. Additionally, NSU plans to relocate the storage unit and garage for use elsewhere on campus.

IT WAS MOVED by Regent Roberts, seconded by Regent Schaefer, to approve NSU's request to demolish the apartment building or sell the structure because it is in the best interest of the state and it will make better use of the area. Projected costs of \$30,000 for the demolition and disposal will be paid for with private funds. Motion passed.

A copy of the NSU Request to Demolish Buildings can be found on pages ____ to ____ of the official minutes.

6-T BOR 2017 Series Housing and Auxiliary Facilities System Revenue Bonds

Monte Kramer, System Vice President of Finance and Administration, explained the request to approve the issuance of Housing and Auxiliary Facilities System Revenue Bonds, Series 2017 (the "Bonds"), which will provide for the refinancing of \$67,080,000 of the outstanding 2009 Series bonds; provide \$18,000,000 in bond proceeds to finance the SDSU Southeast Neighborhood Apartments; and provide \$11,000,000 to finance the purchase of Placer Hall at SDSM&T.

The last Housing and Auxiliary System Revenue Bonds deal in 2016 was assigned a rating of "Aa3" by Moody's. These bonds have not yet been assigned a rating by Moody's. The rating will be available by the time of the Board meeting. Piper Jaffray & Co. is the underwriter for the bonds. Chapman and Cutler LLP serves as bond counsel for revenue bonds.

Bond counsel and counsel to the underwriter have prepared the appropriate resolutions and documents to proceed with the next phases of the financing. It was recognized that the five necessary actions would need to be approved with separate motions, seconds, and roll call votes.

IT WAS MOVED by Regent Roberts, seconded by Regent Schaefer, to approve Action Item 1 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 refunding of a portion of the Refunded 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 \$1,000,000 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 Bonds;
- ii. the SDSM&T Project;
- iii. the SDSU Project; and
- iv. costs of issuance of the Bonds; (Attachment I—Thirteenth Supplemental System Revenue Bond Resolution (the "Thirteenth Supplemental Bond Resolution"))

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion passed.

IT WAS MOVED by Regent Roberts, seconded by Regent Adam, to approve Action Item 2 to contract with the underwriter, Piper Jaffray & Co., who will market the Bonds for the Board; provided, however, that the aggregate principal amount of Bonds sold pursuant thereto shall not exceed \$95,000,000 shall mature not later than April 1, 2039, shall bear interest at a true interest cost not exceeding 3.5%, and shall be sold at an underwriter's discount of not more than .575% of the proceeds of the Bonds (Attachment II—Bond Purchase Agreement).

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE

Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion passed.

IT WAS MOVED by Regent Roberts, seconded by Regent Schaefer, to approve Action Item 3 to approve an escrow agreement with First Bank & Trust in Brookings, Brookings, South Dakota, and the Bond Registrar for the Refunded Bonds, to provide for the defeasance of the Refunded Bonds (Attachment III - Escrow Agreement).

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion passed.

IT WAS MOVED by Regent Roberts, seconded by Regent Bastian, to approve Action Item 4 to ratify the distribution of the preliminary official statement and approving 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 IV—draft Preliminary Official Statement).

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion passed.

IT WAS MOVED by Regent Roberts, seconded by Regent Adam, to approve Action Item 5 to authorize the President of the Board, the President of Northern State University, the President of South

Dakota School of Mines and Technology, the President of South Dakota State University, the President of the University of South Dakota, the Executive Director of the Board and other Board officials to perform those acts and to execute those documents necessary to complete the Bond issue and the refunding of the Refunded Bonds, and the execution and delivery of the Thirteenth Supplemental Bond Resolution, the Bond Purchase Agreement and the Escrow Agreement; and to make the certifications required prior to the issuance of additional Bonds under Section 14(K) of the Original Resolution based on the Actual Net Revenues of the System for each of the two most recent Fiscal Years and the Projected Net Revenues of the System for each of the specified three Fiscal Years (Attachment V).

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion passed.

A copy of the BOR 2017 Series Housing and Auxiliary Facilities System Revenue Bonds can be found on pages ____ to ____ of the official minutes.

Campus Community Forum

The Board responded to questions from the campus community.

THURSDAY, DECEMBER 7, 2017

The Board reconvened at 7:30 a.m.

Breakfast Meeting with Area Legislators

Senator Art Rusch (District 17), Senator Jim Bolin (District 16), and Representative Herman Otten (District 6) met with board members to informally discuss the high school dual credit program, tuition rates at University Center-Sioux Falls, and the impact of out-of-state students attending South Dakota public institutions. Presentations were made by representatives from South Dakota School for the Deaf, University Center-Sioux Falls, USD School of Medicine, and the SDSU pharmacy program. The group heard from three students who study at regental programs offered in Sioux Falls, including University Center, USD School of Medicine, and SDSU College of Pharmacy.

6-U Capital Improvement Process/Building Committee Process

Monte Kramer, System Vice President of Finance and Administration, reviewed the steps involved when campuses request capital improvement projects. Using a PowerPoint presentation, Dr. Kramer explained the processes and the Board and building committee responsibilities.

Regent Thares said from the perspective of the regent appointed to the committee, he feels it would be helpful to be included earlier in conversations, such as when qualifying firms.

A copy of the Capital Improvement Process/Building Committee Process can be found on pages ____ to ____ of the official minutes.

6-V DSU Active Duty Military Tuition

Monte Kramer, System Vice President of Finance and Administration, explained that DSU would like to expand the online program offerings to active military. DSU has worked with the military to recruit students specifically in the cyber operations programs. Military personnel however are looking at cost of programs along with the benefits the military offers and decide to go to other universities that offer a military rate for online programs.

