

**BOARD OF REGENTS
MINUTES OF THE MEETING
December 15-17, 2010**

The South Dakota Board of Regents met on December 15-17, 2010 in Gallery D, E, and F at the Ramkota Hotel in Pierre, South Dakota, with the following members present:

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

Also present during all or part of the meeting were Jack Warner, Executive Director and CEO; James Shekleton, General Counsel; Sam Gingerich, System Vice President for Academic Affairs; Janelle Toman, Director of Information and Institutional Research; Michelle Anderson, Internal Auditor; Paul Turman, Associate Vice President for Academic Affairs; Gary Johnson, System Vice President of Research; Paul Gough, Director of Policy and Planning; Janice Minder, Director of Human Resources; Daniel Palmer, Director of Institutional Research; Dave Hansen, Regents Information System; Mary Ellen Garrett, Accounting Manager; Claudean Hluchy, Budget Manager; Mary Turman, Executive Administrative Assistant; James Abbott, USD; David Chicoine, SDSU; Doug Knowlton, DSU; Kay Schallenkamp, BHSU; James Smith, NSU; Robert Wharton, SDSM&T; and Marjorie Kaiser, SDSBVI/SDSD; Mark Lee, UC-Sioux Falls; Ann Mehlhaff, LRC; Mike Rauenhorst and Kate Wegehaupt, SDSU Student Association; Mary Kay Helling, Laurie Nichols, and Wes Tschetter, SDSU; Cecelia Wittmayer, Stacy Krusemark, Marie Lohsandt and Jesse Wise, DSU; Jerald Farke, David LaPorte, Derek Nordby and Chris Weyer, SDSM&T; Lukasz Dubaj, Chris Dale and Holist Sutton, Student Federation; Loren Paul, SDEA/COHE; Gary Aguiar, COHE/SDSU; Pat Mahon, Duane Hrcir, and Tim Henderson, SDSM&T; R.Lee Ginsbach, SDSBVI/SDSD; Don Erlenbusch, and Tom Hawley, NSU; Kristi Pearce and Kathy Johnson, BHSU; Anthony Sutton, Eric Haiar, Steve Underberg, Brett Monson, Tony Gorder and Emma DeJung, SDSU; Brittney Seitz, and Lois Flagstad, BHSU; students, faculty and members of the press.

WEDNESDAY, DECEMBER 15, 2010

EXECUTIVE SESSION

IT WAS MOVED by Regent Hansen, seconded by Regent Pagonos that the Board dissolve into executive session at 6:10 p.m. on Wednesday, December 15, 2010, in order to discuss personnel matters; that it adjourn at 9:00 p.m., and reconvene in executive session at 8:00 a.m. on Thursday, December 16, 2010, in order to discuss personnel matters, pending and prospective litigation, collective bargaining, contract matters, and that it rise from executive session at 1:00 p.m. to resume the regular order of business and to report its deliberations in executive session. All members voting AYE. The MOTION CARRIED.

THURSDAY, DECEMBER 16, 2010

Regent President Terry Baloun called the meeting of the Board of Regents to order at 1:10 p.m. on Thursday, December 16, 2010 and declared a quorum present. He announced that the Committee on Academic and Student Affairs would be meeting in Gallery C, not Gallery G as printed on the agenda. He also invited everyone to the reception in Gallery A at 5:00 p.m.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Hansen, seconded by Regent Morris to approve the agenda for the December meeting as printed and distributed. All members voting AYE. The MOTION CARRIED.

APPROVAL OF THE MINUTES

IT WAS MOVED by Regent Hansen, seconded by Regent Johnson to adopt the minutes of the meeting of the Board of Regents held on August 12-14, 2010. All members voting AYE. The MOTION CARRIED.

REPORT AND ACTIONS OF EXECUTIVE SESSION

Regent Hansen reported that while in executive session, the Board considered personnel matters, pending and prospective litigation, collective bargaining, contract matters and gave directions to its executive director and general counsel concerning these matters.

IT WAS MOVED by Regent Hansen, seconded by Regent Johnson that the Board approve directions given to the executive director and the general counsel with respect to matters discussed in executive session, and that it:

1. Accept the findings and conclusions and recommended decision of the hearing examiner and enter an order denying SDSU Faculty Grievance No. 10-001.
2. Accept the findings and conclusions and recommended decision of the hearing examiner and enter an order denying SDSU Faculty Grievance No. 10-002.

3. 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.
4. Approve NSU's request to award two years of prior service credit toward tenure to Darci Bultema and three years of prior service credit toward tenure to Terry Beckler.
5. Approve the administrative actions as requested by BHSU to appoint Kristi Pearce as Provost and Vice President for Academic Affairs on an interim basis with a temporary increase of \$23,816.

and adopt the report of the Executive Session. All members voting AYE. The MOTION CARRIED.

COMMENTS FROM INDIVIDUAL REGENTS

Regent Hansen reported that since the last meeting he participated in a conference call for the University Center-Rapid City building committee to authorize transfers of funding for furniture and technology. He said he also participated in the WICHE meeting in Boulder, Colorado in which there were six main sessions including common standards, student learning outcomes, college learning, etc. He noted that WICHE is a 55 year old association of which South Dakota has been involved for over twenty years. In 2009-2010, South Dakota students and their families saved over \$3.6M in tuition by participating in the WICHE Western Undergraduate Exchange program, and in one of the three Western Regional Graduate programs. He said he also officiated at SDSU's winter commencement last Saturday.

Regent Johnson said she has participated in two building committee meetings, but unfortunately missed the conference call meeting for DSU's Infrastructure project and apologized to Dr. Knowlton for missing the meeting. She added that she was able to participate in an event held at South Dakota State University's Engineering College in recruiting more women into those programs. She is an advocate for the advancement of women in the STEM fields and was very pleased to be part of that event. She said it was well done and well attended, and it was a good opportunity for her to learn more about the programs that are offered at SDSU in that regard.

Regent Krogman reported that he has attended several Foundation events, attended the graduation at SDSU and will officiate at USD's graduation on Saturday.

Regent Pagonis said since the last meeting she had the opportunity to meet with many of the candidates; toured the Avera Cancer Center; participated in a focus group for education on the Community Foundation; met with the Governor-elect several times; attended a reception for Mayor Huether at SDSU; attended several Chamber meetings and met with a number of legislators. She also commended the institutions for the amazing activities that are occurring at each of the campuses, referencing the "Institutional Items of Information" agenda item.

Regent Schaefer thanked President Smith for his hospitality at Northern State University. He enjoyed having breakfast with the honor students and officiated at their commencement last weekend. He also participated in the Building Committee conference calls for the Student Center Renovation and Lincoln and Graham Halls renovations at NSU.

Regent Weber said he officiated at DSU's commencement last Sunday, rescheduled from Saturday because of weather.

REPORT OF THE COUNCIL OF PRESIDENTS AND SUPERINTENDENTS

Dr. Warner indicated that the Council of Presidents and Superintendents met on November 30 and stated that all items on the Board agenda are first vetted during that meeting. In addition to the Board agenda items, they try to anticipate new priorities and discuss such items. They talked about the new movement around the country to try to introduce common core standards for K-12. South Dakota recently adopted the common core standards and joined one of the assessment consortia. There will be a significant opportunity for us to deliver professional development opportunities for teachers, particularly in how to use assessment data for student performance.

Dr. Warner said another initiative the COPS discussed is the enrollment and success of American Indian students which is a major priority for us. We will shortly enter an arrangement with the Bureau of Indian Education in Washington, DC, because they are willing to fund a position for us to centrally help coordinate our efforts in this regard. He added that Dr. Gingerich is coordinating an inventory of the best practices that the campuses are engaged in to enhance the success of our American Indian students.

Dr. Warner said the COPS discussed the impact of potential action on Federal earmarks. There is a concern in higher education regarding what the impact will be if earmarks are abandoned. He said it would change the basis for which federal funding is allocated to the institutions in the system.

Continuing, Dr. Warner said he provided a report on the November 12 Joint Appropriations Committee meeting that focused on some of the bond payments that we have paid out. He said those payments comprised only 0.75% of our total payroll, and he noted that the Committee was also interested in the disposition of the School for the Deaf campus following the court decisions that supported our out-sourcing of the remaining functions there. They were also interested in the basis we used to fund residence halls. Dr. Warner said they wanted an update on the resource gap funding analysis, and noted that we are bringing in a consultant from Massachusetts on Monday to look at the various formulas they use to determine what resource gap is best at each institution.

Dr. Warner commented that the COPS discussed an update on the approach to undertaking and developing the ten-year facility capital plan that will be submitted to the 2012 Legislature.

REPORT AND ACTIONS OF THE EXECUTIVE DIRECTOR

Dr. Warner welcomed the Regents, presidents, superintendent and their staffs to Pierre. He drew attention to the new programs and new delivery sites that appear on the agenda. He noted that a year ago the Board phased out about 37 degree programs and 105 concentrations. Some of the new programs today constitute a clean-up that is being done to further refine the results of that program productivity review. The new programs are also the result of the kind of reinvestment that becomes possible when you phase out less viable programs and introduce new ones. If we

are going to be a dynamic system, we need to continuously look at existing programs for possible phase-out and determine what new programs are needed to respond to emerging needs of the dynamic workforce environment. He noted that the new delivery sites help the Board's agenda on access to provide greater accessibility for the kinds of programs that we offer, particularly in a rural state environment.

Dr. Warner introduced Claudean Hluchy, the new Budget Director and Daniel Palmer, Director of Institutional Research. Daniel comes to us from USD where he has been working with the Government Research Bureau and is a Ph.D. student at USD in the Political Science department. He also welcomed back Dr. Janice Minder who is returning from her maternity leave.

Dr. Warner also introduced Dr. Gary Aguiar and Loren Paul, who will discuss the COHE legislative priorities for the upcoming legislative session.

Dr. Aguiar said he is an associate professor of political science at South Dakota State University where he has been teaching since 1999. His primary area of interest has been in rural politics and small town survival. He is the current president of the state Council of Higher Education representing 1,300 faculty at the six Regental universities and two special schools. He said that COHE is affiliated with the South Dakota Education Association.

