

KANSAS BOARD OF REGENTS

MINUTES

January 20-21, 2010

The January 20, 2010, meeting of the Kansas Board of Regents was called to order by Chairman Jill Docking at 1:32 p.m. The meeting was held in Board offices located in the Curtis State Office Building, 1000 S.W. Jackson, Suite 520, Topeka. Proper notice was given according to law.

MEMBERS PRESENT:

- Jill Docking, Chairman
- Gary Sherrer, Vice Chairman
- Jerry Boettcher
- Christine Downey-Schmidt
- Dick Hedges
- Dan Lykins
- Janie Perkins
- Donna Shank

APPROVAL OF MINUTES

Regent Lykins moved that the minutes of the December 16-17, 2009 meeting be approved. Following the second of Regent Sherrer, the motion carried.

INTRODUCTIONS

President Robinson introduced Ray Frederick. Mr. Frederick is the Interim President for Wichita Area Technical College.

President Hammond introduced the inaugural class of the Kansas Academy of Mathematics and Science (KAMS).

GENERAL REPORTS

REPORT FROM PRESIDENT AND CEO

President Robinson stated that he will report on topics later on in the agenda.

REPORT FROM SYSTEM COUNCIL OF PRESIDENTS

President Burke reported that the System Council of Presidents discussed the Governor's State of the State Address. SCOPs believes the Board should support the concept of revenue enhancements because any additional cuts would be detrimental to higher education and the State. Additionally, SCOPs believes institutions need to continue to seek efficiencies.

STANDING COMMITTEE REPORTS

Academic Affairs

Regent Sherrer reported the Board's Academic Affairs Standing Committee (BAASC) received a consultant's report on the operation of the private postsecondary division and received an update on the distance learning plan. Additionally, BAASC reviewed proposals on admission criteria changes.

Fiscal Affairs and Audit

The Board's Fiscal Affairs and Audit Standing Committee report was presented by Regent Boettcher. The Committee reviewed amendments to the Energy Conservation Project for WSU and the proposed changes to the Board's Facilities Policy. Both of these items are on Thursday's Board agenda. The Committee is continuing its discussion on enhancing current policies related to Board members' potential conflicts of interest, and it discussed the future policy on security reviews. Regent Boettcher stated that there were no updates on any Legislative Post Audit reviews.

APPROVAL OF CONSENT AGENDA

Regent Sherrer moved, with the second of Regent Perkins that the Consent Agenda be approved. The motion carried.

Academic Affairs

ADDITIONAL DEGREE GRANTING AUTHORITY FOR DEVRY UNIVERSITY

Devry University received approval to offer a Bachelor of Science Degree in Network and Communications Management. This degree will be offered at the Kansas City, MO campus and at the Naperville, IL on-line school.

ADDITIONAL DEGREE GRANTING AUTHORITY FOR ANTHEM COLLEGE

Approval was given to Anthem College to offer an Associate of Science in Accounting Technology and an Associate of Science in Paralegal. Both of these degrees are attained through on-line distance education programming.

APPROVAL FOR DEGREE AND CERTIFICATE PROGRAM FOR BARTON COUNTY COMMUNITY COLLEGE

Barton County Community College received approval to offer a Certificate in Computer Aided Drafting (CIP 15.1302). This program is designed to provide access to job relevant skills for the offender population in the Ellsworth Correctional Facility, the Larned Correctional Mental Health Facility and the Larned Juvenile Correctional Facility. The Community Based Jobs Training Grant awarded to Barton County Community College by the U.S. Department of Labor will fund the Computer Aided Drafting Certificate Program.

CONSIDERATION OF DISCUSSION AGENDA

Fiscal Affairs and Audit

GOVERNOR'S BUDGET RECOMMENDATIONS

Vice President Duffy reviewed the Governor's FY 2010 and FY 2011 recommended appropriations from the State General Fund (SGF) for postsecondary education. The Governor recommends no additional reductions for FY 2010 beyond those made by the second round of allotments in November. The Governor's FY 2011 recommendation for postsecondary education reflects an increase of \$10 million for a total of \$757 million from the SGF. However, \$3 million of the increase would be used to resume base funding for the principal portion of debt service payments, leaving \$7 million in new money for enhancements. The Governor's recommended increase in funding is dependent upon the enactment of the Governor's tax program. Furthermore, Vice President Duffy reviewed a list of budget reductions that would be required if there is no increase in State revenue.