With federal tuition assistance program, active military personnel receive a benefit of \$250 per credit hour. The current rate for an online course at DSU is \$335 per credit hour so the student needs to pay out of pocket the \$85 per credit hour difference. DSU proposes an online tuition rate of \$250 per credit hour for all active duty military. DSU would also like to change the Delivery Fee (Non-Resident Online Computer Science, Cyber Operations, & Network and Security Administration) such that it does not apply to active duty military students. The total cost for active duty military students to take an online course from DSU would be \$250 per credit hour.

He explained that no analysis has been done across the system to determine the potential impact of offering all active duty military taking distance courses a rate of \$250. Therefore, DSU is requesting to pilot this proposal and determine if it has a positive impact on active duty military enrollments in distance programs.

IT WAS MOVED by Regent Schaefer, seconded by Regent Thares, to approve a pilot program for DSU to offer a distance active duty military rate of \$250.00, effective summer of 2018. Motion passed.

A copy of the DSU Active Duty Distance Rate can be found on pages ____ to ____ of the official minutes.

PLANNING AND RESOURCE DEVELOPMENT

7-A SDSD Location Task Force Report and Recommendations

SDSD President Marje Kaiser provided a summary of the work and resulting recommendations of the SDSD Task Force. She said the task force recommends that the Board approve the motion

authorizing the sale of surplus land and finalizing the location of the SDSD in some portion of its current Main building (as that building is identified in the 23 September 2017 committee report).

Regent Schieffer further outlined the expectations going forward and provided an update on what has happened since the Board meeting in October.

Regent Thares said at some point the strategic buyer option must be taken off the table in order for the realtor to move forward with renting parts of the facility. He acknowledged the difficulty in doing one if the other is still up for debate. Regent Schieffer emphasized that the deadline is the end of December.

In response to a question by Regent Schaefer about whether there are any buyers out there who are willing to pay what we consider fair market value, Regent Schieffer said there are interested buyers but none at a price that we believe makes it worth selling. He said it looks like we are going to sell the surplus property and rent out the rest of the unused space. He emphasized that the mission of SDSD will not change regardless of what happens with the current facility, and when you look at the cost of alternate space for SDSD and other regental users of this facility the cost increases quickly and exponentially.

Regents expressed thanks to all involved and specifically for the leadership of Superintendent Kaiser and Regent Schieffer.

IT WAS MOVED by Regent Bastian, seconded by Regent Morgan, to (a) approve the sale(s) of all SDSD real estate that is determined “surplus” by the committee on the SDSD, (b) submit to the Governor the draft legislation needed to effectuate said sale(s), (c) that the Executive Director shall undertake all efforts reasonable and necessary to execute the sale of excess SDSD property as soon as practicable, (d) that the Executive Director shall undertake every effort to lease out any portion of the SDSD Main building that is not deemed necessary for SDSD operations, and (e) that the School for the Deaf and its current regental tenants (for the term of their lease, as may from time to time be extended) shall remain in the Main Building of SDSD subject to the terms, conditions and directives as described in this Agenda Item 7 – A and the 23 September 2017 Report and Recommendations of the Committee on the SDSD. Motion passed.

A copy of the SDSD Location Task Force Report and Recommendations can be found on pages ____ to ____ of the official minutes.

7-B USD Law School Task Force Update

<<This was taken up as the last agenda item on Wednesday, December 6>>

USD President James Abbott described the work and recommendations of the USD Law School Task Force that was commissioned to take an in-depth look at whether moving the USD Law School to Sioux Falls would enhance student recruitment efforts. He summarized the recommendations of the task force, which include the following:

- 1) Remain in Vermillion, but expand classes to Sioux Falls and add online options.

- 2) \$600,000 in total additional funding (\$300,000 reallocation from BOR and \$300,000 from a new state appropriation) to support enhanced student outreach, admissions outreach, and programming.
- 3) Secure funding for 15 full scholarships to improve the diversity and quality (LSAT and GPA) of the student body.
- 4) Ask the Board of Regents for the authority to offer resident tuition rates to non-resident students using parameters to be determined by the Law School Advisory Council (to be established).
- 5) Create a Law School Advisory Committee.

He said the committee did not address the structural deficit, which is a result of lower enrollment. He described efforts to increase enrollment and improve the bar passage rates.

In response to a question about the structural deficit by Regent Schieffer, President Abbott said the Law School will use \$300,000 in Law School reserves at the present time and ask the legislature for additional funds at a reasonable time and when the school's plans are in place.

Speaker Mark Mickelson commented on the recommendations of the task force, saying that the Law School reserves should be used to plug the deficit. He also said it was determined that an additional \$600,000 is necessary to be competitive with the Law School's peers. Half of that \$600,000 should come from the Board of Regents and the other half from the legislature.

Regent Bastian provided clarification on the task force recommendation votes. He said that he and Regent Adam, both of whom served on the Task Force, voted to support the \$600,000 of additional annual funding, though with explicit recognition that their votes before the Board may be different than the votes on the Task Force.

A copy of the USD Law School Task Force Update can be found on pages ____ to ____ of the official minutes.

7-C GEAR UP Update

BHSU President Tom Jackson, Jr. and BHSU Provost Chris Crawford introduced the BHSU Primary Investigators (PI's) for the GEAR UP grant, Dr. June Apaza, and Dr. Urla Marcus. Drs. Apaza and Marcus provided an overview and update on GEAR UP, its activities, and outcomes since the coordination of the project transferred to BHSU in January 2016.

