Official Minutes

**Board of Regents**

**Meeting of the Full Board**

November 2, 2011

Fairbanks, Alaska

**Regents Present:**

Fuller A. Cowell, Chair

Patricia Jacobson, Vice Chair

Robert Martin, Jr., Secretary

Kirk Wickersham, Treasurer

Timothy C. Brady

Mari Freitag

Kenneth Fisher

Jyotsna Heckman

Mary K. Hughes

Michael Powers

Patrick K. Gamble, Chief Executive Officer and President, University of Alaska

**Regents Absent:**

Carl Marrs

**Others Present:**

John Pugh, Chancellor, University of Alaska Southeast

Brian D. Rogers, Chancellor, University of Alaska Fairbanks

Tom Case, Chancellor, University of Alaska Anchorage

Michael Hostina, General Counsel

Carla Beam, Vice President for University Relations

Daniel J. Julius, Vice President for Academic Affairs and Research

Myron Dosch, Controller

Karl Kowalski, Chief Information Technology Officer

Chris Christensen, Associate Vice President, State Relations

Kit Duke, Associate Vice President, Facilities

Michelle Rizk, Associate Vice President, Budget

Donald Smith, Executive Director, Labor and Employee Relations

Kate Ripley, Director, Public Affairs

Jeannie D. Phillips, Executive Officer, Board of Regents

Brandi Berg, Assistant to the Executive Officer, Board of Regents

**I.** **Call to Order**

 Chair Cowell called the meeting to order at 9:02 a.m.

**II.** **Adoption of Agenda**

Regent Wickersham moved, seconded by Regent Jacobson, and passed that:

 **PASSED**

**"The Board of Regents adopts the agenda as presented.**

**I. Call to Order**

II. Adoption of Agenda

**III. Governance Report**

**IV. Public Testimony**

**V. Approval of the University of Alaska FY13 Operating Budget Request**

**VI. Approval of the University of Alaska FY13 Capital Budget Request**

**VII. Approval of the University of Alaska 10-Year Capital Improvement Plan FY13-FY22**

**VIII. Formal Project Approval for Mat-Su Valley Center for Arts & Learning**

**IX. Report on UAF Campus Wide Student Housing RFP Development**

**X. Report on UAF Combined Heat and Power Plant Replacement**

**XI. Executive Session**

**XII. Approval of Revision to February 2012 Meeting Date**

**XIII. Approval of Revisions to Corporate Authority Resolution**

**XIV. Approval of Revisions to Industrial Security Resolution**

**XV. Board of Regents' Comments**

XVI. Adjourn

 **This motion is effective November 2, 2011."**

**III. Governance Report**

 Daniel Monteith, Chair of Faculty Alliance, thanked the board for the opportunity to review policy and regulation; reviewed current participation in the strategic direction process; and will report at the December meeting on progress made on these two projects.

 Nicholas Pennington, Speaker of Coalition of Student Leaders, thanked the board for its emphasis on academic advising and the Stay on Track program.

 Juella Sparks, Chair of Staff Alliance, thanked President Gamble for his support of a 3.5 percent staff salary increase and asked the board to support this increase.

**IV. Public Testimony**

 Richard Reich, UAA Engineering Advisory Board, thanked the board for their support of the UA engineering projects and urged the board to support full funding in the FY13 capital budget.

 Frank Paskvan, UAF Engineering Advisory Board, reviewed the advisory council’s work on the UA Engineering projects and asked the board to support these projects.

 Greg Newby, director of the Arctic Region Supercomputing Center, asked for support of the ARSC projects in the FY13 budget.

 Bob Forsham, UAF staff member, urged the board to support the 3.5 percent salary increase.

 Jessica Klejka, senior pre-vet major at UAF, asked the board to support the 2+ program in conjunction with Colorado State University at the December board meeting.

 Gary Newman, UAF staff member, requested that the board support the renewal of the UAF Power Plant.