Following discussion, the Regents concluded that it is important for them to support the Governor's efforts to enhance revenues, and that the additional cuts that would be imposed in the absence of additional revenue would devastate higher education. The Regents asked President Robinson to draft a statement regarding the Board's stance on the Governor's budget recommendations. President Robinson will present the draft statement to the Board during Thursday's meeting.

(Handout filed with Official Minutes)

RECESS

The Chairman called for a recess at 2:36 p.m. and resumed the meeting at 2:47 p.m.

Other Matters

REPORT FROM KANSAS POSTSECONDARY TECHNICAL EDUCATION AUTHORITY

Blake Flanders, Vice President for Workforce Development, reported the Technical Education Authority (TEA) will meet next week. Vice President Flanders updated the Board on the TEA's Process Management Committee, which meets once a month in Wichita. The Committee discussed the program approval process and the alignment process. The Committee would like business and industry members to stay with the alignment process and has incorporated four periods within the alignment process when the presidents can comment. Regent Sherrer asked Vice President Flanders to update the Board with a written report on the TEA's marketing initiative. Regent Sherrer also requested a timeline showing typical program approval from the time a program request is submitted for consideration to the time it is acted upon.

President Robinson reviewed the current Technical Education Authority legislation that eliminates the second sentence in K.S.A. 72-4482(b) and replaces it with the following language: The state board of regents shall act upon such recommendations within 45-days of submission. The Board approved this language and made it a part of its legislative packet in November. Since the November meeting, members of the Board and TEA have met to discuss the legislation

and the relationship between the Board and TEA. President Robinson asked the Board whether it wanted to retain, modify, or delay the current legislation. Regent Downey-Schmidt moved to remove this item from the Board's legislative agenda this year and to reconsider it next year. Regent Perkins seconded the motion. Following discussion, the motion carried.

ENROLLMENT REPORT ON KHEDS (KANSAS HIGHER EDUCATION DATA SYSTEM)

Dawn Ressel, Associate Vice President for Accountability, Planning, and Institutional Effectiveness, presented a report on enrollments. The report contained enrollment data on public, private, and independent colleges. It compared headcount numbers to full-time equivalent numbers in the categories of gender, race, age, and residency. Additionally, the report showed the differences between enrollment data collected on the official semester census day, which is the 20th day of classes in the Fall and the academic year collection, which includes data from Summer, Fall, and Spring semesters.

(Handout filed with Official Minutes)

RECESS

Chairman Docking recessed the meeting at 4:37 p.m., to resume the following morning.

RECONVENE

Chairman Docking reconvened the meeting at 9:15 a.m. on Thursday, January 21.

MEMBERS PRESENT:

Jill Docking, Chairman
Gary Sherrer, Vice Chairman
Jerry Boettcher
Christine Downey-Schmidt
Dick Hedges
Dan Lykins
Janie Perkins
Donna Shank

INTRODUCTIONS

President Schulz introduced April Mason. Dr. Mason is Kansas State University's new Provost and Senior Vice President.

REPORTS

REPORT FROM COUNCIL OF PRESIDENTS

President Hammond briefed the Board on the Council of Presidents' meeting held the previous day. COPs received a report on distance learning and took action on the request to amend the Board's Policy Manual regarding the Intellectual Property Policy. COPs approved the policy amendment and will forward it on to the Board for consideration.

REPORT FROM COUNCIL OF FACULTY SENATE PRESIDENTS

Dr. Jeff Burnett briefed the Board on the Council of Faculty Senate Presidents' meeting. The Council discussed the faculty senate legislation for Spring 2010 and ways to improve recruitment and retention on each campus. Dr. Burnett reported that the Faculty Input Survey is complete and results should be collected by the end of the semester. Additionally, the Council is working on a Resolution regarding higher education budgetary issues. Council members will distribute the Resolution in their local communities.