It was explained that at the conclusion of this grant cycle BHSU intends to file a no-cost extension of the grant for one or two years before any reapplication for the grant would be submitted. President Jackson confirmed there are adequate remaining funds available to sufficiently fund the program for at least another year.

Regent Schaefer said these reports are critical as this program has had much scrutiny in the past. He said the regents should continue to receive periodic GEAR UP reports.

A copy of the GEAR UP Update can be found on pages ____ to ____ of the official minutes.

7-D (1) University Centers Update: Black Hills State University – Rapid City

BHSU President Tom Jackson, Jr., BHSU-RC Executive Director Gene Bilodeau, BHSU Provost Chris Crawford, and BHSU Vice President of Finance and Administration Kathy Johnson provided an overview of recent developments at BHSU-RC related to enrollment, new program development and program alignment, the work of consultants Hanover Research, Western Dakota Tech collaboration, finances, student life, and outreach.

Regent Sutton recognized that several of the future goals identified by BHSU-RC goals have already been met. He asked if these goals should be reassessed. President Jackson said that the student population served by BHSU-RC tend to be more volatile so just because it appears to be achieved now, it may look different depending on retention, etc. Additional questions were fielded related to the goals, projections and financial outlay of the center.

Regent Schieffer asked about the full-time equivalent (FTE) goals and projects. He said it would be helpful to have explicit goals for BHSU-RC so that success can be better tracked. Additionally, he would like to see a correlation done among these goals, projections, and financial viability. President Jackson said the goals currently presented are part of the BHSU goals, not specific to BHSU-RC.

In response to a question by Regent Adam, Dr. Bilodeau described the block scheduling pilot that starts next semester. He acknowledged the paradigm shift that this introduces because the block scheduling will provide a three-hour course taught to completion after 18 consecutive school days.

A copy of the University Centers Update: BHSU-RC can be found on pages ____ to ____ of the official minutes.

7-D (2) University Centers Update: University Center-Sioux Falls

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, and UC-SF Executive Director Craig Johnson provided updates on the UC-SF. Dr. Johnson provided information about the effort to move SDSU Nursing from its current location at Southeast Technical Institute. He said they have hired Joe Bilotta to do a space study of the center and SDSU nursing programing and this should be available by March 1. The UC-SF Steering Board membership is currently being recruited and the first meeting will likely be January with quarterly meetings following.

Additionally, Dr. Perry stated that the report before the Board includes the proposed revision to the UC-SF Governing MOU which had initially been discussed during the August 2017 BOR meeting. The report also includes updates on the progress in implementing the Community Steering Board since the time of the August 2017 BOR meeting.

IT WAS MOVED by Regent Bastian, seconded by Regent Adam, to approve the proposed revisions to the University Center-Sioux Falls Governing MOU as presented in Attachment I. Motion passed.

A copy of the University Centers Update: UC-SF can be found on pages ____ to ____ of the official minutes.

7-E Title IX Interim Guidance – Revisions to BOR Policies 3:4 and 1:18 (Second Reading)

Guilherme Costa, Board of Regents General Counsel, stated that during the October 2017 Board meeting, the Board approved the first reading of revisions to Board Policy 3:4 – Student Code of Conduct, and Board Policy 1:18 – Human Rights Complaint Procedures, to align with the Title IX Interim Guidance released by the U.S. Department of Education Office for Civil Rights in September 2017. Since the October 2017 meeting, Board staff has worked with student affairs and Title IX/EEO staff from the campuses on further revisions to the two policies, and also met with a representative of the Office of the South Dakota Attorney General. No additional changes were made to Board Policy 1:18 since the October meeting, but a number of additional changes were made to Board Policy 3:4, which are intended to clarify the policy.

In response to a question by Regent Bastian, Guilherme explained the implication of the Clery Act as it applies to BOR Policy 3:4 is related to whether information can be shared about a student. The reason it was removed is that because information that FERPA allows, the Clery Act also allows, so the dual reference was duplicative. He acknowledged that the Clery reference was left in BOR Policy 1:18 solely because the approach was to make minimal changes to that policy in anticipation of a more comprehensive revision process to BOR Policies 1:18, 1:17, and 1:17.1. Regent Sutton asked whether further changes to BOR Policy 3:4 are anticipated as further guidance is provided by this administration. Guilherme said this current change was unique because it follows interim guidance. However, a final rule is anticipated to be issued by the Department of Education in 6-12 months, at which time more revisions should be anticipated.

IT WAS MOVED by Regent Bastian, seconded by Regent Wink, to approve the second and final reading of (1) Board Policy 3:4, with revisions as shown in Attachment I, and (2) Board Policy 1:18, with the revisions as shown in Attachment II. Motion passed.

A copy of the Title IX Interim Guidance – Revisions to BOR Policies 3:4 and 1:18 (Second Reading) can be found on pages ____ to ____ of the official minutes.

7-F 2018 Board Sponsored Legislation

Guilherme Costa, Board of Regents General Counsel, reviewed the proposed legislation that the Board of Regents is being asked to sponsor, with Board authorization, for the upcoming legislative session in 2018. Fifteen bills were presented to the regents.

Regent Bastian asked whether the motion approves the general intent of the legislation or specific legislation language. Guilherme said this motion approves the general intention of the legislation but also allows some discretion to the Executive Director to make changes to the legislation so there is some flexibility.

Regent Schaefer asked that Executive Director consult with Board's Executive Committee about any changes that are relevant so Board remains informed.

Regent Sutton agreed and encouraged regents to participate as available during the Friday afternoon calls during legislative session, which will be publically noticed. This creates the opportunity for Dr. Rush to update the regents on legislative happenings and receive feedback as necessary.