Dr. Aguiar said COHE continues to seek opportunities to improve higher education, and he appreciates the work COHE and the Board of Regents do together to improve higher education in South Dakota. He said he especially appreciates the hard work it took for this Board to increase faculty salaries over the last decade and a half, and he knows the faculty do as well. He thanked them for the job they do in explaining the mission of the universities to state policymakers. COHE stands shoulder to shoulder with the Board in these efforts. He said COHE has been communicating the same stories that the Board has been communicating – that education is a long-term investment in the economic future of South Dakota. He added that spending on human capital and investing in people is the best single use of tax dollars.

Dr. Aguiar also pointed out that state employee salaries must be increased to continue to recruit and retain the high quality faculty that we have. Many of the faculty that we have now arrived in South Dakota from out-of-state, never having been in South Dakota, and they fall in love with our life style and want to stay. They often bring substantial debt in the form of student loans, so COHE has been working with the South Dakota State Employees Organization to help them understand the civic spirit the public employees bring to their careers. He encouraged all state employees to join SDSEO.

Dr. Aguiar commented that COHE supports increased investment at all levels of education. From early childhood through graduate school, South Dakota needs to invest in and improve the human capital to create economic opportunities. He said they have been reaching out to policymakers and telling them the story about the well-prepared students who attend college in South Dakota. South Dakota's high schools graduate students who are better writers, keener critical thinkers, and harder workers than the students he encountered elsewhere.

Regent Baloun thanked Dr. Aguiar for his comments, saying the Board could not agree with him more, and if it's COHE, if it's faculty, if it's our communities and up, it is important that we all understand our common mission and talk to our policymakers. He said it is very confusing for a policymaker to have three different interpretations of an issue. He said we are in a critical time when there's a limited amount of resources so it is more important than ever that we use them as wisely as we can for the investment of the young people of our state. He thanked Dr. Aguiar for speaking to the Board, for being part of us and for speaking with the same voice that the Board does. He encouraged him to continue to work closely with Dr. Warner.

Dr. Warner referenced the interim actions taken on behalf of the Board since the last meeting. A copy of the report can be found on pages _____ to _____ of the official minutes.

STUDENT FEDERATION REPORT

Mr. Lukasz Dubaj stated that the Student Federation had met the previous evening with five out of the six universities represented. One of the main topics of discussion was the postsecondary tobacco task force, more specifically, how each campus is responding as to discussions regarding tobacco usage on each individual campus. He said the campuses are currently at a different place in terms of their individual policies, but all universities from the students' perspective are addressing the issue.

Mr. Dubaj said the Student Federation is continuing in their Students Do Vote campaign. They also met with the Student Affairs Council this morning with a focus on the Tobacco Free Task Force, a Good Samaritan alcohol policy, administrative pay regarding student government, and finally the academic calendar issue. He said they also had a brief discussion regarding Students for Higher Education Days.

Mr. Dubaj indicated that the Student Federation met with one area legislator – Tad Perry, and were able to gain more insight into the state budget.

Regent Baloun indicated that the Board has not had a chance in recent months and years to talk about the smoking policy and the work that the students and the institutions are doing. Having local and student involvement is excellent. He noted that in the Committee on Academic and Student Affairs today, the report of the Tobacco Task Force will be presented and he asked if the committee would discuss the report and provide some guidance. He said the Regents want to recognize the majority viewpoint of the students and be sensitive to the minority as well.

Regent Schaefer said the budget shortfall this year will be very large and literally everything will be up for discussion. He asked the students to remember the impact that they all had during last year's legislative session, and asked that they be prepared to come stronger this year, because the legislators do listen to the students when we are talking specifically about Opportunity Scholarship, technology fellows, etc.

Regent Jewett urged the students to pay attention to the non-traditional kinds of things such as general level support because it does have a way of impacting the students. He said that last year the tuition increase was 4.5% which is abnormally low, but the Regents are going to need help

just to sustain the level of support that we have had. He said there will be cuts this year and the Regents will need the students' help to keep the cuts at a reasonable level. He said that the legislators know that when they don't pay our utility bills, we will not turn off the heat, but will instead; turn to the students to help.

M&R BONDING

Mr. Kramer said the Board has not bonded since fifteen years ago when it bonded for some critical M&R projects in the system. Those bonds will be paid off this year and we looked at the bond market as an opportunity to reinvest some of those dollars that will be coming back in the HEFF fund. He said the campuses have identified \$13,233,800 in projects that they would like to accomplish. The campuses are working with the Office of the State Engineer so they would have good cost estimates on the projects. Legislation will be required in order to accomplish these projects. These will be Building Authority bonds. Two of the projects are considered capital projects because they are over \$1.5M and part of the recommended action is to approve the preliminary facility statement and the program plan for those projects, and there will have to be a building committee appointed for each of those projects.

Regent Baloun stated that the Board has been servicing other projects with debt service, but with interest rates being what they are, this is a chance to get these projects done. The interest rate environment and the very attractive rate requirement make it possible to proceed with these projects.

Mr. Kramer explained that the campuses will take money out of their annual M&R allocations to fund the remainder of the projects that will not be covered by the amount that is freed up in the old bond and what is available for new bonding. It would take about \$95,000 per year to service \$1.0 M of debt for 15 years at 4.5%.

IT WAS MOVED by Regent Jewett, seconded by Regent Schaefer to approve the projects to be included in the M&R bond legislation. The total bond proceeds amount is \$13,233,800. Approve SDSU's Preliminary Facility Statement and Facility Program Plan for the Central Heating Plant Boiler Replacement and Plan Upgrades at an estimated cost of \$5,787,000. Funding for this project will come from bond proceeds. If approved a building committee should be appointed; approve USD's Preliminary Facility Statement and Facility Program Plan for the Delzell School of Education Infrastructure Upgrade at an estimated cost of \$2,250,000. Funding for this project will come from bond proceeds. If approved, a building committee should be appointed. All members voting AYE. The MOTION CARRIED.

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

BOARD SPONSORED LEGISLATION

Dr. Shekleton reported that three bills have been prepared for Board review. The first bill is to authorize the issuance of M&R bonds to provide for maintenance and repair on facilities controlled by the Board of Regents. The second bill is cleanup legislation to re-appropriate an appropriation of \$1M for the SDSU new dairy manufacturing plant that was deemed to have

lapsed. The third bill involves HEFF funds, and he noted that under the HEFF statute if we are going to expend HEFF monies for capital improvements we need special legislative authorization. This bill would allow us to expend HEFF monies to maintain spaces that we occupy under capital leases. The specific circumstances that occasioned this legislation involve the Medical School at the Health Science Center in Sioux Falls.

President Abbott stated that the Medical School was built by contributions by Sanford (then Sioux Valley Hospital), and leased to the University for a nominal amount each year. Unfortunately, because USD doesn't own the building, it is not allowed to use HEFF for the improvements. A new chiller is needed, A/C is not working very well and there are roof problems. He said since USD has a 100 year lease, it is akin to owning the building, so it seems logical that HEFF should be available to maintain the building and to assure that it remains safe and fit for service as a state facility.

Regent Baloun said that if someone gives us a building, or a very attractive lease on a building, and it is then our responsibility to maintain and use it the way we want to use it for a thirty, fifty or one hundred year time, this mechanism would allow the Board to maintain the facility. As it is a unique quirk in the authorizing statutes prevents the use of HEFF to achieve the purposes of the donors and the universities.

Responding to a question from Regent Krogman regarding the repairs and the USD HEFF funds that seem to already be depleted, President Abbott said that the roof is leaking, and the chiller is about to go out. They are asking that the M&R HEFF allocation be used to make the necessary improvements. Dr. Shekleton added that the University is allowed to manage its allocation from HEFF and to prioritize projects. He noted that the University would incorporate this space into the square footage that is used when allocating the HEFF M&R funds among the universities. Dr. Shekleton commented there is some precedent for this approach. It is not uncommon for state leases to incorporate the provision that would allow for the adjustment of rent where improvements of facilities are required in order to remain serviceable.

Regent Jewett said the recommended action of the Executive Director doesn't mention what the body of the legislation is; it just authorizes the standard language as we go into the legislative session. It doesn't say, "approve items one, two and three". He said if we just approve the recommended action of the Executive Director, they haven't approved the three pieces of legislation referenced.

IT WAS MOVED by Regent Jewett, seconded by Regent Johnson to authorize the South Dakota Building Authority to issue revenue bonds to provide for maintenance and repair on facilities controlled by the Board of Regents and to provide appropriations therefore; to re-appropriate funds reserved by the Board of Regents, acting by and through South Dakota State University, for the construction of a new dairy manufacturing plant at South Dakota State University, as authorized by chapter 93 of the 2006 Session Laws and amended by chapter 93 of the 2008 Session Laws, and to declare an emergency; to authorize the Board of Regents to expend higher education facilities funds (HEFF) to maintain and repair facilities occupied under capital leases; and to authorize the Executive Director to submit the proposed bills, to prepare additional legislation that may be required and to make such modifications or, following their introduction,

amendments to the bills as may be in his best judgment prudent, provided that such modifications or amendments shall not change the fundamental purpose of the authorized legislation. All members voting AYE. The MOTION CARRIED. A copy of the Board Sponsored Legislation can be found on pages _____ to _____ of the official minutes.

FY12 GOVERNOR'S BUDGET RECOMMENDATIONS

Ms. Claudean Hluchy, Budget Director, reported that Governor Rounds presented his final budget address on December 7 and recommended the Board's budget request basically as his budget. He did recommend a 2% salary policy increase which is \$3,076,824 in general funds. He also recommended a lease payment adjustment which netted a decrease of \$6,026 and an increase in the base budget for the South Dakota Opportunity Scholarship base of \$31,642. In addition, the Governor also recommended \$742,085 in general funds as a partial replacement for ARRA funds. Currently in the Board's budget, there is \$11,365,508 in ARRA funds. The \$742,085 is a partial replacement of those dollars that we will be losing in FY12. The additional \$10,623,423 will be added to our budget through a general fund amendment in FY11. The dollars will be carried over into the FY12 budget. In FY13, those dollars will go away and we will need to have an additional \$10,623,423 added to our general funds budget.

