

Official Minutes
Board of Regents
Meeting of the Full Board
June 6-7, 2013
Fairbanks, Alaska

Regents Present:

Patricia Jacobson, Chair
Kirk Wickersham, Vice Chair
Michael Powers, Secretary
Jyotsna Heckman, Treasurer
Dale Anderson (attended via video)
Fuller A. Cowell
Kenneth Fisher
Mary K. Hughes
Gloria O'Neill

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

Regents Absent:

Timothy Brady
Courtney Enright (attended intermittently via audio)

Others Present:

Tom Case, Chancellor, University of Alaska Anchorage
John Pugh, Chancellor, University of Alaska Southeast
Brian Rogers, Chancellor, University of Alaska Fairbanks
Michael Hostina, General Counsel
Carla Beam, Vice President for University Relations
Ashok Roy, Vice President of Finance & Administration and Chief Financial Officer
Dana Thomas, Vice President for Academic Affairs
Kit Duke, Chief Facilities Officer & Associate Vice President, Facilities and Land Management
Karl Kowalski, Chief Information Technology Officer
Michelle Rizk, Associate Vice President, Budget & Interim Chief Human Resources Officer
Kate Ripley, Director, Public Affairs
Brandi Berg, Executive Officer, Board of Regents
Julie Benson, Coordinator, Board of Regents

I. Call to Order

Chair Jacobson called the meeting to order at 8:00 a.m. on Thursday, June 6, 2013.

II. Adoption of Agenda

Regent Wickersham moved, seconded by Regent Cowell and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED AS AMENDED (amendments noted by *)
“The Board of Regents adopts the agenda as presented.

- I. Call to Order**
- II. Adoption of Agenda**
- III. Approval of Minutes**
- IV. President’s Report**
- V. Governance Report**
- VI. Executive Session**
- VII. Public Testimony**
- VIII. Approval to Sell the Diplomacy Building**
- IX. Approval to Apply Proceeds from the Diplomacy Building Sale to the Bragaw Office Complex Purchase**
- X. Approval of Resolution to Partially Defeas General Revenue Refunding Bonds 2009 Series P**
- XI. Approval to Purchase the Bragaw Office Complex**
- XII. Debt Approval for the Bragaw Office Complex**
- XIII. Approval to Sell the Bill Ray Center**
- XIV. Approval to Apply Proceeds from the Bill Ray Center Sale to the University of Alaska Southeast Freshman Residence Hall, Phase 2**
- XV. Debt Approval for the University of Alaska Southeast Freshman Residence Hall, Phase 2**
- XVI. Approval of the 2013 Edna Bay Timber Development and Disposal Plan**
- XVII. Presentation on Extension and Outreach at the University of Alaska Fairbanks**
- XVIII. Acceptance of FY14 Operating Budget Appropriation and Approval of the Distribution Plan**
- XIX. Acceptance of FY14 Capital Budget Appropriation and Approval of the Distribution Plan**
- XX. Approval of FY14 Student Government Budgets**
- XXI. Approval of FY14 Natural Resources Fund Budget**
- XXII. Approval to Modify Existing Art Acquisition Endowment for the University of Alaska Museum of the North**
- XXIII. Authorization to Sign a Joint Rescission Agreement and to Sign and to File a Joint Motion for Relief from Judgment with the Superior Court**
- XXIV. Approval of an Additional Member to the Board of Directors for Seawolf Holdings, LLC**
- XXV. Chancellors’ Strategic Direction Initiative Presentation**
- XXVI. Strategic Direction Initiative Discussion**