In response to questions by Regent Morgan, Guilherme answered questions clarifying the proposed legislation related to the special schools and the Uniform Fraudulent Transfer Act Concerning Payments of Higher Education Expenses.

IT WAS MOVED by Regent Bastian, seconded by Regent Morgan, to authorize the Executive Director to (1) submit the proposed bills, prepare additional legislation that may be required, and 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, (2) submit such additional legislation as may be necessary and proper, after consulting with the Board President, and (3) support legislation that would authorize the construction of the Precision Agriculture Classroom and Laboratory Building and the renovation of Berg Agriculture Hall at SDSU. Motion passed.

A copy of the 2018 Board Sponsored Legislation can be found on pages ____ to ____ of the official minutes.

7-G USD Center for the Prevention of Child Maltreatment Update

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, and Carrie Gonsor Sanderson, Director for the Center for the Prevention of Child Maltreatment, provided an overview of the report provided to the Board regarding the current activities of the Center for the Prevention of Child Maltreatment.

Regents acknowledged their deep appreciation for Carrie's experience and the important work she is doing with the center. Regent Sutton noted that the data showing the number of children that are sexually assaulted every day is astronomical. He emphasized the importance of this work.

A copy of the USD Center for the Prevention of Child Maltreatment Update can be found on pages ____ to ____ of the official minutes.

7-H Regents Civil Service Advisory Council Update

Kayla Bastian, System Director of Human Resources, stated that BOR Policy 1:7:5 establishes the Regental Civil Service Advisory Council (RCSAC). This policy requires that the Executive Director's delegate provide a report to the board following each semi-annual meeting.

She indicated that the RCSAC met on October 7, 2016 at the Board of Regents office in Pierre, where the Council heard updates from members of the Board of Regents staff on current issues in the regental system. The next meeting was scheduled for April 2018 at Dakota State University.

A copy of the Regents Civil Service Advisory Council Update can be found on pages ____ to ____ of the official minutes.

7-I BOR Policy 1:7:5 – Civil Service Advisory Council Revisions (First Reading)

Kayla Bastian, System Director of Human Resources, stated that BOR Policy 1:7:5 establishes the Regental Civil Service Advisory Council (RCSAC). This policy requires that the Executive Director’s delegate provide a report to the board following each semi-annual meeting.

Because RCSAC does not recommend policy changes nor does it take other actions that require BOR approval, it is proposed to remove the semi-annual report requirement from BOR Policy 1:7:5. The RCSAC members are supportive of the policy changes.

IT WAS MOVED by Regent Bastian, seconded by Regent Schieffer, to approve the first reading of BOR Policy 1:7:5 – Regental Civil Service Advisory Council. Motion passed.

A copy of the BOR Policy 1:7:5 – Civil Service Advisory Council Revisions (First Reading) can be found on pages ____ to ____ of the official minutes.

7-J BOR Policy 1:6 – Appointment, Authority, and Responsibilities of Presidents and Superintendents Revisions (First Reading)

Kayla Bastian, System Director of Human Resources, stated that BOR Policy 1:6 governs the appointment, authority, and responsibilities of the university presidents and the special school superintendent(s). She said the policy language currently prohibits presidents from receiving, or retaining, tenured faculty appointments. In order to remain competitive in the labor market for university presidents, though, it is important for the Board to have the ability to negotiate tenure in the appointment contract with presidential candidates. Additionally, BOR Policy 1:6 currently refers to annual contract renewals for presidents; however, with the implementation of BOR Policy 4:49 at the March 2016 BOR meeting, presidents are now eligible for multi-year contracts. The removal of the “annual” reference will align this policy with BOR Policy 4:49, in the event the Board negotiates a multi-year contract with a current or future president, and will bring the language into compliance with all BOR policies.

Lastly, she explained that section 7 of the policy is an obsolete reference that should have been deleted when BOR Policy 5:3 was amended at the December 2013 BOR meeting. Policy 5:3 previously required research and development grants and contracts to be approved by the executive director; however, that requirement was removed when the policy was amended in December of 2013, leaving the discretion to accept research and development grants at the presidential level. As such, the provision in section 7 that grants the presidents and superintendents authorization to accept supplements of up to \$10,000 on current grants to continue previously approved grant activities is unnecessary because they already have the authority to accept research and development grants and contracts in general.

In response to a question by Regent Sutton, Kayla confirmed that the policy change does not require that presidents receive tenure. Tenure would still need to be negotiated into the contract.

IT WAS MOVED by Regent Bastian, seconded by Regent Adam, to approve the first reading of BOR Policy 1:6 – Appointment, Authority, and Responsibilities of Presidents and Superintendents. Motion passed.

A copy of the BOR Policy 1:6 – Appointment, Authority, and Responsibilities of Presidents and Superintendents Revisions (First Reading) can be found on pages ____ to ____ of the official minutes.

Academic and Student Affairs

8-A Student Federation Report

<<This was taken up as agenda item 5-C(1) on Wednesday, December 6>>

Paige Dexter, Student Federation Executive Director, explained that the Student Federation has selected February 11-12, 2018 for SHED Days. She further explained that the Student Federation reviewed the proposed revisions to BOR Policies 3:4 and 1:18 in response to the Title IX interim measures.

8-B SDSBVI Comprehensive Plan for Special Education

SDSBVI Superintendent Kaiser explained that each school is required annually to have a comprehensive plan to ensure that individual policies are in alignment with state and federal law.

IT WAS MOVED by Regent Morgan, seconded by Regent Bastian, approve the SDSBVI Comprehensive Plan for Special Education as presented. Motion passed.

A copy of the SDSBVI Comprehensive Plan for Special Education can be found on pages ____ to ____ of the official minutes.

