

**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
March 18, 2015**

The Board of Regents convened via teleconference at 11:00 a.m. (central time) on March 18, 2015 with the following members in attendance:

ROLL CALL:

Dean Krogman – ABSENT
Randy Schaefer – PRESENT
Bob Sutton – PRESENT
Terry Baloun – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Kathryn Johnson – ABSENT
Joe Schartz – PRESENT
Kevin Schieffer – PRESENT

Also present were Jack Warner, Executive Director and CEO; Monte Kramer, System Vice President of Finance and Administration; Paul Turman, System Vice President of Academic Affairs; James Shekleton, General Counsel; Janelle Toman, Director of Communications; Claudean Hluchy, Budget Manager; Molly Weisgram, System Director of Student Affairs and Executive Administrative Assistant to the CEO and Board; President James Smith, Tom Hawley, Connie Ruhl-Smith, NSU; Kathleen Fairfax, SDSU; Aberdeen American News Reporter.

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

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Schieffer, seconded by Regent Schartz to approve the agenda as published.

ROLL CALL:

Dean Krogman – ABSENT
Randy Schaefer – AYE
Bob Sutton – AYE
Terry Baloun – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – ABSENT
Joe Schartz – AYE
Kevin Schieffer – AYE

The MOTION CARRIED.

MEMORANDUM OF AGREEMENT – DEVELOPMENT OF THE CONFUCIUS INSTITUTE AT NORTHERN STATE UNIVERSITY

Dr. Jack Warner introduced the item, explaining that NSU is seeking approval of the Memorandum of Agreement between Northern State University and the University of Jinan for the Development of the Confucius Institute. The CI will provide basic Mandarin instruction and associated programs at NSU that encourage understanding of Chinese culture that are to be essentially cost-free operationally. He confirmed that the agreement has been thoroughly vetted by system vice president of academic affairs Dr. Paul Turman and legal counsel Dr. James F. Shekleton. He recommends approval and noted that the agreement is in the appropriate form.

NSU President James Smith further explained the agreement and said that although tuition and fee revenues from these activities would be modest, an anonymous pledge of \$400,000 from a private donor will cover any startup costs not provided by the Chinese funding entity, Hanban (CIH or Confucius Institute Headquarters). CIH will provide \$150,000 in startup funds, a 3,000 volume library of Chinese books and teaching materials, and airfares for all visiting personnel. Base funding and cost reimbursements of budgetary needs will not require substantial fronting of expenses by NSU due to an annual base funding system that is used by Hanban. All salaries of visiting personnel will also be provided via CIH. NSU will provide residence hall housing for visiting Chinese instructors.

IT WAS MOVED by Regent Jewett, seconded by Regent Scharz to approve the memorandum of agreement between Northern State University and the University of Jinan for the Development of the Confucius Institute.

Regent Schieffer asked President Smith if the Mandarin being taught is the standard dialect. President Smith confirmed that the University of Jinan (UHN) is located 45 minutes from Beijing and is considered to be a dialect that does not include an accent.

Additionally, Regent Schieffer asked about the governing board of eight individuals. He asked what happens if the eight individuals are evenly divided on an issue. He asked what happens if there is an institutional disagreement. President Smith explained that the eighth member of the group is a nonvoting ex-officio member. This was the understanding with the parties involved during the negotiations of the agreement.

ROLL CALL:

Dean Krogman – ABSENT
Randy Schaefer – AYE
Bob Sutton – AYE
Terry Baloun – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – ABSENT

Joe Schartz – AYE
Kevin Schieffer – AYE

The MOTION CARRIED.

A copy of Memorandum of Agreement – Development Of The Confucius Institute At Northern State University can be found on pages **4** to **10**.

ADJOURN

IT WAS MOVED by Regent Baloun, seconded by Regent Schieffer to adjourn the meeting of the full board at 11:15 a.m.

ROLL CALL:

Dean Krogman – ABSENT
Randy Schaefer – AYE
Bob Sutton – AYE
Terry Baloun – AYE
John Bastian – AYE
Harvey Jewett – AYE
Kathryn Johnson – ABSENT
Joe Schartz – AYE
Kevin Schieffer – AYE

The MOTION CARRIED. Meeting adjourned.

SOUTH DAKOTA BOARD OF REGENTS

Full Board

AGENDA ITEM: 2

DATE: March 18, 2015

SUBJECT: Memorandum of Agreement – Development of the Confucius Institute at Northern State University

After extensive discussions here and in China, NSU is asking for approval of the attached MOA with the University of Jinan (UJN) for the development of a Confucius Institute (CI). The CI will provide basic Mandarin instruction and associated programs at NSU that encourage understanding of Chinese culture that are to be essentially cost-free operationally. Although tuition and fee revenues from these activities would be modest, an anonymous pledge of \$400,000 from a private donor is expected to cover any startup costs not provided by the Chinese funding entity, Hanban (CIH or Confucius Institute Headquarters). CIH will provide \$150,000 in startup funds, a 3,000 volume library of Chinese books and teaching materials, and airfares for all visiting personnel. Base funding and cost reimbursements of budgetary needs will not require substantial fronting of expenses by NSU due to an annual base funding system that is used by Hanban. All salaries of visiting personnel will also be provided via CIH. NSU will provide residence hall housing for visiting Chinese instructors.

RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR

Approve the memorandum of agreement between Northern State University and the University of Jinan for the Development of the Confucius Institute.

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MEMORANDUM OF AGREEMENT

BETWEEN

**NORTHERN STATE UNIVERSITY
ABERDEEN, SOUTH DAKOTA (U.S.A.)**

AND

**UNIVERSITY OF JINAN
Jinan, Shandong (P.R.C.)**

FOR THE DEVELOPMENT OF THE CONFUCIUS INSTITUTE

AT NORTHERN STATE UNIVERSITY

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In accordance with the desire to achieve a healthy operation and sustainable development of the Confucius Institute at Northern State University, Northern State University (hereinafter referred to as “NSU”) and University of Jinan (hereinafter referred to as “UJN”) hereby enter into the following memorandum of agreement. The goal of this agreement is to enhance academics and research to the combined benefit of both institutions. The following items are prescribed to formalize mutual understanding and endeavor between the constituents of both institutions leading to the establishment of the Confucius Institute at NSU:

Objectives of Cooperation

This agreement intends to promote academic research, development and operation of the Confucius Institute, foster student and faculty exchanges, aid mutual cooperation between the two institutions, and augment the effect of these international exchanges through respect, collaboration, and mutually agreed upon goals. Hanban (hereinafter referred to as “CIH”) will provide CI funding and UJN will nominate visiting teacher candidates for interview and approval by NSU pursuant to this agreement. NSU will supervise the daily operations of the CI, and visiting and resident CI staff, consistent with this and future mutual agreements. The CI will sponsor and support programs that encourage an understanding of and appreciation for Chinese culture. The educational function of the CI at NSU shall be to provide basic university-level instruction in Mandarin.

Areas of Cooperation

The general areas of cooperation between the two institutions are as follows:

- Faculty/Visitor exchanges;
- Student exchanges;
- Joint research and seminars;
- Exchange of academic information;
- Establishment of CI operations and areas of responsibility

The terms of such mutual cooperation not specifically implemented under the terms of this agreement shall be mutually discussed and agreed upon by both parties. Furthermore, special programs and other special activities shall be agreed upon in writing by the two institutions prior to implementation. Specific details not prescribed in this agreement can be discussed and may be put into practice through mutual discussion, and subsequent related documents shall be produced as necessary.

Faculty/Visitor Exchanges

Upon mutual agreement, the institutions will exchange faculty and visitors under terms acceptable to each institution and the affected members. However, CI visiting scholars/instructors will also have significant administrative duties, and therefore, shall be accorded faculty status or bargaining unit membership dependent upon 50% or more of FTE teaching assignments. It is understood that unit membership is not conferred upon less than 50% teaching duties.

IMPLEMENTATION CLAUSES REGARDING THE CONFUCIUS INSTITUTE:

UJN and NSU shall establish a Board of Advisors comprised as follows:

- CHAIR: President of NSU
- VICE-CHAIR: President of UJN
- DIRECTORS: Provost of NSU
Vice President of UJN (International Affairs)
Director of International Programs of NSU
Director of International Affairs Office of UJN
Director (Resident) of Confucius Institute
Vice (Chinese) Director of Confucius Institute (ex-officio)

Administrative Duties and Responsibilities of the Board of Advisors

1. To formulate and to recommend, through Board of Regents required processes applicable to all authorized academic programs, approval of the curricula of the teaching programs, recruitment, and financial plans of the CI.

2. To designate a Director (from NSU) responsible for carrying out the policies and decisions of the Board of Advisors within the respective institutions.
3. Submitting to annual meetings all recorded fiscal year plans, budgets and summaries required by NSU, CIH and UJN; and to formulate and approve the same.
4. Facilitate the operation of the CI via efficient communications with NSU, UJN and CIH; and to carry forward to the same the reporting duties of the Board of Advisors via the Chair and Vice-Chair. To so advise NSU and UJN on the daily operations of the CI via the Director.

RESPONSIBILITIES OF UJN

1. Pursuant to standard CI practice, recruit, recommend and send the Vice (Chinese) CI Director.
2. To provide via HANBAN (CIH) two instructors on Chinese language and culture for each year. To obtain and provide all transport of visiting Chinese personnel between China and Aberdeen, SD U.S.A. Depending on needs, to provide additional volunteers for staff assignments.
3. To provide via HANBAN (CIH) textbooks, reference materials, and audio-visual materials.
4. To provide transportation within China for the specialized student study groups (bridge program) from the Confucius Institute. UJN should assign instructors to help them with their study and practice. The expenses incurred would be covered by the Confucius Institute.