(PowerPoint filed with Official Minutes)

REPORT FROM STUDENTS' ADVISORY COMMITTEE

Zach Gearhart, Chair of the Students' Advisory Committee, thanked the Board for hosting breakfast for SAC earlier in the day. Mr. Gearhart reported that the SAC met yesterday and discussed its plan for the State Higher Education Day, which will be held on February 16. The SAC plans to center its message around the cuts higher education has already sustained and why higher education cannot incur anymore. The SAC is creating a Resolution concerning the support of funding for higher education that will be passed out to each local chamber of commerce. The SAC also received a report from Kansas Corps and discussed ways to improve its recruitment.

REPORT FROM CLASSIFIED AND SUPPORT STAFF COUNCIL

The report from the Classified and Support Staff Council was given by Dennis Constance. He discussed the Council's concern about the economy and the impact the cuts are having on the universities. The Council created a Resolution on its FY 2011 positions that will be presented to the Legislature on January 26. The Resolution states that the Council would like the Legislature to support the State of Kansas New Pay Plan, longevity bonuses for all eligible employees, and maintain and fully fund the existing KPERs retirement system.

(Resolution filed with Official Minutes)

GOVERNOR'S BUDGET RECOMMENDATIONS CONTINUED

President Robinson presented a draft statement regarding the Regents' stance on the Governor's budget recommendations. The statement included the budget cuts higher education has already absorbed, the choice law makers face is to either cut more or seek additional public revenues, and the Regents' endorsement of the Governor's decision to pursue additional public revenues and reject further cuts to higher education. Following discussion, the Regents would like to add information on the effects of the current budget cuts to higher education to the back of the statement. Regent Boettcher made a motion to approve the statement with the additional information include on the back. Following the second of Regent Shank, the motion carried.

(Draft Statement filed with Official Minutes)

APPROVAL OF CONSENT AGENDA

Regent Boettcher stated that the consent item to Authorize Energy Conservation Project for WSU was amended to reduce the cost of the project from \$5.1 million to \$1,551,784. Regent

Boettcher moved, with the second of Regent Perkins, that the Consent Agenda be approved as amended. The motion carried.

Fiscal Affairs and Audit

TRANSFER OF PROPERTY AT 4350 SHAWNEE MISSION PARKWAY IN FAIRWAY, KANSAS – KU

Approval was given to the University of Kansas to accept the transfer of property at 4350 Shawnee Mission Parkway from the KU Endowment Association. The property includes a three story masonry-framed office structure that KU plans to renovate and expand. This building will be used as a Clinical Research Center. Resources provided by the Johnson County Educational Research Triangle (JCERT) sales tax will be used to fund the renovations and will support the bonds that will be issued for this project.

The legal description of the property is as follows:

TRACT 1:

All that part of the Northeast 1/4 of Section 9, Township 12, Range 25, in the City of Fairway, Johnson County, Kansas, more particularly described as follows:

Commencing at the Southeast corner of Lot 27, of ROSELAND COURT, a subdivision of land in Johnson County, Kansas, as shown on the recorded plat thereof, said point being the intersection of a line drawn parallel with and 495.00 feet East of, as measured at right angles from, the West line of said Northeast 1/4, with the Northerly line of old U.S. Highway No. 50 now called Johnson Drive; thence North 0 degrees 57 minutes 34 seconds East along said parallel line and along the East line of said ROSELAND COURT, a distance of 565.42 feet to the point of beginning of a tract of land to be herein described; thence continuing North 0 degrees 57 minutes 34 seconds East along said parallel line and along the East line of said ROSELAND COURT, a distance of 192.66 feet to the Southeast corner of Lot 10, Block 37, of ROELAND PARK, a subdivision of land in Johnson County, Kansas, as shown on the recorded plat thereof; thence North 0 degrees 25 minutes 52 seconds East along the East line of said ROELAND PARK, a distance of 625.00 feet to a point on the: South line of 55th Street, as now established; thence North 90 degrees 00 minutes 00 seconds East along said South line, a distance of 280.00 feet, thence South 0 degrees 25 minutes 52 seconds West, a distance of 451.89 feet; thence continuing Southerly and Southeasterly along a curve to the left from the last described course as a tangent, having a radius of 285.00 feet, a distance of 220.61 feet; thence continuing Southeasterly, Southerly and Southwesterly along a curve to the right, having a common tangent with the last described curve at the last described point, having a radius of 20.00 feet, a distance of 30.40 feet; thence South 43 degrees 09 minutes 41 seconds West, tangent to the last described curve, a distance of 103.55 feet; thence continuing Southwesterly along a curve to the right from the last described course as a tangent, having a radius of 300.00 feet, a distance of 72.25 feet; thence

