

**BOARD OF REGENTS
MINUTES OF THE MEETING
March 9, 2018**

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**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
March 9, 2018**

The South Dakota Board of Regents convened by teleconference at 4 p.m. Central Time on March 9, 2018 with the following members in attendance:

ROLL CALL:

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

Regent Schaefer and Schieffer joined the meeting after the roll call vote.

Also present were members of the system office and other members of the regental system.

Regent Bastian called the public meeting of the Board of Regents to order at 4 p.m. and declared a quorum present.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Roberts, seconded by Regent Adam, to approve the agenda as published with the addition of agenda item #3 titled “Exclusion Resolution”.

ROLL CALL:

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

Motion passed.

2018 LEGISLATIVE SESSION UPDATE

Dr. Rush provided a brief summary of the 2018 Legislation Session. He said it was a successful session, as we were able to promote our own legislation as well as fend off legislation that we did not find favorable to the regental system.

He provided a summary of the Board of Regents-sponsored bills:

- **HB1057 – Passed** (DSU Madison Cyber Labs)
- **HB1058 – Passed** (employment standards for special schools' superintendent)
- **HB1059 – Failed** (amend Fraudulent Transfers Act for payment of higher ed expenses)
- **HB1060 – Passed** (renovate USD Dakota Dome)
- **HB1061 – Passed** (construct athletic fields at NSU)
- **HB1062 – Passed** (purchase Aberdeen property for NSU parking lot)
- **HB1063 – Passed** (remove acreage restriction on USD research park in Sioux Falls)
- **HB1064 – Passed** (School for the Deaf property use/disposition in Sioux Falls)
- **HB1065 – Passed** (construct addition to National Music Museum at USD)
- **HB1071 – Passed** (construct new School for the Blind facility)
- **SB47 – Passed** (extend expenditure authority for USD sports arena)
- **SB48 – Passed** (acquire Ag Experiment Station property for SDSU near Sturgis)
- **SB49 – Passed** (acquire AES property for SDSU in Brookings County)
- **SB52 – Passed** (demolish old swine unit property at SDSU)
- **SB50 – Passed** (construct SDSU American Indian Student Center)
- **SB51 – Passed** (construct SDSU athletic support facility)
- **SB53 – Passed** (sell property/acquire property for SDSU West River Ag Center)

Additionally, he explained that the Precision Ag building bill (**HB1264**) passed. It included funding for a \$20 million bond to be funded with money from Coop Extension (\$250,000 per year), a fertilizer tax, and money from an ethanol program that is no longer needed for its original purpose. **SB183** also passed, which creates the fund to pay the Precision Ag building bonds.

The total cost of the Precision Ag project is estimated to be \$46.1 million. The legislation also provided authorization to renovate Berg Hall at \$8.9 million using other funds. The funding plan passed by the Legislature to fund the new Precision Ag building is as follows:

- One-time General Fund Appropriation - \$2.0 million
- Private Funding - \$16.6 million
- SDSU Funding - \$7.5 million
- Bond - \$20.0 million, estimated payment of \$1,375,000 per year
 - \$650,000 per year – Expiring Ethanol Fund
 - \$475,000 per year – Fertilizer Inspection Fee Increase of \$0.25 per ton
 - \$250,000 – Ongoing General Fund cut from Coop Extension

Dr. Rush described other legislative efforts and outcomes for bills that the Board either supported or headed off:

- **SB80 – Passed** – Establish term limits for BOR members. Limits appointments to two, 6-year terms, not to include partial terms. An amendment was added to clarify that these limits do NOT apply to current board members already serving.
- **HB1122 – Failed** – Require legislative approval for tuition and fee increases at higher education institutions
- **HB1232 – Failed** – Eliminate state support for the high school dual credit program
- **HB1073 and SB198 – Failed** – Enforce free speech on campuses
- **SB87 and HB1299 – Failed** – Regulating possession of firearms in gun-free zones
- **HB1233 – Failed** – Require BOR to raise M&R funding for new non-revenue generating buildings
- **HB1316 – Failed** – Require approval from the Interim Appropriations Committee before any multi-year federal grants could be amended or reinstated
- **SB193 – Failed** – Immigration enforcement bill to prohibit “sanctuary cities” and “sanctuary campuses”
- **SB103 – Failed** – Prohibit undocumented students from attending any public postsecondary institution and from receiving financial assistance

Lastly, he described another bill of interest to the regental system that was killed in the legislative process this year:

- **HB1199 – Failed** – Ban BOR employees from collective bargaining. Bill failed by two votes (16-18) on the Senate floor. No move to reconsider the bill through procedural motions.

Dr. Kramer reviewed the FY19 budget approved by the Legislature. A summary of the general fund base changes is as follows:

- An increase to general fund M&R base funding of \$796,691.
- An increase of \$614,038 for growth in the South Dakota Opportunity Scholarship and additional funding for home school students of \$9,076.
- A reduction in general funds of (\$370,656), resulting from reduced REED Network costs billed by the Bureau of Information and Technology.
- A \$300,000 general fund appropriation to the newly created budget center for the USD Law School. The USD proper budget was also cut by \$300,000 and placed in the new budget center, bringing the total increase to the Law School to \$600,000.
- A reduction in general funds of (\$250,000) from SDSU – Extension for the Precision Ag bond payment.
- An increase in general funded utilities of \$893,832; this increase is based on utility rates and usage projections for FY19.