Ms. Hluchy said in looking at the Governor's budget book, it appears that the Board is requesting \$14,442,332 in additional general funds for FY12. She said this is not part of our original request, but after we turned in our original request, the Bureau of Finance and Management came back and asked us to add the \$11,365,508 in ARRA funds into our request.

Ms. Hluchy indicated that Governor elect Daugaard will be putting his own budget together and will present it in January. From everything we have heard, she said our request will look significantly different than what it looks like today.

Regent Baloun reiterated that our budget that Governor Rounds recommended was basically the same budget that came from the Board's retreat. We knew the times that we were in and that we were one of the agencies that contributed over the last two years to help the situation. The Board contributed 5.66% of its total budget over the two year period of time, so we started with the premise that they could hold our budget flat to last year and be sensitive to the fact that this would be the third year without salary action for our employees. We compete in a national market for faculty and staff, and therefore, submitted a request for a minimal salary increase.

Regent Baloun said if we consider the stimulus and use no reserves, projecting what the budget may look like next year, there is probably a \$130-\$140M structural deficit in the budget. Governor Rounds started addressing some of that deficit with a 5% cut for K-12 and Medicaid, and a 10% cut for the rest of state government. He noted that Governor-Elect Daugaard will have to get his budget recommendation prepared for a presentation to the Legislature by January 19. He added that we all need to understand that we are dealing with stimulus dollars, we are dealing with structural deficits, and dealing with reserves, and how that will be put together between the Governor and ultimately the Legislature. Regent Baloun said we also understand that we have to do our fair share, but our fair share has to be if everyone else is contributing their fair share and in consideration for things given already.

A copy of the FY12 Governor's Budget Recommendations can be found on pages _____ to _____ of the official minutes.

READY ADULT UPDATE

Dr. Turman stated that in June, he and David Longanecker from WICHE, provided a report on the set of recommendations that were formulated for the Ready Adult project. The first year of the project resulted in some recommendations but there were no action items associated. Since that time the group has been working to see which of the recommendations could be accomplished. He added that the original Task Force had approximately 50 people, but it has been reduced down to ten people, including himself. Campus leadership was asked to identify one particular individual who deals with these types of students on a day to day basis to serve on the Task Force and they have been meeting to continue to look at the recommendations in a variety of different ways.

Dr. Turman referenced three different projects that are currently underway as a result of the Ready Adult project. The first is that we continue to analyze the data regarding the 2,655 students who have 90 or more credit hours; matched that data to National Student Clearinghouse data and found that 768 students had enrolled at an institution outside the system after stopping out. Only 228 of those students had completed their degrees at these institutions, indicating that more than 2,427 students that exited the system between 2003 and 2008 were still short of their degree completion goals. And through the WICHE consortium, they were able to identify and work with a data marketing firm who can in turn provide us with a set of data on the students' current location. He said that they have information on 1,500 students who are located somewhere in South Dakota, so we are marketing to those students to encourage them to come back to the system.

Dr. Turman added that one of the recommendations was acted on by the Board, and that was the General Studies Degree program. Four campuses put that program in place as a means to attract students who we were going to lose if we didn't find a way to provide them with a different alternative to their current degree program, and the students who had credits and who we could bring in for degree completion. He said there are currently 51 students in the system starting to take advantage of that degree track with some moderate success. We are starting to track how successful they are in the program.

Dr. Turman stated that Lumina has also started a project on near completers that looks at students who have left and were pursuing a bachelors degree. They looked at whether they had met the associate degree requirements and retroactively awarded them the degree. We conducted a small pilot project within the Regental system, and of those that they looked at with 90 or more credits it was determined that 80% of those students have met our associate degree requirements.

Dr. Turman said the last piece deals with the amount of time it takes a student to get admitted to the system. Depending on location, an extreme example is that it takes as long as eight weeks. One of the things the Committee tried to look at was whether that is realistically how long it takes and how common or uncommon it is. The campuses were asked to check on various categories of students – transfer students in particular, to see how long it takes to be admitted.

The data shows that students who come to college straight out of high school take approximately twelve working days to be fully admitted and notified. Transfer students who come after that rush period take about 11 working days, but once the campuses have all of the information on the students the process is relatively quick and takes an average of four days for a majority of the students. The campuses that have taken longer are looking at the data to see if there is something they can do to make their process better. He said this project is beginning to produce a good benefit for the system.

Dr. Turman also indicated that Lumina has come out with a second set of grants and WICHE had applied for the grant that South Dakota was a part of, but this project was not funded, however, they funded separate projects on creating a consortium across multiple states to continue to have these types of dialogues, and South Dakota has been actively involved with that project. He said that David Longanecker and his staff continue to do fantastic things and it is a pleasure to work with them.

Regent Jewett said this is a wonderful program and a great idea. If there are 90% of a group of people who we can give a degree to and then invite them back to continue on with their education, that is a great effort. However, he wondered if we have enough bait in the water. He asked the Committee to think about the possibility of offering those individuals a free course to come back and see if they like it. He said that advertisement can be geared to coming out of a recession and the need to have a four year degree.

Dr. Turman indicated that one of the representatives from SDSU who serves on the Committee had forwarded a news article recently from University of Colorado, and they have put in a scholarship program for ready adult students in the amount of \$500.00 for six or fewer credits and \$1,000 for six or more credits if they enroll in the program. He said it is important to figure out the initial steps to entice the students, whether it is funding or coursework or leveraging existing debts that they might have.

Regent Jewett commented that if students take out another loan, they can consolidate their old loans into that loan and then can get it excused if they work for a non-profit entity or any government or new programs that have been enacted for forgiveness of student loans. He said maybe it is an incentive for one/half price for the course, or a discount.

Regent Baloun said it would be nice if the state could find an active educational foundation that would get excited about underwriting a program such as this and we should continue to investigate that and perhaps come up with a proposal that a foundation in the state would be of assistance or provide matching money. He said the Board is 100% behind the Ready Adult program and noted that these are the types of things that we need to have in the state.

A copy of the Ready Adult Update can be found on pages _____ to _____ of the official minutes.

2009-2010 COLLEGE ASSESSMENT OF ACADEMIC PROFICIENCY REPORT

Dr. Turman introduced Daniel Palmer who has recently been hired to serve as our director of institutional research. He is currently finishing his Ph.D. at USD in Political Science and is finalizing his dissertation. He has worked for the Government Research Bureau, worked for North Dakota State University in a similar position, and is originally from Miller, South Dakota.

Mr. Palmer stated that the College Assessment of Academic Proficiency (CAAP) report combines the ACT CAAP Outcomes Report and the ACT-to-CAAP Gains report. The CAAP test has been used in the system since the late 1990's as a basic competency measure. A total of 4,810 undergraduate students sat for the proficiency examination for the first time during the 2009-2010 academic year. Students in the system tested above the National Mean Scores in all four of the subject areas, and in fact, the system mean scores have exceeded national mean scores for every cohort of students tested over the history of the testing program.

Mr. Palmer stated that over 88% of students in the system scored at or above the national mean in at least one subject. He added that 9.5% of the students failed to meet proficiency levels in at least one area. Less than 1% of the students system-wide scored below the proficiency level in the science subtest.

Mr. Palmer reference Table 9 and the ACT-to-CAAP Gains report, and indicated that there appears to be a major drop-off from the last cohort to this cohort in terms of content. He said it is important to note that ACT was a publisher of both of these reports. They changed their reporting methodology by making it less refined based on differential assumptions about the way students perform in assessment. He said part of that changes the general look of the data.

Regent Hansen asked if the analysis looked at Collegiate Learning Assessment that incorporated the ACT CAPP multiple choice test that can measure higher order skills, critical thinking, problem solving, written communication and institutional levels of math. He said it is suppose to be far superior to the CAAP.

Mr. Palmer said he cannot speak to whether the Collegiate Learning Assessment piece has been considered cross institutionally.

Dr. Turman responded that the system was initially part of the Voluntary System of Accountability and one of the three tests that they recommended for that project was the CLA Math and CAAP as well. He agreed that it has a pretty good assessment of critical thinking, but their methodology is somewhat different. While we utilized the CAAP for all students, they take a random sample and use that random sample to compare freshman and seniors. When looking at the overall cost, the system determined we should stay with the system that we were using.

Responding to a question from Regent Johnson about the remediation process, Dr. Turman stated that our guidelines provide for students to have two opportunities for retest. To allow for that first retest opportunity the student needs to work with campus personnel to complete some sort of remediation plan. Without the remediation, the students typically do not improve on those scores and they have to the end of the re-test opportunity to meet the qualifying score. The

campuses are required to put remedial courses in place to make sure the students are doing something to make sure the skills are acquired before they take the next test.

Responding to a question of Regent Johnson regarding the test scores, Dr. Turman explained that the Regents have defined the qualifying score for each subject area test. A sub-committee was created once the test was identified, and the sub-committee worked with ACT and went through a very complicated process to determine what the qualifying score for each proficiency score should be.

Regent Krogman said he thought the Board had discusses a number of years ago where we were making a special effort in the curriculum adjustments to make a change in where the system was in comparison for the four areas being tested. In looking at Table 2, there has been no change in our test scores, which indicates to him that there is no improvement even though we are above the national average.

Dr. Turman said that is a correct statement, but couched it with one data point. He said as they look at ACT data, there are students who based on their ACT scores are guaranteed will pass the CAAP exam. For those who particularly fall at a lower level, the question is whether we can gear them up quickly enough by the time they take the CAAP exam to have guaranteed success. He noted that the general scores for South Dakota students have been relatively increasing over time, but for the transfer students that is not the case.