 Josh Banks, Government Relations Director at ASUAF, introduced himself and reviewed the proposed activities in the government relations area this year.

 Cristina Hansen, Ph.D. student and veterinarian, urged support of the 2+2 program in veterinary science with Colorado State.

 Sarah Love, small animal veterinarian, urged support of the 2+ program in veterinary science with Colorado State.

 Brent Sheets, ARSC staff member, asked for support of power and energy projects in the FY13 budget.

 Gary Kofinas, associate professor at UAF’s Resilience Adaptation Program, explained how the RAP works across the campus and asked for support of the FY13 budget request for this program.

 Jim Norman, president of ABS Alaska Inc., spoke in support of the ASEP program and applied research at UAF.

 Pips Veazey, UAF Staff Council president, asked for support of the staff salary increase.

 Kayt Sunwood, manager of UAF Women’s Center, spoke in support of the staff salary increase.

 Monique Musick, president of Statewide Administration Assembly, thanked President Gamble for supporting the 3.5 percent increase and asked the board to approve the request.

**V. Approval of the University of Alaska FY13 Operating Budget Request** Reference 1

Regent Jacobson moved, seconded by Regent Brady, and passed with Regents Brady, Freitag, Heckman, Hughes, Jacobson, Martin, Powers, Wickersham, and Cowell voting in favor and Regent Fisher voting in opposition that:

**PASSED**

**“The Board of Regents approves the FY13 operating budget request in accordance with the plan as presented. This motion is effective November 2, 2011.”**

POLICY CITATION

 Regents' Policy 05.01.01.A. – Budget Policy, states, "The budget of the University of Alaska represents an annual operating plan stated in fiscal terms. All budgetary requests shall be adopted by the board prior to submittal to the Office of the Governor or the legislature."

RATIONALE/RECOMMENDATION

President Gamble and Associate Vice President Rizk provided an in-depth review of UA’s FY13 Operating Budget Request. During the presentation, changes from the previous drafts were discussed. **Reference 1** provides details for the proposed FY13 Operating Budget Request. UA’s budget request includes:

* Adjusted Base Requirements including compensation increases, and additional non-discretionary cost increases which include: utilities cost increases; facility maintenance and repair; non-personal services fixed cost increases; compliance costs; and new facility operating and maintenance costs at $22 million. University-generated funding increases will cover $14.1 million, with the remaining $7.9 million requested from State funds.
* The recommended FY13 program priorities include $6.3 million out of the $8 million submitted by all three MAUs intended for their highest priority programs. The FY13 budget request includes base funding requests for the highly regarded UAA Honors College and the UAF Honors Program. Both programs received one-time funding in FY12. FY13 funds very focused program growth in areas of high payoff new initiatives to improve graduation rates. There are specific investments in high-demand jobs, education, and dollars to enhance competitive research in Alaska-specific subjects of real concern to the state.

**VI. Approval of the University of Alaska FY13 Capital Budget Request** Reference 2

Regent Brady moved, seconded by Regent Fisher that the main motion be approved.

Regent Wickersham moved to amend the main motion, seconded by Regent Fisher, to add $234 million to the capital budget to complete the University of Alaska engineering facilities. After discussion and with the concurrence of Regent Fisher, Regent Wickersham withdrew his motion.

The main motion passed with Regents Brady, Fisher, Freitag, Heckman, Hughes, Jacobson, Martin, Powers, Wickersham, and Cowell voting in favor that:

**PASSED**

**“The Board of Regents approves the FY13 capital budget request in accordance with the plan as presented with maintenance of existing facilities as its highest priority. This motion is effective November 2, 2011.”**

POLICY CITATION

 Regents' Policy 05.01.010.A. – Budget Policy, states, "The budget of the university represents an annual operating plan stated in fiscal terms. All budgetary requests shall be adopted by the board prior to submittal to the Office of the Governor or the legislature."