South 56 degrees 57 minutes 34 seconds West, tangent to the last described curve, a distance of 36.73 feet; thence North 89 degrees 02 minutes 26 seconds West, a distance of 207.56 feet to the point of beginning, except that part in road.

TRACT 2:

A non-exclusive perpetual easement for street, roadway, pedestrian-way and right-of-way purposes for the use of Owners and subtenants and concessionaires and of the customers, invitees, employees, agents, suppliers, visitors, licensees, guests and contractors as provided in the instrument labeled Declaration of Indentures for Fairway Office Complex, filed in Volume 1810, Page 203 in the office of the Register of Deeds of Johnson County, Kansas.

TRANSFER OF PROPERTY AT 2531 SPRINGFIELD AND 2400 WEST 38TH AVENUE IN KANSAS CITY, KANSAS – KU

The University of Kansas received authorization to accept the transfer of property at 2531 Springfield and 2400 West 38th Avenue from the KU Endowment Association. In December 2001, the Board of Regents authorized the University to enter into a lease agreement with the KU Endowment Association for parking lots located on these properties. At the end of the lease, the properties were to be transferred to the University. The final lease payment was made in July 2009. The parking lots will be maintained with KU Medical Center parking fees funds.

The legal description of the properties follows:

2531 Springfield

The West 130 feet of Lots 21, 22, 23 and 24, Block 1, in ROSEDALE PARK, an addition to Rosedale, now in and a part of Kansas City, Wyandotte County, Kansas, together with that part of vacated Cherokee Street lying within the West 130 feet of said Lots 21 and 22.

2400 West 38th Avenue

All of Lot 1, in MARTYS PARK RESURVEY OF LOTS 15-16, a subdivision in Kansas City, Wyandotte County, Kansas.

ENERGY CONSERVATION PROJECT – WSU

Wichita State University received approval to proceed with an energy performance contract with Energy Solutions Professionals and received authorization to work with the Kansas Development Finance Authority to finance the project. The estimated cost of the project totals \$1,551,784. Energy Solutions Professionals will guarantee the estimated annual utility, operational and maintenance savings which is \$101,391.

(Handout filed with Official Minutes)

THE UNIVERSITY OF KANSAS CENTER FOR RESEARCH ENGINEERING
EXPANSION ON STATE PROPERTY – KU

The University of Kansas received approval to design and construct an engineering expansion as provided under K.S.A. 76-759. The expansion will be a 34,600-square-foot laboratory that will include the latest in green technologies and research space for interdisciplinary engineering projects. The estimated cost of the project is \$21.6 million. The project will be funded by the National Institute of Standards and Technology (NIST) Construction Grant Program (\$12.3 million) and private funds on deposit with the KU Center for Research (\$9.3 million). The University will fund future operation and maintenance costs.

CONSIDERATION OF DISCUSSION AGENDA

Academic Affairs

PSU REQUEST TO REVISE ACADEMIC CALENDAR SPRING 2011

Vice President Gary Alexander presented Pittsburg State University's request to revise its academic calendar for Spring 2011. Vice President Alexander amended the issue paper to show PSU's class begin date as Tuesday, January 18 and its total instructional days as 74. Regent Docking moved to approve the calendar as amended. Following the second of Regent Hedges, the motion carried.