Dr. Turman stated that the ACT former methodology was to lump students into “expected gains” and “higher than expected gains” into the one category of the report, and that is where the South Dakota students have always been around the 90-94 percentage or higher, but ACT has readjusted the “expected” and “higher than expected” gains, so it captures a smaller percentage of those students. It was noted that ACT is saying that 77% of the students will stay within the same quartile or they will move to a higher quartile. Once we have several years of this data, we will be able to analyze it better, but since the methodology changed, it is difficult to have longitudinal data.

Responding to a question from Regent Baloun regarding an accountability factor for the public, Dr. Turman stated that we have met the goals that the CAAP was essentially implemented to meet. We are doing things differently on the campuses to change the scores and for the most part, campuses have CAAP scores imbedded very successfully across their general education assessment criteria. He added that the accountability piece provides the data that we need to suggest to the legislature and the public that our students are above the national norms in a majority or at least one of the four areas of writing, reading, math and science.

Regent Schaefer posed the scenario of a freshman student who is majoring in an area that has nothing to do with math, so he takes his first and likely his last algebra class during the first semester, and proceeds through the 48 credit requirement over five semesters of school before he can sit for the proficiency exam. He asked how likely it is for a student who has no interest in math and is not in a major that has anything to do with math, to forget most of what he learned in Algebra I as a freshman. He wondered if there is an easier or friendlier way to get some of the testing done before the 48 passed credits come due.

Mr. Palmer noted that if the institutions test too early, the structure methodology that CAAP has in place for assessing students will cause them to lose the value added learning that they gain from taking a number of credit hours.

Dr. Turman said that math is one of those areas where students struggle, but more often the students who struggle are transfer students and those students are flagged right away because of the math placement test. He noted that oftentimes those students struggle more than traditional students, but the schools provide refresher courses in math that seem to be very successful. The schools have mechanisms in place to correct those issues.

Regent Jewett said this report tells him that the system does extraordinarily well in math and science, and our most remediated area is in writing. That conforms to our experiences when talking to employers and faculty who complain about the students' ability to write. We spend a lot of time talking about math and science, but we are doing pretty well in those areas. This report tells him that the system should be concentrating on writing and continue to concentrate on it. He said it probably includes all forms of communication: speaking, writing, persuasive skills, technical writing, etc. He said he wonders what the impact to our assessment numbers will be with a cut in the requirements of math and science by one-third in the high schools.

Regent Krogman said the system is above the national average, but by individual campuses, some are not doing as well, and wondered if we shouldn't be asking what that campus is doing in terms of remediation. He said there is a disparity of 20 points within our own institutions in those categories.

Regent Johnson said the comparison to the national average is meaningful because it is comparing us to nationwide data, but questioned the qualifying scores. She said she doesn't think much about the scientific literacy of most people. She said only a few students don't meet the qualifying score, but said that is determined by what the qualifying score is. She said we should be developing more efforts in writing and reading.

Dr. Turman said Regent Johnson is technically correct, and referenced Table 1 that provides a year-by-year comparison of percentile rankings for current qualifying scores in the South Dakota Regental System. He noted that the reading and writing scores are at a much higher percentile rank. The faculty identified the cut scores at a half standard deviation below the requirements. If we raised the science and mathematics cut scores around the 13 or 15 percentile, we would be remediating at about _____.

A copy of the 2009-2010 College Assessment of Academic Proficiency Report can be found on pages _____ to _____ of the official minutes.

UNIVERSITY OF SOUTH DAKOTA FOOTBALL CONFERENCE

The Board received information that the University of South Dakota has joined the Missouri Valley Football Conference. Regent Baloun wished both USD and SDSU who are in Division I athletics well. A copy of the information can be found on page _____ of the official minutes.

POLICY MANUAL CHANGES

Regent Baloun indicated that there are twenty three policy manual changes or new policies before the Board for approval. He said the Board staff is available to explain or comment on the policies. If the Board is comfortable after reading the policies and their questions have been answered, he would entertain a motion to approve them all at one time.

Regent Jewett said some of the suggested changes in the policies make him very nervous. He referenced page 5 of policy 4:47 – Professional and Administrator (Non-Faculty Exempt Employees) Compensation Administration, as it relates to equity adjustments. He said there should be a broader clause which provides some discretion for the institution or the chief executive officer to make exceptions. He said there have been many occasions when the Board has added the phrase “or other factors deemed material and important by the Board of Regents”, to give ourselves some discretion so that we are really having executives make the decision, and not just have a check list.

Dr. Minder said this is a new policy, and said the policy gives the administration the option of providing an internal equity adjustment for an employee. It might be performance related; it might be comparing differences in work assignments, etc. and provides the institutions with the discretion to provide equity for those types of circumstances. She referenced the salary report that the Board was requested to provide to the legislature this past year. She added that the Board has the ultimate discretion to approve or disapprove the salaries at the end of the day.

Regent Jewett said these are policies that the Board has to approve and they have to be followed once they are approved, unless there is a hearing and they are changed or abandoned. The Board is required by law to follow the policies and if they are not provided any discretion to review them.

Dr. Minder said the policy provides discretion to follow, but at the end of the day when they are already taking that discretion, and they are approving all of these actions together at Board meetings, or not approving, which they have the authority to do, the language that is put into the policy provides discretion. She said every institution may have different priorities and/or a system priority when it comes to salary equity adjustments.

Regent Jewett said the adjustment may be related to something that doesn't have anything to do with the system priority; rather what the CEO of the institution may think is important for just that one position.

Dr. Warner said one solution to this would be to preface all of the policies by indicating what he often calls policy matters “a blunt instrument”. Policies are an attempt to provide guidance and an attempt to pin down as much as you can anticipate certain kinds of situations around which any reader or professional would make judgments. He said we could preface the policy manual or the introduction to any given policy with the statement such as: *“these policies provide guidance in this particular area, but that we expect people administering these policies to exercise judgment along the way and these are not a substitute for the good judgment of people responsible for their implementation”*.

Regent Jewett said he is concerned with how these policies would be used. He said last year a legislator thought it was awful that we didn't have a policy which defined exactly what we would do in naming a building. We had a very broad policy and the response was that we didn't have any discretion.

Regent Krogman agreed that the Board should set some of these policies aside, for example Policy 6:9 - Revenues in Self-Liquidating Facilities. Within that policy we are mandating that if a project is not within 120 percent of the annual debt service for the fiscal year, the campus has to hire a consultant and get a response in 45 days. He said the system doesn't operate on 45 day consultant schedules. He also asked about the difference between self-liquidating and auxiliary facilities.

Mr. Kramer noted that the 120 percent annual debt service language comes right out of our bond covenants and noted that the policy does not restrict us any more than the bond covenants already restrict us. He said if we fall below 120 percent we are expected to hire a consultant within 45 days. He added that the policies that are in front of the Board from a finance perspective have all gone through the Business Affairs Council and the Council of Presidents and Superintendent. He said the Board staff have built consensus for these policies with the campuses. The policies protect the employees, the Board, and they seem to be prescriptive and that is the intent. He said the purpose of these policies is not to restrict the Board, and said the only new policies on the agenda relating to technology were actually put into a temporary policy document by his predecessor. He said most of the policies are pretty straightforward.

Regent Jewett suggested language for the preface to the policies along the lines of: *“out of concern for the Executive Director and the Chief Executive Officers of the institutions, and people that the Chief Executive Officers designate to address issues, and the Board of Regents, having the appropriate people to make judgments”*.

Dr. Warner recommended the following language: *“These policies are offered as guidance to our institutional and system leaders. They are not intended to be a substitute for the exercise of sound professional judgment around the implementation of the specific policies”*.

Regent Jewett said we should be specific about who we are referring to including the Regents, Executive Director, Chief Executive Officers and people designated to perform certain functions by the Chief Executive Officers on the campuses, or, Board officials who have functions to make judgments, etc. He said that issues come up to the chief finance officer on campus, to the HR person on campus or at the Board office, or IT.

IT WAS MOVED by Regent Jewett, seconded by Regent Morris to draft a preface to the policies along the lines of the statements above and approve policies 1-23.

Responding to a question from Dr. Shekleton if the Regents are talking about a preface to the policy on executive compensation or a preface to the Policy Manual, the Regents indicated they were talking about the Policy Manual.

Dr. Shekleton suggested that the Regents not act upon that preface at this time because the Policy Manual comprises very broad range policies. Perhaps not all of them should be deemed to provide mere guidance – some of them do really track statutory requirements or constitutional requirements or place limits on delegated authority. The immediate concern with the compensation policy could be addressed without a blanket statement that could call into question the obligation of true policy requirements or limitations. He said the Board probably does not want to create the possibility that an executive somewhere in the system could exercise some discretion and decide that a certain requirement, e.g., to document the justification for purchasing land, doesn't apply in a particular instance forward the proposals without providing the Board the background information it rightly expects. He suggested that the very diverse sets of requirements in the Policy Manual preclude a "one size fits all" preface.

Regent Jewett said that he certainly did not intend the executives have authority to discriminate unlawfully but that some of the policies are vague and require executives to make judgments.

Regent Pagonis said she felt that with some of these policies, the Board is micro-managing too much. We have excellent managers at the Board office and at the institutions, and we seem to be taking away their discretion.

Mr. Kramer said many of the finance related policies are clean-up and thought it was his job to make sure that the Policy Manual reflected current operational procedures, noting that that is what a lot of these changes are.

Dr. Warner said he is quite comfortable with prefacing the Policy Manual with the statement that was made. In no instance that he can think of does that give license for the exercise of professional judgment to violate the provision of the policies. The policy provides guidance and there are always going to be areas that are gray within any policy that will require the exercise of professional judgment, but that doesn't mean that you get to go against what the policy states. It just means there is some latitude in interpreting the meaning. Nor does it give license to illegal conduct.

Regent Morris said there is a motion on the floor and he is very comfortable with approving all of the policies. The policies have been reviewed several times by all of the system councils and he called the question.

Regent Krogman said you cannot call the question with prefacing remarks. If you call the question, you vote on calling the question, not on the motion.

All members voting AYE on calling the question.