RATIONALE/RECOMMENDATION

Associate Vice President Rizk and Chief Facilities Officer Duke provided an in-depth review of UA’s FY13 Capital Budget Request. During the presentation, changes from the previous drafts will also be discussed. **Reference 2** provides details of the proposed FY13 Capital Budget Request. UA’s budget request includes:

* The State of Alaska’s appropriation of $37.5 million will continue to be applied to the deferred maintenance backlog. This will be the third year of the Governor’s 5-year plan to reduce the State’s DM backlog. Unfortunately, it has been insufficient to reduce UA’s backlog. An additional DM Backlog Reduction request of $100 million is also essential in order to actually reduce the current UA DM and R&R backlog to approximately 12% of the adjusted value of the UA’s facilities by FY16. Holding to this acceptable level of DM will minimize the unprogrammed need for using maintenance dollars to handle emergency response maintenance on DM projects which is more expensive than performing preventative maintenance, routine maintenance, and capital reinvestment on a planned basis.
* Annual Renewal and Repurposing (R&R) Requirement funding of $50 million is set at a common standard of approximately 2.5% of the UA’s facilities adjusted value. Fully funding annual R&R is a criterion that can prevent adding to the maintenance and R&R backlog.
* Research for Alaska includes funding to support efforts that address critical, pressing needs in the areas of statewide energy solutions, Arctic oil spill response, and the very alarming impacts of ocean acidification on Alaska’s fisheries.

**VII. Approval of the University of Alaska 10-Year Capital Improvement Plan FY13-FY22** Reference 2

Regent Fisher moved, seconded by Regent Martin, and passed with Regents Brady, Freitag, Fisher, Heckman, Hughes, Jacobson, Martin, Powers, Wickersham, and Cowell voting in favor that:

**PASSED**

**“The Board of Regents approves the 10-Year Capital Improvement Plan for FY13-FY22. This motion is effective November 2, 2011.”**

POLICY CITATION

Regents’ Policy 05.12.032 - Budget Policy, states,

 A. “Annually, within the capital budget process, each MAU will prepare and update a 6-year capital plan proposal. The MAU 6-year capital plan proposals, which are developed based upon approved strategic, academic and other planning assumptions, will be consolidated into a systemwide 6-year capital plan in accordance with guidelines approved by the board and procedures established by the chief finance officer. The systemwide 6-year capital plan will be presented to regents’ committees responsible for facilities and budgeting for review and comment prior to submission to the full board for approval. Once the 6-year capital plan is approved, the MAU 6-year capital plans shall consist of those projects in the sequence and with the funding sources as identified in the board-approved 6-year capital plan.

 B. The 6-year capital plans shall be reviewed and updated each year as part of the capital budget submission process. Year one of the approved systemwide 6-year capital plan, exclusive of any operating leases and other property or facilities funded from current operating funds, shall become the university’s capital budget request for the next capital appropriation cycle.

 C. Each MAU shall include as part of its budget submittal such information regarding reportable leased facilities as may be requested by the chief finance officer.”

RATIONALE AND RECOMMENDATION

The scope of the 6-year capital plan was extended to include a 10-year period in order to display additional information that is congruent with the 10-year fiscal plan submitted to the State of Alaska.

Associate Vice Presidents Rizk and Duke discussed the proposed 10-year Capital Improvement Plan which clearly demonstrates that the Deferred Maintenance (DM) and Renewal & Repurposing (R&R), is and will continue to be, the highest priority until the backlog of DM is reduced to a reasonable level.