(Handout filed with Official Minutes)

Fiscal Affairs and Audit

REPORT AND RECOMMENDATION FROM FISCAL AFFAIRS AND AUDIT STANDING COMMITTEE

Regent Boettcher presented the Fiscal Affairs and Audit Standing Committee's recommendations regarding the regular performance of certain management reviews/audits that relate to the use and expenditure of non-public funds under the control of the state university CEOs and their direct subordinates. The objective of the Committee has been to develop a management audit policy and insure that the recommended policy incorporates the oversight responsibilities of the Board of Regents. The Committee believes the policy should include the following items: 1) it should be consistently applied, while allowing for significant differences in size and complexity of a given institution; 2) it should focus on the identification and management of conflicts of interest; 3) it should incorporate examination of transactions and relationships between the university and its affiliates, both controlled and non-controlled, focusing upon non-state funds under the control of the university CEO and his/her direct subordinates; 4) the scope and visibility of existing internal audit resources should be expanded and strengthened through the creation of a direct reporting link to the Board of Regents; and 5) it should have a stated means of funding at minimum additional cost. Following discussion, Regent Boettcher stated that the Committee and staff will continue to work on the proposed policy and will address the suggestion made during Board discussion for a schedule of future periodic external reviews/audits.

BOND RESOLUTION – PETERS STUDENT RECREATION CENTER – KSU

General Counsel Julene Miller introduced a Resolution for Kansas State University that would authorize the issuance of K DFA revenue bonds not to exceed \$24,000,000. The purpose of the bonds is to finance the cost of the expansion and renovations of the Peters Student Recreation Center and to refund all or a portion of the outstanding Series 1993D Bonds. The bonds will be secured and debt serviced with a pledge of student fees and a Supplemental Security Agreement. It was noted during the discussion that Board staff will work with the Council of Business Officers to review the current process of identifying/determining resources for future on-going maintenance and the level of detail to be provided to the Board. Following discussion, Regent Sherrer made a motion to adopt the Resolution and to authorize the Chair and the President and CEO to execute the Resolution and related bond documents. Regent Lykins seconded, and the motion carried.

(Resolution filed with Official Minutes)

BOND RESOLUTION – PARKING SYSTEM PROJECT – KUMC

General Counsel Miller introduced a Resolution to authorize the issuance of K DFA revenue bonds not exceed \$9,100,000. The purpose of the bonds is to finance the University of Kansas Medical Center Parking System Projects and to refund all or portion of the outstanding Series 2005E-2 Bonds. The bonds will be secured and debt serviced with pledge of parking system revenues and may include a Supplemental Security Agreement. Regent Perkins moved to adopt the Resolution and to authorize the Chair and the President and CEO to execute the Resolution and related bond documents. Following the second of Regent Hedges, the motion carried.

(Resolution filed with Official Minutes)

BOND RESOLUTION – HOUSING ENERGY CONSERVATION MEASURES – WSU

General Counsel Miller introduced a Resolution to authorize the issuance of K DFA revenue bonds that total \$5.1 million for the Housing Energy Conservation Project at Wichita State University. The purpose of the bonds is to finance the Project and to refund all or portion of other outstanding bonds. The bonds will be secured and debt serviced with the energy savings and housing fees. The Kansas Corporation Commission has authorized Wichita State University to enter into an energy performance contract with Energy Solutions Professionals. Regent Docking moved to adopt the Resolution and to authorize the Chair and the President and CEO to execute the Resolution and related bond documents. Following the second of Regent Perkins, the motion carried.

(Resolution filed with Official Minutes)

RECESS

The Chairman called for a recess at 10:54 a.m. and resumed the meeting at 11:06 a.m.

AMENDMENT TO UPDATE AND CLARIFY FACILITIES POLICY

General Counsel Miller presented the proposed amendment to the Board's Facilities Policy. During the discussion the following changes were suggested: 1) In addition to the statutorily required plan to pay for maintenance of new construction financed by $\geq 51\%$ private dollars from

private or existing university resources, the Board is requiring plans for how maintenance is to be paid for new construction financed by < 51% private dollars; 2) remove new language regarding acquisition of new real property that would have required use of K.S.A. 76-147, and reinsert language that would have allowed for use of K.S.A. 75-3043a; and 3) a couple of non-substantive language changes. The Board directed staff to incorporate the changes into the policy and to present the revised policy at the Board's February meeting.