RESPONSIBILITIES OF NSU

1. Oversight and operation of the CI, including but not limited to
 - a. Recruitment and selection of the Resident Director
 - b. The approval and hiring of the UJN recommended instructors
 - c. The management of CIH grant funds
2. To provide residence hall housing and administrative offices with necessary facilities for the Chinese instructors when they work at the Confucius Institute. Residence hall housing will be provided at no-cost to NSU, for instructor housing only.
3. To be responsible for meeting the instructors and the related personnel from UJN upon arrival and providing transport between NSU and the airport.
4. To undertake the marketing of the programs run by the Confucius Institute.

5. To hold the academic activities related to the Confucius Institute.

Financial Reporting of CI

1. The funding sources of the Confucius Institute consist of four parts:
 - a) Support from NSU;
 - b) Support from HANBAN Headquarters (CIH);
 - c) NSU designated tuition and fees from the programs of the Confucius Institute;
 - d) Donations from the community, and other sources.
2. The Confucius Institute should submit yearly budget reports and yearly settlement reports to NSU, CIH and UJN as required within each fiscal year.
3. Incomes generated from the Confucius Institute shall be used to support the operation expenditures and the development and expansion of the Confucius Institute at Northern State University. To the extent practicable, all funds received for the CI shall be remitted to the custodial accounts to provide clarity and timely reporting and auditing as required by South Dakota and BOR policy and procedure.

Administrative Duties of NSU

1. Adherence to the Board of Regents (BOR) policies, including, specifically, policies on Academic Freedom and Freedom in Learning, and anti-discrimination provisions;
2. Approval of visiting scholars/instructors assigned to the Confucius Institute. Supervision of both unit or non-unit FTE teaching and administrative duties at NSU each semester, depending upon needs. Additional professional staff duties will be undertaken as determined by NSU via the Director of the Confucius Institute.
3. Clarification of visa and employment status of Chinese staff – including responsibility for compliance with South Dakota and federal laws governing workers compensation, unemployment insurance, payroll taxes, health insurance coverage, non-discrimination requirements, due process requirements (which flow to individuals under the U.S. constitutional system) and, determining whether the Chinese instructors are subject to the collective bargaining agreement;
4. Providing orientation programming to UJN instructors comparable to that provided to other new NSU instructional staff and to inform them specifically about NSU

expectations that all its instructors abide by laws, policies and agreements governing faculty members and staff employed by the BOR and assigned to NSU;

5. Compliance with South Dakota cash management, deposit, expenditure and audit requirements to be administered specifically by the Director of the Confucius Institute at Northern State University;
6. Custody of records and responsibility for complaints; and related ownership duties arising from intellectual property produced at the CI in accordance with BOR intellectual property policy.
7. Administration of any licensed uses of intellectual properties created during the performance of this agreement.

Administrative Duties of UJN

1. Coordination with HANBAN (CIH) regarding any supplementary agreements or detailed matters of funding, support, and required activities according to the Constitution and By-Laws of CIH.
2. Training Chinese language instructors and certification of their qualifications and proficiency to teach for credit courses at NSU.
3. Directing instructors recommended by it, that if selected by NSU, they will be required to conform to reasonable NSU directives and to abide by performance standards and expectations that govern NSU staff and faculty members.
4. Providing information and consultative services concerning China's education, culture, and so forth;
5. Conducting language and cultural exchange activities;
6. Other activities with authorization and by appointment of the Headquarters CIH.

Conditions for Collaboration

Nothing in the Agreement shall be construed by one collaborating Institution as an indemnification of the other for liabilities of a party or third persons for property loss or damage or death or personal injury arising out of the performance of this Agreement. Any liabilities or claims for property loss or death or personal injury by the collaborating Institution or its agents, employees, contractors or assigns or by third persons, arising out of and during this agreement shall be determined according to applicable law.

Amendment, Extension, and Termination of the Agreement

This agreement shall be effective from the date of signature for five (5) years, at which time it will be reviewed for possible extension. Either party may revise, or terminate, the agreement by written notification signed by the appropriate official of the institution initiating the notice. Such notification must be received by the other party at least six months prior to the effective date of termination.

Since the terms of agreement extend beyond the fiscal year, it is made contingent upon the Legislature of South Dakota making necessary appropriations for the expenditure hereunder after such current fiscal year shall be expired.

It is noted that NSU is a state sponsored institution, and that UJN acknowledges that legislative action may require the curtailment or termination of some or all of NSU's education programs. UJN acknowledges further that NSU is obligated to respond to such legislative action and may determine that it is necessary in the public interest to curtail exchange programs. Although the possibilities of such actions are remote and unlikely, termination of an exchange program in response to a failure of appropriations shall not be deemed to be in breach of this agreement.

Agreement Language

This Agreement is written in both Chinese and English. Each version shall have the same effect. Each party shall keep the two versions for reference.

James M. Smith, Ph.D.
President
Northern State University

Cheng Xin, Ph.D.
President
University of Jinan

Date*

Date*

*Final Draft of March 6, 2015

The South Dakota Board of Regents adjourned its special business meeting on March 18, 2015 and will meet again in regular session on April 1-2, 2015 in Vermillion, South Dakota.

I, Jack Warner, 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 meetings held on March 18, 2015.

A handwritten signature in black ink, appearing to read "Jack Warner", written in a cursive style.

Jack Warner
Executive Director and CEO