**VIII. Formal Project Approval for Mat-Su Valley Center for Arts & Learning**

 Reference 3

Regent Martin moved, seconded by Regent Wickersham, and passed with Regents Brady, Freitag, Fisher, Heckman, Hughes, Jacobson, Martin, Powers, Wickersham and Cowell voting in favor that:

**PASSED**

**“The Board of Regents approves the Formal Project Approval request for the University of Alaska Mat-Su Valley Center for Arts & Learning (VCAL) as presented in compliance with the approved campus master plan, and authorizes the university administration to proceed through Schematic Design not to exceed a total project cost of $20,000,000. This motion is effective November 2, 2011.”**

POLICY CITATION

In accordance with Regents’ Policy 05.12.042, Formal Project Approval (FPA) represents approval of the Project including the program justification and need, scope, the Total Project Cost (TPC), and funding plan for the project. It also represents authorization to complete the development of the project through the schematic design, targeting the approved scope and budget, unless otherwise designated by the approval authority.

An FPA is required for all projects with an estimated TPC in excess of $2.5 million in order for that project’s inclusion of construction funding to be included in the university’s capital budget request, unless otherwise approved by the Board.

The level of approval required shall be based upon TPC as follows:

* **TPC > $4 million will require approval by the Board based on recommendations from the Facilities and Land Management Committee (F&LMC).**
* TPC > $2 million but ≤ $4 million will require approval by the F&LMC.
* TPC > $1 million but ≤ $2 million will require approval by the Chairperson of the F&LMC.
* TPC ≤ $1 million will require approval by the university’s Chief Finance Officer (CFO) or designee.

RATIONALE AND RECOMMENDATION

The Matanuska-Susitna Borough has experienced significant growth over the past 50 years, which in-turn has driven the steady growth of the Matanuska-Susitna College (MSC). With this growth, there in an increasing demand for the MSC to be a Center of Art and Learning in accordance with the UA Academic Master Plan, the 2010 Campus Academic Plan and Vision, UAA;s Strategic Plan 2017 and the 2008-2018 Facilities Master Plan.

The MSC has demonstrated a need for a large space for lecture series and classes, a student life program, an expanded music and theater program, performances, convocations and community partnered events. The existing facilities do not adequately meet the current needs of the campus. The Valley Center for Arts and Learning will address both the campus needs and university goals and fulfill the public square mission of the campus.

The MSC campus is currently limited to gatherings of 120 people in the cafeteria, which itself is not ideally suited for lectures, presentations or guest speakers. The campus has needs to address larger groups of faculty, staff and students for orientation, training and lectures. The new center will address the needs of the campus and the goals addressed in the academic master plan, the strategic plan and facilities master plan.

The attached Business Plan details the development of this project through the Mission Area Analysis (MAA), the Statement of Need (SON) and the resulting Statement of Requirements (SOR).

Project Scope:

This project will design and construct a new facility that will address the stated needs of the campus. The building will be a separate facility located to the north east of the Fred and Sara Machetanz building and will provide a music classroom, drama lab, instrument storage, display areas, gathering/study spaces and a theater with seating for approximately 500 people for lectures, public gatherings and conferences. The project will also include site and infrastructure work and additional parking.

Prior Approvals

Preliminary Administrative Approval February 21, 2011

Variance Report

Approval dates have shifted which has delayed design efforts. Project completion is expected for fall semester 2014.

Proposed Total Project Cost and Funding Source(s)

FY 11 GO Bond $20,000,000

Estimated Annual Maintenance and Operating Costs (O&M)

Maintenance and Repair $210,000

Custodial $ 22,500

Grounds $ 17,500

Administration $ 17,500

Utilities $ 65,000

**Total** $332,500

Consultant(s)

Kumin and Associates, Inc.

Other Cost Considerations

None

Backfill Plan

None

Schedule for Completion

DESIGN

Conceptual Design August 2011

Formal Project Approval November 2, 2011

Schematic Design December 2011

Schematic Design ApprovalFebruary 2012

Construction Documents May 2012

BID & AWARD

Advertise and Bid May 2012

Construction Contract Award June 2012

CONSTRUCTION

Start of Construction July 2012

Date of Beneficial Occupancy July 2014

Procurement Method for Construction

Design – Bid - Build

Affirmation

This project complies with Board Policy, the approved campus master plan, and the project agreement*.*

Action Requested

Approval to develop the project documents through schematic design.