Other Matters

REPORT REGARDING WICHITA CENTER FOR GRADUATE MEDICAL EDUCATION (WCGME) PRINCIPALS GROUP

President Robinson reported that in February the Governor asked the Board to assemble a group of key people to examine the structural and financial issues of the Wichita Center for Graduate Medical Education (WCGME). The Principals Group has met four times. The first two meetings focused on WCGME's structural issues and the Group reached consensus on the proposed changes. The next meetings focused on the financial support issues of WCGME. The Group analyzed the structure of the clinics, how billing is pursued, and the dollars expended by the hospital and university. After a thorough discussion at the last meeting, the Group determined there is a financial shortfall of \$4.5 million for WCGME; however, there is uncertainty of what caused the financial gap. The Group will continue to examine the financial shortfall, and research whether federal monies are available to help close the gap. A final report from the WCGME Principals Group must be presented to the Governor no later than December 2010.

STATE UNIVERISTY TOBACCO USE/SALES POLICIES

President Robinson reported that at the Board's October meeting, then-State Senator David Wysong presented a legislative proposal that would ban indoor smoking statewide. While the Board did not opt to endorse the legislative proposal at that time, the Board did want to review the current status of state university smoking and tobacco sale policies. President Robinson stated each university has a policy on smoking, but there are currently no consistent policies regarding the sale of tobacco products. The Board directed the Council of Presidents (COPs) to offer its recommendation regarding whether the Board should adopt a policy that bans, system-wide, the on-campus sale of tobacco products. COPs is to present its recommendation no later than the March 2010 Board meeting.

EXECUTIVE SESSION

At 11:50 a.m., Regent Sherrer moved, followed by the second of Regent Lykins, that the Board recess into executive session for approximately 20 minutes to discuss matters relating to safety and security measures on the state university campuses. Participating in the executive session were members of the Board, President Robinson, General Counsel Miller, Associate General Counsel Bush, University CEOs and designated university staff. At 12:00 p.m., the meeting returned to open session.

When the Board resumed its open session, it took the following action: Regent Sherrer proposed, with a second from Regent Lykins, a two-part motion for Board consideration – he moved that the Board staff develop, for the Board's consideration, policy that would call for

annual Fiscal Affairs and Audit Committee review of state university safety and security policies. In addition, his motion included a statement of commendation to the state universities for the work they have done over the course of the last two years to improve and enhance campus safety and security. The motion was adopted.

EXECUTIVE SESSION

At 12:00 p.m., Regent Sherrer moved, followed by Regent Lykins second, that the Board of Regents recess into executive session for approximately 15 minutes to discuss matters deemed confidential in the attorney-client relationship regarding legal matters pertaining to the WSU and FHSU fund management reviews. Participating in the executive session were members of the Board, President Robinson, General Counsel Miller, and Associate General Counsel Theresa Bush. At 12:15 p.m., the meeting returned to open session.

FORT HAYS STATE UNIVERSITY AND WICHITA STATE UNIVERSITY FUND MANAGEMENT REVIEWS

President Hammond presented Fort Hays State University's response to the 19 recommendations contained in its BKD Management Review. BKD reviewed university accounts, the Athletics Department, conflict of interest policies, and the Alumni Association. The management review found no inappropriate disbursement of unrestricted funds by the University or its affiliated entities. President Hammond stated that the remedies to the findings are underway.

(Handout filed with Official Minutes)

The Board reviewed the final management report for Wichita State University. The report was conducted by Peterson, Peterson & Goss, L.C. It analyzed certain funds administered and/or controlled by President Beggs and his direct subordinates. The Regents would like to submit follow-up questions to the auditors and directed the Board's General Counsel to work with the University's Counsel regarding follow-up.

ADJOURNMENT

The Chairman adjourned the meeting at 12:42 p.m.

Reginald L. Robinson, President and CEO

Jill S. Docking, Chair