VOTE ON MOTION to approve the twenty three policies and to direct that preface language be drawn.

Regent Johnson questioned policy 5:17 – Instructional Funding as it relates to the 7/10 rule. As she understands the policy, we are changing the 7/10 rule to have a 4/7/10 rule, with the 4 applying to classes that are numbered 700 and 800 levels. Those are the classes that are taught at

the Ph.D. level at SDSU, USD and SDSM&T. She asked if DSU which has the doctorate program has 700 and 800 level programs.

Dr. Gingerich responded that DSU does have 700 and 800 level courses and said this issue was discussed in the Academic Affairs Council. He said they looked at the issue that the institutions face as they try to manage the instructional resources. For DSU, a majority of their instruction is at the master's level.

Regent Johnson also questioned policy 6:6 – Maintenance and Repair regarding the refusal of the Office of the State Engineer to change the dollar amount where they were not going to be involved in a project.

Mr. Kramer said when he discussed this with the State Engineer, Kristi Honeywell, her response was that she was not comfortable with the policy because some of the campuses did not understand all of the regulations well enough to handle projects over the level of \$25,000. He said there are campuses that do totally rely on the Office of the State Engineer to monitor their projects, but there are campuses that have adequate staff to handle those projects. The State Engineer said she would deal with that on a project-by-project basis. He said he was interested in raising the amount so that we could get out from under the OSE fee.

Regent Johnson said the Board is looking for efficiencies, and this policy sets us back. She said she would approve it today, but hopes that we can consider looking at this more closely in terms of seeking efficiencies.

Regent Hansen referenced Policies 2:7 and 2:26 – General Education Curriculum and said he is still interested in reducing the number of General Education courses and said for the system requirements (SGR's) we are adding five and the campuses deleted four, or with the institutional-specific requirements (GR's) we're going to add six and delete sixteen. He also commented on tenure and promotion and said he hopes that we have good peer review and also hopes we increase the requirements for anyone receiving tenure.

VOTE ON MOTION. All members voting AYE. The MOTION CARRIED.

Below is the list of policies that were approved:

2:27 and 2:26 – General Education Curriculum

Approve the revisions to the general education requirements for BOR Policies 2:7 to add five new courses and delete four courses, and to add three courses previously approved; and 2:26 to add six courses and delete sixteen courses from the approved sets. A copy of the policies can be found on pages _____ to _____ of the official minutes.

3:6 – Housing

Approve the changes to BOR Policy 3:6 – Housing clarifying which students are required to have meal plans and when they are required to live on campus. A copy of the policy can be found on pages _____ to _____ of the official minutes.

3:15 – Scholarships, Grants and Loans

Approve the changes to BOR Policy 3:15 – Scholarships, Grants and Loans which adds a section on Vending Machine Income and further clarifies residence hall scholarships. A copy of the policy can be found on pages _____ to _____ of the official minutes.

4:10 - Tenure and Continuing Appointments and 4:11 – Rank and Promotion

Approve the proposed revisions to Board Policies No. 4:10 Tenure and Continuing Appointments and 4:11 Rank, and direct that applications for promotion and tenure submitted in 2011 be framed and phrased to address the provisions of the attached policy statements. A copy of the policies can be found on pages _____ to _____ of the official minutes.

4:14 – Faculty Discipline and Disciplinary Procedures

Approve the proposed revisions to Board Policy 4:14 – Faculty Discipline and Disciplinary Procedures that have been approved in the intervening years and provide clearer statements of disciplinary grounds that are consistent with standards that are consistent with those applied to other classifications of Board employees. A copy of the policy can be found on pages _____ to _____ of the official minutes.

4:36 – Payroll Practices

Approve the recommended changes to BOR Policy 4:36 – Payroll Practices that will clarify the policy, add the Stale Dated Check Practice that has been in place since Banner go live and add the Payments Return Practice. A copy of the policy can be found on pages _____ to _____ of the official minutes.

4:38 – Statement Concerning Faculty Expectations

Approve the proposed revisions to Board Policy 4:38 – Statement Concerning Faculty Expectations that eliminate any misunderstanding that reduces assessment of faculty performance to an inventory of actions taken. A copy of the policy can be found on pages _____ to _____ of the official minutes.

4:47 – Professional and Administrator (Non-Faculty Exempt Employees) Compensation Administration (Will actually become Policy 4:46)

Approve BOR Policy 4:47 – Professional and Administrator (Non-Faculty Exempt Employees) Compensation Administration to assist campuses better manage Non-Faculty Exempt salaries. A copy of the policy can be found on pages _____ to _____ of the official minutes.

4:48 – Background Checks (Will actually become Policy 4:47)

Approve BOR Policy 4:48 –Background Checks documenting our practice for background checks and ensuring non-discrimination as well as adherence to the Fair Credit Reporting Act. A copy of the policy can be found on pages _____ to _____ of the official minutes.

5:1 – Financial Accounting and Reporting

Approve the changes to BOR Policy 5:1 – Financial Accounting and Reporting and rename the policy “Institutional Representation Account”. A copy of the policy can be found on pages _____ to _____ of the official minutes.

5:5 – Tuition and Fees: General Procedures

Approve the changes to BOR Policy 5:5 – Tuition and Fees: General Procedures that clarifies the tuition and fee approval process. A copy of the policy can be found on pages _____ to _____ of the official minutes.

Policy 5:9 – Foundations

Approve the proposed revision to Board Policy 5:9 – Foundations to align the policy more closely with the conclusions of AG opinion No. 85-47 and to make the policy more workable and consistent with expected practice to permit universities to transfer any donations or bequests that they might receive to their affiliated foundations for custody and investment. A copy of the policy can be found on pages _____ to _____ of the official minutes.

5:12 – Travel

Approve the changes to BOR Policy 5:12 – Travel to clarify handling of employee travel documents. A copy of the policy can be found on pages _____ to _____ of the official minutes.

5:17 – Instructional Funding

Approve the proposed policy revisions to BOR Policy 5:17 – Instructional Funding to set the enrollment limit for graduate courses at 4 students rather than 7 for 700 and 800 level courses and lower the exception limit for SDSM&T, SDSU and USD to 3% of selected courses from the current limit of 4%. A copy of the policy can be found on pages _____ to _____ of the official minutes.

5:21 – System Collection Policy

Approve the changes to BOR Policy 5:21 – System Collection Policy to bring the policy and BOR Policy 5:5(4) Tuition and Fees: General Procedures, assessing late charges, into alignment. A copy of the policy can be found on pages _____ to _____ of the official minutes.

5:22 – Graduate Assistants and Fellows

Approve the changes to BOR Policy 5:22 – Graduate Assistants and Fellows to clarify the special rates offered to graduate assistants and eliminate Section 4 since we no longer adjust revenue based on graduate assistant credit hours. A copy of the policy can be found on pages _____ to _____ of the official minutes.

6:6 – Maintenance and Repair

Approve the changes to BOR Policy 6:6 – Maintenance and Repair to reflect current practice. A copy of the policy can be found on pages _____ to _____ of the official minutes.

6:7 – Building Plaques

Approve the changes to BOR Policy 6:7 – Building Plaques by removing the names of the Building Authority members and some of the subcontractors, but do not remove the name of the State Engineer from the plaque. A copy of the policy can be found on pages _____ to _____ of the official minutes.

6:8 – Room and Meal Service for Special Groups

Approve the elimination of BOR Policy 6:8 – Room and Meal Service for Special Groups. A copy of the policy can be found on pages _____ to _____ of the official minutes.

6:9 – Revenues in Self-Liquidating Facilities

Approve the changes to BOR Policy 6:9 – Revenues in Self-Liquidating Facilities to clarify bond requirements for our bonded facilities. A copy of the policy can be found on pages _____ to _____ of the official minutes.

7:4 – Security of Information Technology Systems

Approve BOR Policy 7:4 – Security of Information Technology Systems to address the protocols and expectations surrounding security threats or breaches relevant to data and systems. A copy of the policy can be found on pages _____ to _____ of the official minutes.

7:5 – Privacy of Information Technology Systems Resources

Approve BOR Policy 7:5 – Privacy of Information Technology Systems Resources to address the protocols and expectations surrounding the privacy of data and the necessary circumstances

where access is permitted. A copy of the policy can be found on pages _____ to _____ of the official minutes.

7:7 – Technology Purchases (Will actually become 7:6)

Approve BOR Policy 7:7 – Technology Purchases to address coordination of technology purchases to take advantage of system-wide purchases and efficiencies of system standards and technology of purchases at the institutional level. A copy of the policy can be found on pages _____ to _____ of the official minutes.

NEW PROGRAM: BHSU M.Ed IN READING

Dr. Gough prefaced the new program presentations by stating that all of these programs are coming out of the program productivity review and reflect the universities' efforts to keep their programs up-to-date.

BHSU is requesting to offer a Master of Education in Reading which will replace a specialization in Reading. The University does not request any state resources.

IT WAS MOVED by Regent Johnson, seconded by Regent Hansen to approve Black Hills State University's proposal for a Master of Education in Reading as described in the attachment and authorize the University to deliver the degree using distance technology (Internet). All members voting AYE. The MOTION CARRIED. A copy of the BHSU request can be found on pages _____ to _____ of the official minutes.

NEW PROGRAM: SDSU B.A. & B.S. IN ADVERTISING

Dr. Gough stated that SDSU is requesting approval for a B.A and B.S in Advertising to replace a specialization that was reviewed following the program productivity review. The University has offered a specialization in advertisement for some time. There are no new state resources being requested.

IT WAS MOVED by Regent Morris, seconded by Regent Schaefer to approve South Dakota State University's proposal for a B.A. and B.S. in Advertising as described in the attachment. All Members voting AYE. The MOTION CARRIED. A copy of SDSU's program request can be found on pages _____ to _____ of the official minutes.

NEW PROGRAM: SDSU B.S. IN SPEECH COMMUNICATION

Dr. Gough indicated that the SDSU Bachelor of Science in Speech Communication is replacing the specialization that was reviewed after the program productivity review last year. The University documents in the proposal that they have offered instruction in Speech for decades. There are no new resources required for this major. The courses are already being taught.