8-C Banner Student Update

Dr. Janice Minder, Board of Regents Technology Consultant, stated that the Banner Student project continues to move forward on schedule and within budget. Ellucian and the SDBOR staff have worked to secure resources (consultants, onsite locations, and remote locations) for all upcoming Ellucian events for calendar years 2018 and 2019. These events will include training on the student system, consulting for the design and configuration of the system, testing of the system, consulting for conversion of data (and data migration), and various technical sessions. Campuses and the various functional teams are working together on numerous aspects of this project.

Regent Morgan asked about the capability for more mobile access. Dr. Minder explained that Banner Student allows multiple channel access and although it has not yet been designed, the mobile feature has been purchased and will be implemented.

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

8-D Intent to Plan Request – NSU – BA in Criminal Justice

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, and Dr. Alan LaFave, NSU Vice President for Academic Affairs, stated that NSU seeks approval of its intent to plan for a Bachelor of Arts (BA) in Criminal Justice. NSU currently offers an associate degree in Criminal Justice and a specialization in Criminal Justice within their Sociology major (the specialization would terminate upon approval of the new major). The program would prepare students for careers in criminal justice through preparation relating to specialized terminology, the criminal justice system, and law and society.

IT WAS MOVED by Regent Morgan, seconded by Regent Thares, to authorize NSU to develop a proposal for a Bachelor of Arts (BA) in Criminal Justice as presented in Attachment I. Motion passed.

A copy of the Intent to Plan Request – NSU – BA in Criminal Justice can be found on pages ____ to ____ of the official minutes.

8-E Summary of Programs Approved 2017

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, noted that over the course of the 2017 calendar year, the Board has approved 53 program-related proposals within the regental system (assuming all items on the December agenda receive Board approval). This includes 8 specializations, 18 certificates, 5 minors, 5 associate degrees, 4 bachelor's degrees, 1 master's degree, 3 site requests, and 9 intents to plan. He said this demonstrates a very agile and responsive system to work force and market demands.

Regent Schieffer asked whether the system is equally agile in taking off those programs that are not being used. Dr. Perry acknowledged that programs are not being taken offline as quickly as they are being added. In request to a query about whether this should be more balanced, he said he does not believe programs need to be taken offline at the same rate but agrees the exercise to evaluate which are being used is important. He said all programs that have been added have been done using current resources. He said the Board enforces the program productivity rules. He also said one thing that has increased the number of programs is marketplace demand for more linkages between majors and occupations, which has increased the need for more specialized programs.

Regent Schieffer said part of the criticism received by the regental system is that less popular programs do not drop off the books and incur additional expense. He encouraged Dr. Perry to give additional consideration to the balance of taking programs offline.

A copy of the Summary of Programs Approved 2017 can be found on pages ____ to ____ of the official minutes.

8-F Federal Tax Reform Proposals Update

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, stated that federal tax reform proposals under consideration by Congress could have considerable impact on regental system

institutions, students, and graduates. Both houses of Congress are considering proposals and differences exist between the House and Senate. The document provided in the item briefly summarizes key components of those proposals and the potential effects on higher education in South Dakota. In addition, the document provides links for further reading and study on particular aspects of the proposed legislation.

Regent Bastian said this is really important. He urged that when we make our pitch to the legislature about cost to students and affordability, we need to communicate the final outcome of the federal tax reform bill as it will also impact cost to students.

Dr. Rush explained that the Board office's intention is to send a letter to Representative Noem and Senators Thune and Rounds. He said this will incorporate thoughts of the presidents.

A copy of the Federal Tax Reform Proposals Update can be found on pages ____ to ____ of the official minutes.

8-G BOR Policy 1:16 and 5:5:1 Revisions (First Reading)

Dr. Jay Perry, System Assistant Vice President for Academic Affairs, stated that WICHE announced new Western Regional Graduate Program (WRGP) participation rules in October 2017. WICHE's intent is to better serve students by removing barriers to program eligibility, encouraging more programs to participate, and attracting greater student diversity (ethnic, geographic, urban/rural perspectives, etc.). The new rules eliminate the current participation criteria and replace them with more lenient requirements; this will likely increase competition in WICHE states for graduate students. If offering resident tuition rates in graduate programs to WICHE state residents becomes common, South Dakota institutions will need to adapt in order to remain competitive.

The proposed revisions to BOR Policy 1:16 update the background information on the WRGP in relation to other interstate tuition agreements in which South Dakota participates. The proposed revisions to BOR Policy 5:5:1 clarify the process by which Regental institutions will inform the Board of programs participating in the WRGP.

IT WAS MOVED by Regent Morgan, seconded by Regent Wink, to approve the first reading of the proposed revisions to BOR Policies 1:16 and 5:5:1 as presented. Motion passed.

A copy of the BOR Policy 1:16 and 5:5:1 Revisions (First Reading) can be found on pages ____ to ____ of the official minutes.

8-H BOR Policy 5:17 – Instructional Funding Revisions (First Reading)

Dr. Paul Turman, System Vice President of Academic Affairs, stated that BOR Policy 5:17, Section 4, stipulates the minimum number of students that must be enrolled in course sections offered at the state's public universities. As stated in this policy, undergraduate and dual-listed sections must enroll at least ten students, entry-level graduate sections (i.e., 500-600 level) must enroll at least seven students, and upper-level graduate sections (i.e., 700-800 level) must enroll at

least four students. This so-called “4-7-10 rule” applies only to only state-supported course sections delivered through “selected” instructional methods (e.g., lectures, seminars). Exceptions to the 4-7-10 rule are allowed for up to 4% of selected sections at BHSU, DSU, and NSU and up to 3% of selected sections at SDSM&T, SDSU, and USD. These exception limits are based on cumulative data from the fall and spring terms.