Supporting Documents

Proposed Project Budget

Project Agreement

Site Plan

Concept Drawing – 1st Floor

Concept Drawing- Basement

Business Plan

**IX. Report on UAF Campus Wide Student Housing RFP Development**

*New Information since September 2011 Meeting*

UAF completed the Request for Proposals (RFP) phase in the public-private partnership (P3) Campus Wide Student Housing and Dining project. Two Development Teams were chosen to participate in a Request for Proposals design competition, which runs from October 10, 2011 to January 16, 2012. At the end of the design competition, we expect to have firm price proposals, in the form of lease rates and terms, as well as conceptual designs for the two facilities. The Development Teams will be on campus periodically until December 15, 2011 to meet with interested groups – students, administrators, financial, legal – to aid the Teams in programming both the design and financial proposals. It is anticipated that this first phase of the Campus Revitalization of student housing and dining will be complete by December 2013.

**X. Report on UAF Combined Heat and Power Plant Replacement**

*New Information since September 2011 Meeting*

UAF has analyzed 11 options for supplying UAF’s heat and power in the future. The options considered a range of fuels and technologies, but the cardinal principle of utilizing the significant efficiency of combined heat and power was used by all options.

The recommended option is a solid fuel Circulating Fluidized Bed (CFB) boiler that will use up to 30 percent biomass in combination with coal. The CFB boiler will reduce emissions from the current levels, increase efficiency while reducing UAF’s oil consumption. The natural gas options were not considered viable because there is no reliable, reasonably priced supply of natural gas that can be expected in the near future. It is also anticipated that UAF could purchase some renewable energy power to help balance the energy mix.

The capital cost of this option is high (approximately $200.0M), but the alternatives offer a range of increased annual costs that varies from $5.0M per year to $26.0M per year more than the solid fuel option. The economic analysis indicates that the CFB option provides the lowest risk and best long-term value for UAF’s combined heat and power needs.

FY12 funding ($3.0M) has been allocated to the Atkinson Power Plant Replacement project. The scope of work for this funding consists of air permitting and preliminary design. Advertising for consultants for these tasks were started in September 2011 and contracts are expected to be awarded in December 2011. The Formal Project Approval request is anticipated to be on the December 2011 Board of Regents’ agenda. The Total Project Cost is estimated to be between $180.0M and $200.0M. The approval of $3.0M will be for authority to begin preliminary engineering and permitting.

**XI. Executive Session**

Regent Wickersham moved, seconded by Regent Jacobson, and passed with Regents Brady, Freitag, Fisher, Heckman, Hughes, Jacobson, Martin, Powers, Wickersham, and Cowell voting in favor that:

**PASSED**

**"The Board of Regents goes into executive session at 1:05 p.m. Alaska Time in accordance with the provisions of AS 44.62.310 to discuss matters the immediate knowledge of which would have an adverse effect on the finances of the university related to labor and litigation, and matters that would affect the reputation or character of a person or persons related to personnel issues. The session will include members of the Board of Regents, President Gamble, General Counsel Hostina, and such other university staff members as the president may designate and will last approximately 30 minutes. Thus, the open session of the Board of Regents will resume in this room at approximately 1:30 p.m. Alaska Time. This motion is effective November 2, 2011."**

The Board of Regents concluded an executive session at 1:35 p.m. Alaska Time in accordance with AS 44.62.310 discussing matters the immediate knowledge of which would have an adverse effect on the finances of the university and which would affect the reputation or character of a person or persons. The session included members of the Board of Regents, President Gamble, General Counsel Hostina, and other university staff members designated by the president and lasted approximately 30 minutes.