IT WAS MOVED by Regent Johnson, seconded by Regent Hansen to approve South Dakota State University's proposal for a B.S. in Speech Communication as described in Attachment I.

All members voting AYE. The MOTION CARRIED. A copy of SDSU's program request can be found on pages _____ to _____ of the official minutes.

NEW PROGRAM: SDSU B.S. IN THEATRE

Dr. Gough stated that SDSU is requesting authorization to offer a Bachelor of Science in Theatre. They are replacing a specialization that was terminated as a result of the program productivity review. Again, the University has documented its long history of providing instruction in Theatre. There are no new courses required and the University does not request any new resources.

IT WAS MOVED by Regent Krogman, seconded by Regent Johnson to approve South Dakota State University's proposal for a B. S. in Theatre as described in the attachment. All members voting AYE. THE MOTION CARRIED. A copy of the SDSU B.S. in Theatre request can be found on pages _____ to _____ of the official minutes.

NEW PROGRAM: SDSU BACHELOR OF GENERAL STUDIES

Dr. Gough indicated that SDSU is requesting a Bachelor of General Studies. The Board approved the program last June for BHSU, DSU, NSU and USD and SDSU is now requesting authorization for the same program and with the same distance delivery authority. This is an effort to provide opportunities for people who have completed a significant number of credit hours to complete a degree.

IT WAS MOVED by Regent Morris, seconded by Regent Johnson to approve the Bachelor of General Studies as described in this item and in the official minutes of the June 2010 meeting as a new program for South Dakota State University and authorize South Dakota State University to deliver the entire program at the off-campus centers in Sioux Falls, Rapid City and Pierre and by distance technology. All members voting AYE. The MOTION CARRIED. A copy of the SDSU request can be found on pages _____ to _____ of the official minutes.

NEW PROGRAM: SDSU, MINOR IN ADVERTISING

Dr. Gough said that SDSU is requesting authorization to offer a Minor in Advertising. The University does not request any new state resources to implement the minor or request any exceptions to Board policy.

IT WAS MOVED by Regent Hansen, seconded by Regent Johnson to approve South Dakota State University's proposal for a Minor in Advertising as described in the attachment and authorize the University to provide the minor to students at the University Center in Sioux Falls. All members voting AYE. The MOTION CARRIED. A copy of the SDSU request can be found on pages _____ to _____ of the official minutes.

NEW PROGRAM: SDSU, MINOR IN SOIL SCIENCE

Dr. Gough indicated that South Dakota State University is requesting authority to offer a Minor in Soil Science. The University does not request any new state resources to implement the minor and does not request any exceptions to Board policy.

IT WAS MOVED by Regent Schaefer, seconded by Regent Jewett to approve South Dakota State University's proposal for a Minor in Soil Science as described in the attachment. All members voting AYE. The MOTION CARRIED. A copy of the SDSU request can be found on pages _____ to _____ of the official minutes.

NEW PROGRAM: SDSU, MINOR IN SUSTAINABLE ENERGY SYSTEMS

Dr. Gough stated that SDSU is requesting authorization to offer a Minor in Sustainable Energy Systems. The University does not request any new courses, any new state resources to implement the minor. He noted that the University received a grant from the South Dakota Department of Labor to support the development of new course content modules and to establish a network for internship experiences in sustainable energy positions.

IT WAS MOVED by Regent Johnson, seconded by Regent Hansen to approve South Dakota State University's proposal for a Minor in Sustainable Energy Systems as described in the attachment. All members voting AYE. The MOTION CARRIED. A copy of the SDSU request can be found on pages _____ to _____ of the official minutes.

NEW SITE REQUESTS

IT WAS MOVED by Regent Jewett, seconded by Regent Krogman to approve the four new site requests as follows:

DSU B.B.A. in Management Major, Internet

Authorize Dakota State University to offer its B.B.A. in Management Major using the Internet as described in the attachment. A copy of the DSU request can be found on pages _____ to _____ of the official minutes.

NSU, A.A. in General Studies & Bachelor of General Studies, Distance (DDN/Internet) and Huron

Authorize Northern State University to deliver the A.A. in General Studies and the Bachelor of General Studies by distance technology and in Huron as described in the attachment. A copy of the NSU request can be found on pages _____ to _____ of the official minutes.

SDSU M.Ed. in Curriculum and Instruction, Online

Authorize South Dakota State University to deliver its M.Ed. in Curriculum and Instruction online as described in the attachment. A copy of the SDSU request can be found on pages _____ to _____ of the official minutes.

SDSU M.Ed. in Education Administration, Online

Authorize South Dakota State University to deliver its M.Ed. in Educational Administration with distance technology (online). A copy of the SDSU request can be found on pages _____ to _____ of the official minutes.

BUILD AMERICA BONDS – RATIFICATION OF EXPENDITURE ALLOCATION CERTIFICATE AGREEMENT

Dr. Shekleton said formal action is required to authorize an expenditure correction to cover one portion of the bond insurance premiums. The Build America Bond program was very new when the Board issued its first set of BAB bonds and the IRS had not issued regulations that specified whether bond premiums should be treated as costs of issuance and as project costs. The classification is important since no more than 2% of the bond proceeds may be applied to the costs of issuance. Rules for the issuance of tax exempt bonds treat bond insurance premiums as project costs, and that is how the Board treated the premium cost for this issue. Subsequently, some IRS staff members addressing a national meeting questioned whether that was the proper treatment of premium costs for the taxable BAB bonds. Although the IRS has still not taken an official position on the treatment of bond insurance, a modest expenditure correction can eliminate the possibility that the Board erred in treating bond insurance premiums as a project cost. The expenditure correction \$59,381.37 substitutes other funds for bond proceeds and avoids the possibility that the bond insurance premium cost could be deemed to exceed the 2% limitation on the costs of issuance.

IT WAS MOVED by Regent Hansen, seconded by Regent Johnson to ratify the expenditure allocation certificate. All members voting AYE. The MOTION CARRIED. A copy of the Ratification of Expenditure Allocation Certificate Agreement can be found on pages _____ to _____ of the official minutes.

STUDENT HEALTH INSURANCE JOINT POWERS AGREEMENT

Dr. Shekleton said that Board staff has discovered over the past three years that if moving to a self-insurance system for student health insurance would permit the Board to contain premium growth.

In order to move to a self-insurance system, the Board staff has negotiated a joint powers agreement that would create an independent entity to administer the insurance fund. It also provides the mechanism where we can realize the economies of scale of bringing in one or more other public postsecondary institutions to help defray the administrative costs and to increase the Board's bargaining position when working with providers to try to negotiate rates.

Dr. Shekleton said that negotiations with the school districts that operate the technical institutions are continuing, but they have not formally adopted the Joint Powers agreement. This item requests that the Board authorize the Executive Director to move forward and complete such documents as may be necessary to operate the Student Health Insurance program. The reason we are asking for the authority at this time is so that we can begin to move forward with the necessary arrangements and have this in place for next fall.

The current Regents student health plan is through Avera Health Systems and the unexpended premium goes to Avera, not to the Board as self-insurer.

Regent Krogman asked if the numbers work to provide the insurance this way, why can't we do it with the State health plan.

Dr. Minder stated that she had a conversation with Commissioner Zinter prior to the time we signed on with Avera, but they didn't want to change the state plan at that time. She said she could ask again, but said previously they did not have any interest in having a policy plan for students.

Regent Jewett said if the student health plan has a savings of over \$500,000 we should be able to join the State's health plan, noting that the state is looking for every cost savings possible.

Regent Baloun cautioned that we have to be careful about what new pool we create because the loss experience can change instantly based on the pool that comes in and added that when we have a self-administered program, we build up a reserve and hold the reserve to protect ourselves, but in theory, make it more attractive by repricing.

Dr. Minder said our goal is to provide an affordable insurance plan for the students and build up a reserve for future liability.

Regent Schaefer commented that it is important to compare the exclusions that we currently have to the ones we are looking at, for example, athletics, etc, and look at some possibilities of enhanced coverage.

Dr. Shekleton said it is our intention to use the same scope and coverage initially that we now have. He added that this whole area of student health insurance will be changing with the Health Care Reform and the status of how it will fit in with those reforms has not yet been clarified by the Federal authorities, but we expect to know that very shortly.

IT WAS MOVED by Regent Hansen, seconded by Regent Schaefer to authorize the Executive Director, after consultation with the General Counsel as to matters of style and form, to approve and execute documents reasonably required to organize an entity to administer student health insurance programs pursuant to a joint powers agreement among the Board and one or more school districts; and direct the Executive Director to submit the executed documents to the Board for formal ratification. All members voting AYE. The MOTION CARRIED. A copy of the

Student Health Insurance Joint Powers Agreement can be found on pages _____ to _____ of the official minutes.

AUTHORIZATION TO FORM A LIMITED LIABILITY COMPANY TO OPERATE THE DEEP UNDERGROUND SCIENCE AND ENGINEERING LABORATORY

Dr. Shekleton said that this item is nearly identical to an item that has already been approved by the Regents of the University of California-Berkeley. The Science and Technology Authority has substantially the same item on its agenda for approval at its December 17, 2010 meeting. The common purpose is to delegate authority to create a limited liability company to construct and to operate of the Deep Underground Science and Engineering Laboratory at Homestake. The organizational structure for this initiative is complex.

The Science and Technology Authority owns the Mine and received the appropriations from the Legislature to convert the Mine into a laboratory. It also received donations from T. Denny Sanford to help subsidize certain aspects of the transition.

The University of California is the recipient of the grant from the Science and Technology Authority – it is the entity that has the principal investigator on the project and it also oversees the operation of two National laboratories in California.

The School of Mines and Technology is a co-recipient and has the co-PI on the grant; and Black Hills State University has become an integral partner by providing the chief of staff responsible for developing the Sanford Center for Science Education.