He said revisions are being proposed to expand the section types that are managed under the small section size policy. Doctoral granting institutions have been increased to 4% and the three regional comprehensive institutions have been set at 5%. Additionally, rather than this only applying to on-campus courses, self-support courses would be subject to this rule as well. Campuses would be given until the 2018-19 academic year to move into compliance with the addition of self-supported courses. Overall, expanding the section size policy to include self-support course sections will ensure that campuses are working to efficiently manage their curriculum.

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

A copy of the BOR Policy 5:17 – Instructional Funding Revisions (First Reading) can be found on pages ____ to ____ of the official minutes.

8-I BOR Policy 2:16 – Teacher Education Programs Revisions (First Reading)

Dr. Paul Turman, System Vice President of Academic Affairs, stated that revisions to Section C.7.2 within BOR Policy 2:16 are proposed to provide teacher education programs the option of allowing candidates to student teach if they have met the licensure requirements set forth by the South Dakota Department of Education (SDDOE). Additionally, Section C.7.3 has been added to maintain that teacher education programs have the final authority for determining a candidate’s preparation to enter the classroom to student teach.

Regent Bastian asked whether this proposed change has any effect on teachers currently certified. Dr. Turman said that it does not because the policy revisions cannot be retroactively applied.

Regent Morgan said this is about recognizing the existence of alternative paths and not necessarily lowering standards.

IT WAS MOVED by Regent Morgan, seconded by Regent Wink, to approve the first reading of the proposed revisions to BOR Policy 2:16 as presented. Motion passed.

A copy of the BOR Policy 2:16 – Teacher Education Programs Revisions (First Reading) can be found on pages ____ to ____ of the official minutes.

8-J (1) High School Dual Credit Administrative Guidelines Revisions

Dr. Paul Turman, System Vice President of Academic Affairs, indicated that with the Board approving the expansion of the pilot program for the Early College model at Harrisburg High School during the August 2017 Board Retreat, the addition of “In-District Delivery” of high school

dual credit warranted that a new section be added within the Dual/Concurrent Credit Administration Guidelines.

He said the new section of the guidelines describes the program and differentiates it from other methods of dual credit delivery. Most notably, the guidelines outline the requirements for school districts in order for them to participate in In-District Delivery of dual credit. This includes the addition of language that states that high schools must sign an MOU annually in order to remain eligible to participate in the program; it informs districts that students will be administratively dropped from courses if an MOU is not received by the add/drop date for the semester.

A copy of the High School Dual Credit Administrative Guidelines Revisions can be found on pages ____ to ____ of the official minutes.

8-J (2) High School Dual Credit Update – Online Application and Advising Materials

Dr. Paul Turman, System Vice President of Academic Affairs, noted that two recently implemented initiatives look to improve the High School Dual Credit (HSDC) program and make it more efficient for students and campus staff. These include the creation of (1) an Online Application and (2) Advisory Tracks. With the online application, unnecessary data entry time will be saved as student information will be directly uploaded to Colleague from the Common Application administration database. Prior to the online application, all student information had to be manually entered into Colleague.

He said the Advisory Tracks materials will allow students to make better registration decisions, and will also help school counselors who are asked to advise students during the course selection process. Postings on counselor listservs and from campus personnel reinforce that students enroll in duplicative dual credit courses having already met the requirements for specific General Education goals. That means that while these credits may still count, they only count if students enroll in a program with free electives. The overall goal is for these materials to assist students in the course selection process and point them to appropriate advising resources on our campuses.

A copy of the High School Dual Credit – Online Application and Advising Materials can be found on pages ____ to ____ of the official minutes.

8-J (3) High School Dual Credit Matriculation Report

Dr. Paul Turman, System Vice President of Academic Affairs, stated that since the High School Dual Credit (HSDC) program began in 2014, the Board of Regents has received periodic updates on the enrollment trends each term. Questions have continued to surface about the impact the program has had for encouraging more South Dakota students to matriculate into the regental system after high school graduation. This report seeks to provide the Board with the trends related to matriculation for the first three cohorts of high school seniors eligible for the program.

He said since the first high school seniors graduated in May 2015, a total of 4,336 graduates from 2015, 2016 and 2017 have enrolled in coursework through the HSDC program, with approximately 57% of those students enrolling in the regental system following graduation (representing 60% of

the overall credit hours). Trends across both enrollments, and credit hours transferred in, have remained consistent for the first three cohorts evaluated.

He said the majority of students appear to be supplementing their high school education experience with between three to four dual credit courses to meet high school and general education requirements once they enroll in the regental system.

A copy of the High School Dual Credit Matriculation Report can be found on pages ____ to ____ of the official minutes.

8-J (4) High School Dual Credit Fiscal Analysis

Dr. Paul Turman, System Vice President of Academic Affairs, stated that during the October 2016 Board of Regents meeting, a preliminary fiscal analysis of the High School Dual Credit (HSDC) program was provided to the Board. The analysis depicted both revenue gains/losses for different regental institutions which was influenced by the transfer of HSDC credits after graduation. Delivering a sizable number of HSDC credit hours to students who do not enroll after graduation produces a net gain for the campus delivering the credit. When students matriculate into an institution with HSDC credit they have the potential to experience sizable revenue loss resulting from the difference in the \$145 tuition rate compared to resident state-support tuition the student would have paid to take the class as a college student. The analysis depicted in the HSDC Fiscal Analysis seeks to provide the Board with an overview of the revenue loss/gain for the regental system and among the six institutions.