**XII. Approval of Revision to February 2012 Meeting Date**

 Regent Jacobson moved, seconded by Regent Wickersham, and passed with Regents Brady, Freitag, Fisher, Heckman, Hughes, Jacobson, Martin, Powers, Wickersham and Cowell voting in favor that:

 **PASSED**

 **“The Board of Regents approves the revision to the February 2012 meeting date from February 16-17 to February 15-16. This motion is effective November 2, 2011.”**

Regent Heckman requested that the February 2012 meeting dates be changed to allow for community participation in American Heart Association events in Fairbanks, Alaska scheduled for February 17.

**XIII. Approval of Revisions to Corporate Authority Resolution** Reference 4

Regent Fisher moved, seconded by Regent Powers, and passed with Regents Brady, Freitag, Fisher, Heckman, Hughes, Jacobson, Martin, Powers, Wickersham and Cowell voting in favor that:

### PASSED

**"The Board of Regents approves the Corporate Authority Resolution, as revised to reflect changes in titles of officers resulting from the resignation of Joe Trubacz, and authorizes the Chair and Secretary of the Board of Regents to sign the resolution. This motion is effective November 2, 2011."**

The Board of Regents regularly passes a resolution specifying certain university officers as being authorized to execute investment and banking transactions for the University of Alaska. Because of changes in officers of the university, a current resolution is necessary in order to execute timely investment and banking transactions.

**XIV. Approval of Revisions to Industrial Security Resolution** Reference 5

Regent Powers moved, seconded by Regent Heckman, and passed with Regents Brady, Freitag, Fisher, Heckman, Hughes, Jacobson, Martin, Powers, Wickersham and Cowell voting in favor that:

PASSED

"The Board of Regents approves the Industrial Security Resolution as revised to reflect changes in university administration, and authorizes the Chair and Secretary of the Board to sign the resolution. This motion is effective November 2, 2011."

RATIONALE/RECOMMENDATION

The President and selected members of the university administration are routinely designated by the Board of Regents to handle any duties and responsibilities relating to classified information in connection with contracts with the Department of Defense and other federal agencies. These individuals are given an extensive security screening and are the only members of the administration, including the Board of Regents, to have access to classified information.

The university has received similar security clearances since the mid-1950s. Execution of the resolution allows regents and other members of the administration to be exempted from security clearance procedures.

The resolution is identical to resolutions previously passed except for revisions to university administration due to reassignment and resignation.

**XV. Board of Regents' Comments**

Regent Hughes reported on the activities planned for the annual retreat in January 2012 including the luncheon at the Alaska Economic Development and discussions regarding the strategic direction process. Dr. MacTaggart will be invited to attend the retreat.

Regent Brady encouraged the board members to support the Sophia Pugh fund.

Regent Heckman complimented the staff on the Stay on Track campaign.

Regent Fisher reiterated his concern regarding continuing cost increases in tuition and the need for cost containment.

Regent Powers appreciated the comments from the veterinary and engineering communities and the practical impact those programs have; and the importance of academic advising.

Regent Freitag is happy with the involvement of students in issues of importance throughout the University of Alaska.

Regent Wickersham gave his condolences to John and Margaret Pugh, and thanked the administration for the impeccable presentation and materials provided for the budget meeting.

Regent Jacobson thanked UAF for their hospitality, expressed appreciation for retreat planning, condolences to the Pugh family, thanked Regent Cowell for the smooth running of the meeting, and to the administration for excellent work.

Chancellor Pugh thanked members of the University of Alaska community for their support following the death of his son; and thanked the board for supporting the budget, both operating and capital.

Chancellor Case thanked the board for their support of the budgets for the university and thanked the staff for excellent work on preparing the budget.

Chancellor Rogers reported on UAF financial aid figures; invited regents to the November 16th event thanking UAF donors; and reported on the progress of the climbing wall.

President Gamble thanked the staff for the preparation of the budget materials and progress on strategic direction planning.

Regent Cowell encouraged regents to attend as many Strategic Directions listening sessions as possible; thanked the staff for the excellent work in putting together the meeting materials, with emphasis on the technology improvements.

**XVI. Adjourn**

 Chair Cowell adjourned the meeting at 2:40 p.m.