Dr. Shekleton said that the need to have somebody in charge, signing the contracts, making the decisions on a day-to-day basis lead to several choices. First, an individual public entity or university could operate the facility. Second, operation of the facility could be contracted out to private industry. Third, the operation could be approached cooperatively through an LLC or similar independent entity governed by the cooperating university governing boards and the STA.

The National Science Foundation supports the LLC approach because it keeps the non-profit universities and non-profit state entities more directly in charge of the operation of the laboratory. NSF insists that the principal grant recipient, the University of California, have controlling interest in the LLC in order to assure that the principal grantee will be accountable both for the science and for the laboratory. The LLC mechanism also assures significant, ongoing state involvement for the laboratory and helps to grow the administrative resources in this state.

IT WAS MOVED by Regent Morris, seconded by Regent Krogman to authorize the Executive Director, after consultation with the General Counsel and in concert with the South Dakota Science and Technology Authority and the University of California, to approve and to execute any additional documents reasonably required to organize a nonprofit limited liability company for purposes of operating the Sanford Underground Science and Engineering Laboratory at

Homestake; and direct the Executive Director to submit the executed documents to the Board for formal ratification.

Regent Jewett commented that the Executive Director should consult with not only the general counsel, but also with the president of the Board of Regents and the Vice President as this goes forward.

All members voting AYE. The MOTION CARRIED. A copy of the Authorization to Form a Limited Liability Corporation to Operate the Deep Underground Science and Engineering Laboratory can be found on pages _____ to _____ of the official minutes.

FRIDAY, DECEMBER 17, 2010

Regent Baloun reconvened the meeting of the Board at 10:00 a.m. on December 17 and indicated that the Board had a great legislative breakfast with five legislators. Two of the legislators will be assigned to the Appropriations Committee and know their challenge and are excited about it.

REPORT AND ACTIONS OF THE COMMITTEE ON ACADEMIC AND STUDENT AFFAIRS

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

Institutional Items of Information

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

Academic Calendars

The Committee received an update on the review of academic calendars. No action required. A copy of the Academic Calendars can be found on pages _____ to _____ of the official minutes.

Program Reviews - SDSU

The Committee received information on the program reviews at SDSU for the BS in Chemistry, BS in Biochemistry, MS in Chemistry, PhD in Chemistry, and the BS in Psychology. No action required. A copy of the SDSU Program Reviews can be found on pages _____ to _____ of the official minutes.

Licensure and Certification Report

The Committee received the annual licensure and certification report. No action required. A copy of the Licensure and Certification Report can be found on pages _____ to _____ of the official minutes.

System Veteran Services Report

The Committee received information on veteran services by the institutions. No action required. A copy of the System Veteran Services Report can be found on pages _____ to _____ of the official minutes.

Postsecondary Tobacco Taskforce Update

The Committee received an update on the actions of the Postsecondary Tobacco Free Taskforce. No action required. A copy of the Postsecondary Tobacco Taskforce Update can be found on pages _____ to _____ of the official minutes.

Academic Freedom Report

The Committee received the report on academic freedom from each of the institutions. No action required. A copy of the Academic Freedom Report can be found on pages _____ to _____ of the official minutes.

Program Modifications - NSU

The Committee on Academic and Student Affairs approved the program modification for NSU for the K-8 Elementary Education: Kindergarten Education Endorsement. A copy of the NSU Program Modifications can be found on pages _____ to _____ of the official minutes.

Program Modifications - SDSU

The Committee approved the program modification requests for SDSU for Agricultural Education Communication & Leadership-Agricultural Education specialization; Animal Science Major; Animal Science Minor; Art; Art Minor; Visual Arts specialization; Athletic Training; Chemistry- ACS Certified; Consumer Affairs; DNP-Family Mental Health Nurse Practitioner; DNP-Pediatric Clinical Nurse Specialist; DNP-Pediatric Nurse Practitioner; Electrical Engineering; Family and Consumer Sciences Education; Family Financial Planning Certificate; Geographic Information Sciences Certificate; Health Promotion; Health, Physical Education and Recreation; Hospitality Management; Medical Laboratory Science; Microbiology; MS in Industrial Management; MS in Nursing-Administrator specialization and Clinical Nurse Leader specialization; Nutrition and Food Science; Nutrition and Food Science-Dietetics specialization; Park and Recreation Management-Recreation Administration specialization; Post-Masters Nursing Education Certificate; and Psychology. A copy of the SDSU Program Modifications can be found on pages _____ to _____ of the official minutes.

Program Modification – USD

The Academic and Student Affairs Committee approved the program modifications for USD for Elementary Education – Reading Specialist emphasis; Clinical Laboratory Science; Biomedical Engineering, MS & PhD; and Spanish. A copy of the USD Program Modifications can be found on pages _____ to _____ of the official minutes.

Program Terminations - NSU

The Committee approved the program termination requests for NSU for the Environmental Science specializations; MSED Teaching and Learning: Emphasis in Language and Literacy; and the MSED Teaching and Learning: Emphasis in Special Education programs. A copy of the NSU Program Terminations can be found on pages _____ to _____ of the official minutes.

Program Terminations - SDSU

The Committee approved the program termination requests for SDSU for the BS in Chemistry-Non ACS-certified specialization; BS and BA in Communication Studies and Theatre; Horticulture Major-Food Crops specialization; and Horticulture Major-Turf specialization. A copy of the SDSU Program Terminations can be found on pages _____ to _____ of the official minutes.

Terminal Degree Update

The Committee on Academic and Student Affairs approved SDSU and USD's request to add the MFA for the creative writing positions in English as a terminal degree. A copy of the Terminal Degree Updates can be found on pages _____ to _____ of the official minutes.

Cooperative Agreement – NSU & Magellan Exchange

The Committee approved the cooperative agreement between NSU and the Magellan Exchange. A copy of the Cooperative Agreement can be found on pages _____ to _____ of the official minutes.

Cooperative Agreement – NSU & Universidad Mayor, Santiago, Chile

The Committee approved the memorandum of agreement between NSU and Universidad Mayor, Santiago, Chile. A copy of the NSU agreement can be found on pages _____ to _____ of the official minutes.

Cooperative Agreement – NSU & Sripatum University, Chatuchak, Bangkok, Thailand

The Committee on Academic and Student Affairs approved the memorandum of agreement between NSU and Sripatum University, Chatuchak, Bangkok, Thailand. A copy of the NSU Cooperative Agreement can be found on pages _____ to _____ of the official minutes.

Cooperative Agreement – NSU & Central Queensland University, Rockhampton, Queensland, Australia

The Committee approved the memorandum of agreement between NSU and Central Queensland University, Rockhampton, Queensland, Australia. A copy of the cooperative agreement can be found on pages _____ to _____ of the official minutes.

Cooperative Agreement – SDSU & Lower Brule Community College

The Academic and Student Affairs Committee approved the cooperative agreement between SDSU and Lower Brule Community College. A copy of the SDSU Cooperative Agreement can be found on pages _____ to _____ of the official minutes.

Cooperative Agreement – SDSU & Dimitrie Cantemir Christian University

The Committee approved the protocol of collaboration between SDSU and Dimitrie Cantemir Christian University. A copy of the cooperative agreement can be found on pages _____ to _____ of the official minutes.

Cooperative Agreement – SDSU & Fae Centro Universitario, Brazil

The Committee approved the cooperative agreement between SDSU and Fae Centro Universitario, Curitiba, Parana, Brazil. A copy of the agreement can be found on pages _____ to _____ of the official minutes.

Cooperative Agreement – SDSU & University of Winnipeg, Manitoba, Canada

The Committee approved the cooperative agreement between SDSU and The University of Winnipeg, Manitoba, Canada. A copy of the agreement can be found on pages _____ to _____ of the official minutes.

USD Division Name Change

The Committee on Academic and Student Affairs approved USD's request to change the name of the Division of Health, Physical Education, and Recreation (HPER) to the Division of Kinesiology and Sport Science in the School of Education. A copy of the USD Division Name Change can be found on pages _____ to _____ of the official minutes.

Graduation Lists

The Committee approved the graduation lists for BHSU, DSU, NSU, SDSMT, 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.

Articulation Agreements

The Committee approved USD's request for approval of articulation agreements for the BS in Health Sciences program. A copy of the Articulation Agreements can be found on pages _____ to _____ of the official minutes.

Resolutions of Recognition

The Committee recognized Allen Hovrud for 19 years of dedicated service to SDSBVI and the public higher education system of South Dakota. A copy of the Resolution of Recognition can be found on pages _____ to _____ of the official minutes.

New Certificate Requests - BHSU

The Committee on Academic and Student Affairs approved the certificate programs in Museums, Historical Site Interpretation, and Archives for BHSU. A copy of the BHSU New Certificate Requests can be found on pages _____ to _____ of the official minutes.

New Certificate Requests - NSU

The Committee approved the certificate program in Arts Administration for NSU. A copy of the NSU Certificate program can be found on pages _____ to _____ of the official minutes.

New Certificate Requests - SDSU

The Committee on Academic and Student Affairs approved the certificate programs in Biobased Products & Bioenergy, Ceramics, Painting, Printmaking, and Sculpture for SDSU. A copy of the SDSU Certificate Request can be found on pages _____ to _____ of the official minutes.

New Certificate Requests - USD

The Committee approved the certificate program in Nonprofit Management, online for USD. A copy of the New Certificate request for USD can be found on pages _____ to _____ of the official minutes.

Intent to Plan: SDSMT, M.S. in Mining Engineering

The Academic and Student Affairs Committee authorized SDSMT to develop a proposal for an MS in Mining Engineering with the following conditions:

1. The University will not request new State resources, or additional student fees or charges, or additional facilities to develop, implement, or maintain the proposed program. The program proposal will identify the sources and amounts of all funds needed to operate the program and the impact of reallocations on existing programs.
2. The University will research existing curricula, consult with experts concerning the curriculum and provide assurance in the proposal that the program is consistent with current national standards and with the needs of employers.