The analysis projects a \$717,449 loss in revenue for the regental system during the first three years of the HSDC program. While three institutions generated sizable revenue gains, three institutions experienced a revenue loss resulting from an imbalance in credits transferred. Six alternative options were discussed by the Academic Affairs Council (AAC) during their November 2017 meeting. The AAC identified advantages and disadvantages associated with each approach, and prioritized the options for review by the Board. Despite the revenue loss projected in the report for three institutions, all AAC members indicated continued support for the program. Increasing the rate to \$170 was identified as the highest priority option by each campus to best ensure the system does not suffer a revenue loss from the program.. He also recommended that the total cost should be tied to tuition rates and should grow with tuition inflation.

Regent Wink said she worries about the sustainability of this program. She recognizes the momentum of this program in South Dakota and feels that the system can benefit from the lessons learned in other states.

Regent Bastian asked about the process involved in changing the rate being charged for HSDC. Dr. Turman said the process would involve discussions with the Governor. He said the Governor is bringing legislation this year to formalize the HSDC program in statute, and only included current program costs in his budget address. When the Board brings forward its own budget request, the request needs to incorporate the impact this would have on the Board's budget. He said \$170 is a logical price point the Board would need to be sustainable. This analysis helps to pave the path to increasing the rate to \$170.

Dr. Turman said he and Regent Wink recently attended a policy conference about dual credit. He said the takeaways were that we need to clearly articulate the intended purpose of what we want the dual credit program to do (i.e., provide affordable options and to get more of these students to stay in South Dakota). Additionally, the program must be sustainable (i.e., we cannot have the institutions bear the brunt of the cost of this program).

Regent Schieffer emphasized that the program must be sustainable as we cannot have existing university students subsidize the program. Regent Schaefer strongly agreed.

Regent Wink said that from attending the policy conference about this type of programming, she learned that there are real problems in funding this program nationwide. States have also learned that there are pedagogical questions about the program. For instance, in other states, most instructors of dual credit courses are high school teachers without the appropriate credentials. To rectify this, school districts are now considering sending their teachers back to school to get their Master's degree, which also involves real costs.

In response to a question by Regent Sutton, Dr. Turman commented on the sustainability of \$170 rate considering inflation. He said \$172 plus inflation would keep the program sustainable. Another way to think about the current 1/3 student and 2/3 state of the reduced rate is that the Board is paying 57%. He asserted that a better cost model would be 50% state, 25% student, and 25% BOR.

In summary, Dr. Rush and Dr. Turman will review the proposed legislation related to the HSDC program once received from the Governor's office and will provide feedback to the administration regarding sustainability of the program.

A copy of the High School Dual Credit Fiscal Analysis can be found on pages ____ to ____ of the official minutes.

8-K Program Productivity Review

Dr. Paul Turman, System Vice President of Academic Affairs, noted that as part of the established program productivity review process established by the Board in 2011, majors identified as not producing the agreed upon number of graduates will be terminated/inactivated unless the Board approves a continuation plan which must include measurable stipulations. He said to this end every two years he provides the Board the number of degree programs that did not produce an average of five graduates per year. First, though, the institutions see this list and are asked to review these programs and bring back recommendations to terminate the programs, retain the programs because they meet some critical need for the state, or redesign the programs to make them more desirable.

He said the Academic Affairs Council (AAC) is currently reviewing existing standards to determine whether they are stringent enough to avoid unnecessary program duplication. Comparisons with peer data are being used as part of the evaluation.

He said a final set of recommendations regarding the low producing programs will come forward to the Board for action at the March 2018 meeting.

In response to a question by Regent Bastian, Dr. Turman said an average of five graduates per year is typical when comparing to other states; however, it may need to be increased depending on the financial situation faced by the system.

Regent Morgan asked Dr. Turman to do a study similar to the section size analysis. Dr. Turman said he will run this information to show how many programs would be included if the number of graduates were increased to seven or five. He will send it to the members of the Academic and Student Affairs Committee.

Dr. Rush said there are other dynamics involved in efficiency measures that are worth reviewing, for instance the Delaware Cost Study.

A copy of the Program Productivity Review can be found on pages ____ to ____ of the official minutes.

8-L College Application Week 2017

Molly Hall-Martin, System Director of Student Preparation and Success, provided a brief update on the activities of the College Application Week initiative for 2017. She said that in November 2014, South Dakota joined the American College Application Campaign and piloted South Dakota College Application Week at nine high schools. Since then, the program has grown every year with 80 schools invited to participate in the 2017 campaign.

She provided an update on the number of applications received through this initiative and explained that at the upcoming March meeting, data will be available showing how many students who applied through this initiative actually enrolled at a regental school. Additionally, she noted that there was a financial impact due to the application fee waiver through participation during this week, which was roughly \$25,000 lost in application fees.

Regent Morgan emphasized that if the assumption is that these applications would not have been received without College Application Week there technically is no real monetary loss.

She said the expectation is that the program will be expanded state-wide next year.

A copy of the College Application Week 2017 can be found on pages ____ to ____ of the official minutes.

8-M Efficiency Infographics

Dr. Paul Turman, System Vice President of Academic Affairs, and Ben Schapp, Board of Regents Fellow, introduced infographics developed to demonstrate efficiency efforts in the regental system. These come in response to discussions at the August 2017 retreat and the October 2017 meeting, at which time regents inquired how to distill the pertinent information down to key points that can be used during discussions with stakeholders and legislators.

Dr. Turman said that the intention is to use these infographics when sharing information with appropriations as well as the house and senate education committees during the 2018 legislative session.