Regent Schieffer asked a clarifying question about the law school funding. He said if the \$300,000 from the Legislature would be impacted if the school is successful with its new tuition program.

Dr. Kramer explained that the scholarship is a separate topic. This appropriation is for OE funds for the law school. He said this money is not to address the reduction in students but rather to improve

the pass rate of students who have been admitted by adding support services and personnel such as admissions and additional counseling.

Sheila Gestring, USD's Vice President of Finance, further explained that the \$600,000 appropriation is new money to support programming for the law school, and not part of fixing the structural deficit. She recognized the confusion since both numbers are close to \$600,000, but she said they are for different purposes. She said USD believes the scholarship program will help it bring stronger students and be able to increase enrollment again.

EXCLUSION RESOLUTION (SPECIAL RESOLUTION NO. 01-2018)

Dr. Rush explained that as part of Dakota State University's continued work with the federal government, which work includes access to classified information, the federal government requires that five regents undergo security clearance to have access to classified information. Four regents will not undergo security clearance and will be excluded from having access to classified information.

He said at the August 2017 meeting, the Board approved an exclusion resolution (Special Resolution No. 44-2017) that excluded Regent Wink and three other regents.

Per DSU's request this Exclusion Resolution will supersede Special Resolution No. 44-2017 and will replace Regent Wink with Regent Schaefer on the excluded list.

IT WAS MOVED by Regent Adam, seconded by Regent Roberts, to approve the Exclusion Resolution (Special Resolution No. 01-2018) included as Attachment I, which supersedes the Exclusion Resolution approved at the August 2017 meeting (Special Resolution No. 44-2017).

ROLL CALL:

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

Motion Passed.

A copy of the Exclusion Resolution (Special Resolution No. 01-2018) can be found on pages **22** to **23** of the official minutes.

ADJOURN

IT WAS MOVED by Regent Adam, seconded by Regent Bastian, to adjourn the meeting of the Board at 4:25 p.m.

ROLL CALL:

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

Motion Passed. Meeting adjourned.

SOUTH DAKOTA BOARD OF REGENTS

AGENDA ITEM: 3

DATE: March 9, 2018

SUBJECT: Exclusion Resolution (Special Resolution No. 01-2018)

As part of Dakota State University's continued work with the federal government, which work includes access to classified information, the federal government requires that five regents undergo security clearance to have access to classified information. Four regents will not undergo security clearance and will be excluded from having access to classified information.

At the August 2017 meeting, the Board approved an exclusion resolution (Special Resolution No. 44-2017) that excluded Regent Wink and three other regents.

Per DSU's request this Exclusion Resolution will supersede Special Resolution No. 44-2017 and will replace Regent Wink with Regent Schaefer on the excluded list.

DRAFT MOTION 20180309_3: I move to approve the Exclusion Resolution (Special Resolution No. 01-2018) included as Attachment I, which supersedes the Exclusion Resolution approved at the August 2017 meeting (Special Resolution No. 44-2017).

Exclusion Resolution for Certain Directors, Officers, and LLC Member

I, *Bob Sutton*, do hereby certify that I am *President of the South Dakota Board of Regents*, the governing body of *Dakota State University*, organized and existing under the laws of the *State of South Dakota*, and that the following is a true and correct copy of a resolution adopted by the *South Dakota Board of Regents* at a meeting held *via teleconference* on *March 9, 2018* at which time a quorum was present.

WHEREAS, current Department of Defense Regulations contain a provision making it mandatory that the Chairman of the Board, Senior Management Official and Facility Security Officer meet the requirements for eligibility for access to classified information established for a contractor facility security clearance; and

WHEREAS, said Department of Defense Regulations permit the exclusion from the personnel of the requirements for access to classified information of certain members of the Board of Directors and other officers, provided that this action is recorded in the corporate minutes.


NOW THEREFORE BE IT DECLARED that the Chairman of the Board, Senior Management Official and Facility Security Officer at the present time do possess, or will be processed for, the required eligibility for access to classified information; and

BE IT RESOLVED that in the future, when any individual enters upon any duties as Chairman of the Board, Senior Management Official and Facility Security Officer, such individual shall immediately make application for the required eligibility for access to classified information; and

BE IT RESOLVED AND DIRECTED that this resolution supersedes Special Resolution No. 44-2017, and the following members of the Board of Regents and other officers or members shall not require, shall not have, and can be effectively and formally excluded from access to all CLASSIFIED information disclosed to the Board and shall not affect adversely Board policies or practices in the performance of classified contracts for the Department of Defense or the Government contracting activities (User Agencies of the National Industrial Security Program):

NAME	TITLE
John Bastian	Member of the Board of Regents
James Thares	Member of the Board of Regents
Conrad Adams	Member of the Board of Regents
Randy Schaefer	Member of the Board of Regents

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the South Dakota Board of Regents this March 9, 2018.


Signature



Special Resolution No. 01-2018

The South Dakota Board of Regents adjourned its special meeting on March 9, 2018 and will meet again in regular session on March 27-29, 2018 in Spearfish, South Dakota.

I, Mike Rush, Executive Director and CEO of the South Dakota Board of Regents, declare that the above is a true, complete and correct copy of the minutes of the Board of Regents meeting held on March 9, 2018.

A handwritten signature in black ink that reads "Mike Rush". The signature is written in a cursive, flowing style.

Mike Rush
Executive Director and CEO