3. The proposal will define the specific knowledge, skills, and competencies to be acquired through the program and demonstrate how each will be obtained in the curriculum.
4. The proposal will identify the specific measures to be used to determine whether individual students have attained the expected knowledge, skills, and competencies and the consequences for students who do not achieve at the expected levels.

A copy of the SDSM&T Intent to Plan can be found on pages _____ to _____ of the official minutes.

FULL REPORT

IT WAS MOVED by Regent Krogman, seconded by Regent Hansen to adopt the report and actions of the Committee on Academic and Student Affairs. All members voting AYE. The MOTION CARRIED. A copy of the full report can be found on pages _____ to _____ of the official minutes.

REPORT AND ACTIONS OF THE COMMITTEE ON BUDGET AND FINANCE

Regent Krogman presented the following report and actions of the Committee on Budget and Finance:

Institutional Items of Information

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

Capital Project List

The Committee received the Capital Project List that identifies the current capital improvement projects along with the Regental representative, estimated dollar amount, the source of funds for the project, and the current status of the project. The list includes the Board's second ten-year Capital Plan which was approved by the 2005 Legislature, and the Science and Laboratory facilities approved by the 2008 Legislature. A copy of the Capital Project List can be found on pages _____ to _____ of the official minutes.

Building Committee Report

The Committee received information regarding the activities of the various building committees that had met since the last meeting as follows: SDSU – Electrical Engineering and Computer Science Building Addition – awarded the low construction bid to Clark Drew Construction, plus alternates 2, 3, and 4 for a total construction award of \$4,060,000; SDSU – McCrory Gardens Education Center – awarded the base bid in the amount of \$2,856,000, plus alternate 5 in the amount of \$14,000 to the low bidder Clark Drew Construction; NSU – Lincoln and Graham Halls Renovation – approved the bid documents; University Center-Rapid City – transferred \$180,000 from the landscape budget and \$91,500 from the OSE contingency to fund the furnishings and technology; NSU – Barnett Center Addition – approved the preliminary budget

and authorized the campus to advertise for bids; BHSU – Woodburn Hall Renovation – authorized the project to go to bid; DSU – Infrastructure Renovation – approved the Facility Design Plan and associated budgets; University Center – Sioux Falls Replacement – reviewed the bids, the budget issues and interior finishes. A copy of the Building Committee Report can be found on pages _____ to _____ of the official minutes.

Tuition Reduction Programs

The Committee received information on the Board approved tuition reduction programs, including North Dakota Residents Attending Northern State University; Persons 65 Years of Age or Older; Reserve Officer Training Corps Cadets; and Western Regional Graduate Program; and the Legislative approved programs including: Child of Deceased Veteran; Dependents of National Guardsmen Disabled or Deceased in Line of Duty; Employees of the State of South Dakota; Survivors of Fire Fighters, Certified Law Enforcement Officers and Emergency Medical Technicians; Certain Elementary and Secondary Teachers and Vocational Instructors; Veterans and Others Who Performed War Service; Dependents of Prisoner of War or Missing in Action; Visually Impaired Persons; and National Guard Members. Totals in the report for Fall 2010 include 295 students; 2,198 state credit hours; \$174,359 in tuition; \$194,372 in University Support Fee; \$53,002 for General Activity Fee; \$120,980 in Room and Board; and (\$133,143) tuition waived. No action required. A copy of the Tuition Reduction Programs can be found on pages _____ to _____ of the official minutes.

Regent Schaefer asked if we had considered offering a comparable reduction for self-support offerings that is available on state-support for state employees. After discussions, it was agreed that BAC would look at some numbers and see if this was feasible.

HEFF Statement

The Budget and Finance Committee was informed that the total amount available in the HEFF fund for maintenance and repair for FY12 is \$9,167,000. The cash flow statement provides actual and planned revenues and expenditures for FY09 through FY25. No action required. A copy of the HEFF Statement can be found on pages _____ to _____ of the official minutes.

Tuition Condition Statement

The Committee received the tuition condition statement that showed an increase in tuition revenue of \$898,866 over the projections in April 2010. Beginning in FY11, the institutions will retain 80% of the tuition and system fee revenue generated at their institution. No action required. A copy of the Tuition Condition Statement can be found on pages _____ to _____ of the official minutes.

FY10 Athletic Report

The Committee on Budget and Finance received the FY10 Athletic Report that shows the FY10 revenues and expenditures for the athletic programs at each school and a summary of the

scholarship expenditures. No action required. A copy of the FY10 Athletic Report can be found on pages _____ to _____ of the official minutes.

Lien Statement, Horsley Specialties – SDSU

The Budget and Finance Committee was briefed on an \$11,035.20 lien filed by Horsley Specialties, Inc, on monies held by the Board of Regents for the public improvement work done in the Ag Hall and Dairy-Micro buildings at SDSU. OSE is in contact with Horsley Specialties, Inc. to assure resolution. No action required. A copy of the Lien Statement, Horsley Specialties can be found on pages _____ to _____ of the official minutes.

Maintenance and Repair – HEFF Projects

The Committee approved South Dakota State University's request to change FY11 HEFF Project 3H1108 for \$150,000 to the Dairy Processing Plant reroof project; and approved the Executive Director's emergency approval for South Dakota School of Mines and Technology's request to decrease FY11 HEFF Project 4H1103 to \$160,000 and add an additional emergency FY11 HEFF Project 4H1109 to repair the King Center hot water heat exchange for \$140,000 to their project list. A copy of the Maintenance and Repair – HEFF Projects can be found on pages _____ to _____ of the official minutes.

Maintenance and Repair – Institutional Projects

The Committee approved the following Maintenance and Repair Institutional Projects:

- South Dakota School of Mines and Technology's request to renovate the Electrical Engineering/Physics Auditorium at an estimated cost of \$200,000. Funding for this project will come from FY11 M&R Fee Project 4R1103 and technology fee revenues;
- South Dakota State University's request to perform tuck pointing, caulking and masonry repairs to the Foundation Seed Stock building at an estimated cost of \$120,000. Funding for this project will come from foundation seed sales revenues;
- The Executive Director's emergency approval of SDSU's request to renovate the Administration Building Computer Data Center at an estimated cost of \$1,084,265. Funding for this project will come from an \$817,626 NSF grant and \$266,636 in local fee revenue;
- The University Center-Sioux Falls' request to renovate the existing Physics Lab at an estimated cost of \$69,721. Funding for this project will come from UC local revenue funds; and
- Allowed the University Center Building Committee to obtain bids for the proposed enhancements to the New Classroom Building: Additional parking, Quartzite Band on Exterior of new classroom extension, and the Entrance Monument at the South End of Career Avenue; and approved the projects as part of the UC project if funds are available, or a separate project if local funds are available.

A copy of the Maintenance and Repair – Institutional Projects can be found on pages _____ to _____ of the official minutes.

SDSM&T Request to Name the Paleontological Research Laboratory Building

The Committee agreed to ratify the agreement between South Dakota School of Mines and Technology and Professor James E. Martin to allow the institution to name the Paleontological Research Laboratory building in his honor, as the James E. Martin Paleontology Research Laboratory. A copy of the SDSM&T request to Name the Paleontological Research Laboratory Building can be found on pages _____ to _____ of the official minutes.

FY12 Maintenance and Repair Fee Project List

The Committee agreed to approve the FY12 Maintenance and Repair Fee project list funded with the maintenance and repair fee revenue. A copy of the FY12 Maintenance and Repair Fee Project List can be found on pages _____ to _____ of the official minutes.

FY12 Maintenance and Repair Auxiliary Project List

The Committee on Budget and Finance approved the FY12 Maintenance and Repair Auxiliary project list to be funded with auxiliary revenues. A copy of the FY12 Maintenance and Repair Auxiliary Project List can be found on pages _____ to _____ of the official minutes.

FY12 M&R HEFF Allocation and Project Lists

The Committee approved the HEFF allocation and requested projects for FY12. A copy of the FY12 M&R HEFF Allocation and Project Lists can be found on pages _____ to _____ of the official minutes.

FY12 Maintenance and Repair – Ag Experiment Station Project List

The Budget and Finance Committee approved the FY12 AES Maintenance and Repair project list to be funded by the pesticide tax. A copy of the FY12 Maintenance and Repair Ag Experiment Station Project List can be found on pages _____ to _____ of the official minutes.

BHSU Center for the Cultural, Visual and Performing Arts Preliminary Facility Statement

The Committee approved BHSU's Preliminary Facility Statement request to develop plans for a Center for the Cultural, Visual and Performing Arts facility. Approval of this request will allow BHSU to move forward with their Facility Program Plan for this project. A building committee should be formed to develop design and cost estimates for the project. Financing for the project would come entirely from private donations, foundations, and federal government sources along with fundraising efforts of the Black Hills State University Foundation. A copy of the BHSU request for a Preliminary Facility Statement for the Center for the Cultural, Visual and Performing Arts can be found on pages _____ to _____ of the official minutes.

DSU – Infrastructure Renovation Facility Design Plan

The Budget and Finance Committee approved DSU's Facility Design Plan at a cost of \$3,000,000. Funding for this project will come from bond proceeds debt serviced with HEFF. A copy of the DSU Infrastructure Renovation Facility Design Plan can be found on pages _____ to _____ of the official minutes.

NSU – Student Center Renovation/Addition Facility Design Plan

The Budget and Finance Committee approved NSU's Facility Design Plan to renovate and construct an addition to the NSU Student Center at an estimated cost of \$6,100,000. Funding for this project would come from issuance of revenue bonds to be repaid by a \$5.30 per credit hour General Activity Fee increase that will go into effect summer 2011. A copy of the NSU Student Center Renovation/Addition Facility Design Plan can be found on pages _____ to _____ of the official minutes.

SDSU – Greek Village Lease

The Committee approved the Second Amendment to the June 25, 2010 Master Ground Lease between the Board and the South Dakota State College Development Association on the condition that it never comes back to the Board again. A copy of the SDSU Greek Village Lease can be found on pages _____ to _____ of the official minutes.

FULL REPORT

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

ADJOURN

The meeting of the Board of Regents was adjourned at 10:15 a.m.