Regent Schieffer would like to get an objective fix on the fact that we have been able to maintain the quality of education through efficiency measures and how much more can be done before compromising quality. Dr. Turman said we are continuing to find the best data to synthesize this information from the system, such as the Delaware Cost Analysis.

Regent Schieffer would like a report on whether regental operations are down to the bone or whether there is still room to go before crossing the critical barrier of compromising educational quality. He would like information at the next regular Board meeting about how soon the Board could expect a campus-by-campus assessment.

Regent Morgan asked that this effort include information about the process campuses use when there is an employment opening.

A copy of the Efficiency Infographics can be found on pages ____ to ____ of the official minutes.

8-N Strategic Plan Update

Dr. Paul Turman, System Vice President of Academic Affairs, noted that in October 2014, the Board of Regents adopted the SDBOR 2014-2020 Strategic Plan. This report provides a snapshot of the current status for each of the 20 performance indicators within the strategic plan.

Dr. Turman reinforced that the management reports prepared for formal presidential evaluations are tied to the core goals identified in the strategic plan.

Regent Bastian noted that the proposed tax plan undervalues the importance of graduate programs, and this appears to be a misstep as per the information provided in the attachment. He suggested that the importance of graduate programs be underscored in the letter drafted to Representative Noem and Senators Thune and Rounds.

A copy of the SDBOR Strategic Plan Tracking Update can be found on pages ____ to ____ of the official minutes.

8-O SD High School Matriculation Report Update

Dr. Paul Turman, System Vice President of Academic Affairs, stated that during the Regents' Workshop at the October 2017 Board of Regents meeting, a SD High School Matriculation Report was provided. He said at that time Board members raised questions about total number of graduates enrolling across the four postsecondary sectors depicted in the report. When adding up across each sector, the total number of matriculated students exceeded the overall total reported for the state.

He said the updated Matriculation report portrays data on the number of South Dakota high school graduates who enroll in postsecondary institutions within 16 months of high school graduation.

The most recent data provide a snapshot of the college-going patterns for the 2015 high school graduates, along with the four previous graduation cohorts.

After further reviewing, he said there will always be some level of duplication in the data so the numbers will not perfectly equal out. That said, the overall data still provides a good picture of the number of students that go onto institutions in the state versus out of the state.

A copy of the SD High School Matriculation Report Update can be found on pages ____ to ____ of the official minutes.

8-P Discipline Council Reports

The Discipline Council Reports was provided to the Board.

Regent Bastian suggested that the members, location, date, and number of participants be consistently included in the discipline council reports in the future.

A copy of the Discipline Council Reports can be found on pages ____ to ____ of the official minutes.

8-Q Graduate Placement Analysis

The Graduate Placement Analysis was provided to the Board.

A copy of the Graduate Placement Analysis can be found on pages ____ to ____ of the official minutes.

8-R Distance Education Report

The Distance Education Report was provided to the Board.

A copy of the Distance Education Report can be found on pages ____ to ____ of the official minutes.

8-S Academic Freedom Report

The Academic Freedom Report was provided to the Board.

Dr. Rush reiterated that the Board has specific policy requirements in place to ensure that students are being treated fairly. This report is a check up on that requirement and shows that there were no complaints and that the campuses are being adequately managed in this regard.

A copy of the Academic Freedom Report can be found on pages ____ to ____ of the official minutes.

8-T Accreditation Status Report

The Accreditation Status Report was provided to the Board.

A copy of the Accreditation Status Report can be found on pages ____ to ____ of the official minutes.

8-U Licensure and Certification Report

The Licensure and Certification Report was provided to the Board.

A copy of the Licensure and Certification Report can be found on pages ____ to ____ of the official minutes.

8-V SARA Renewal & State Authorization

Dr. Paul Turman, System Vice President of Academic Affairs, stated that in order for a state to participate in SARA, one state entity or agency must be designated to provide oversight for the NC-SARA regulations. This oversight capacity was placed with the SDBOR because the Secretary of State and the Department of Education do not have the higher education expertise necessary to manage the program. Neither of these agencies was interested in taking on the additional responsibility, and creating a new agency or board was also perceived as unnecessary and cost prohibitive.

He said over the past two years, representatives from the private institutions, Secretary of State's office, and Board staff have sought to develop legislation that would solidify SDBOR authority for SARA in state statute. To date these discussions have not arrived at a mutual agreement. Considering the looming sunset date for the current Executive Order, Board staff recommend working with Governor Daugaard to renew the Executive Order prior to the July 1, 2018 deadline. Doing so would either extend (or potentially eliminate) the sunset date, which would then require proactive action by a future governor to remove the SDBOR as the designated SARA agency.

IT WAS MOVED by Regent Morgan, seconded by Regent Bastian, to approve working with Governor Daugaard to renew the Executive Order prior to the July 1, 2018 deadline. Motion passed.

A copy of the SARA Renewal & State Authorization can be found on pages ____ to ____ of the official minutes.

8-W Naming Request – USD – New Department of Sustainability and Environment

Dr. Jim Moran, USD Vice President of Academic Affairs, explained that this effort creates a new department from the restructuring of the past Earth Sciences department. This does not require new staffing and supports other programs such as Sustainability.

Regent Wink said this is a great example of how programs morph to meet market demand.

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IT WAS MOVED by Regent Schieffer, seconded by Regent Roberts, to approve USD's request to create a Department of Sustainability and Environment within the College of Arts and Sciences effective December 8, 2017. Motion passed.

A copy of the University of South Dakota's naming request can be found on pages ____ to ____ of the official minutes.

ADJOURMENT

IT WAS MOVED by Regent Schieffer, seconded by Regent Schaefer, to adjourn the meeting. Motion passed. Meeting adjourned at 1:15 p.m.

DRAFT