- XXVII. Approval of Revisions to Regents' Policy 02.04.300-320 – University of Alaska Fairbanks Councils - Board of Visitors**
- XXVIII. Approval of Revisions to Regents' Policy 05.10.080 – Tuition and Fee Waivers**
- XXIX. Approval of FY15 Operating Budget Development Guidelines**
- XXX. Approval of FY15 Capital Budget Development Guidelines**
- *XXX.A. Approval of Revisions to the Industrial Security Resolution (added)**
- XXXI. Consent Agenda**
 - A. Academic and Student Affairs Committee**
 - ~~*1. Approval of a Bachelor of Arts in Secondary Education at the University of Alaska Fairbanks~~ (moved to New Business XXXIII.A.1.)
 - 2. Approval of a Master of Science in Mechanical Engineering at the University of Alaska Anchorage
 - 3. Approval of Deletion of an Undergraduate Certificate in Practical Nursing at the University of Alaska Anchorage
 - 4. Approval of Deletion of an Undergraduate Certificate in Industrial Welding Technology at the University of Alaska Anchorage
 - 5. Approval of Deletion of an Undergraduate Certificate in Nondestructive Testing Technology at University of Alaska Anchorage
 - 6. Approval of Revisions to Regents' Policy 10.02.040 - Academic Unit Establishment, Major Revision, and Elimination
 - 7. Approval of Revisions to Regents' Policy 10.02.060 - Community College Establishment and Elimination
 - ~~*8. Approval of Revisions to Regents' Policy 10.03.020 – Honorary Degrees~~ (removed from agenda)
 - ~~*9. Approval of Revisions to Regents' Policy 10.03.030 – Meritorious Service Awards~~ (removed from agenda)
 - B. Audit Committee**
 - 1. Approval of Revisions to Regents' Policy 05.03 – Internal Audit
 - C. Facilities and Land Management Committee**
 - ~~*1. Approval of the Campus Master Plan Amendment for the University of Alaska Fairbanks Campuswide Solar Array Installation~~ (moved to New Business XXXIII.C.1.)
 - ~~*2. Formal Project Approval for the University of Alaska Fairbanks Campuswide Solar Array Installation~~ (removed from agenda)
 - 3. Project Change Request for the University of Alaska Southeast Freshman Residence Hall, Phase 1 and 2
 - 4. Schematic Design Approval for the University of Alaska Fairbanks Antenna Installation Alaska Satellite Facility AS311
- XXXII. Tuition Setting Principle Discussion**

XXXIII. New Business and Committee Reports

A. Academic and Student Affairs Committee

***1. Approval of a Bachelor of Arts in Secondary Education at the University of Alaska Fairbanks** (moved from consent agenda)

2. Committee Report

B. Audit Committee

C. Facilities and Land Management Committee

***1. Approval of the Campus Master Plan Amendment for the University of Alaska Fairbanks Campuswide Solar Array Installation** (moved from consent agenda)

2. Committee Report

XXXIV. Future Agenda Items

XXXV. Board of Regents' Comments

XXXVI. Adjourn

This motion is effective June 6, 2013."

III. Approval of Minutes

Regent Fisher moved, seconded by Regent Heckman and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

"The Board of Regents approves the minutes of its regular meeting of April 11-12, 2013 as presented. This motion is effective June 6, 2013."

Regent Fisher moved, seconded by Regent Cowell and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

"The Board of Regents approves the minutes of its emergency meeting of May 1, 2013 as presented. This motion is effective June 6, 2013."

IV. President's Report

President Gamble presented the "Staff Make Students Count" awards and commented on the size and content of the June agenda noting the number of business items being conducted at all levels at the university.

"Staff Make Students Count" awardees are Zlata Lokteva from the University of Alaska Anchorage, Gabrielle Hazelton from the University of Alaska Fairbanks, Abby Kosmos from the University of Alaska Southeast Ketchikan Campus, and Michael O'Brien from Statewide Administration.

V. Governance Report

Cathy Cahill, Faculty Alliance chair, thanked the board for the opportunity to provide an update; introduced Robert Boeckmann as the incoming Faculty Alliance chair; noted the relationships and increased communications amongst the faculty and statewide administration is the best it has ever been; stated faculty at all MAUs were busy this past fiscal year working together to streamline and improve disparities at the MAUs that students have encountered and applauded those faculty members who have come together to make positive changes for UA's students.

Robert Boeckmann, incoming Faculty Alliance chair, stated he is looking forward to serving as chair and working directly with the president and the board.

Juella Sparks, Staff Alliance chair, thanked the board for the opportunity to speak; congratulated the recipients of the "Staff Make Students Count" awards; thanked the board and the president for recognizing the efforts and excellence of the awardees; summarized the alliance's efforts over the last year which include: input on the Strategic Direction Initiative (SDI), FY14 compensation increase, proposed changes to the health care benefit and bullying in the workplace; noted this testimony is her last as chair; stated shared governance is the board's mandate and mechanism for bringing and keeping the diversity and perspective at the forefront when making decisions affecting the university and noted shared governance is about the students and staff behind the numbers.

Shauna Thornton, Coalition of Student Leaders speaker, noted her experience as speaker this past year has been an eye-opening, amazing growth experience; thanked the administration and the board for including students at every step in the SDI process; noted SDI has provided an opportunity for students to discuss university issues and be an advocate for the university; said many students are on summer internships and stated a governance retreat will be held in August.

VI. Executive Session

Regent Cowell moved, seconded by Regent Fisher and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

"The Board of Regents goes into executive session at 8:45 a.m. Alaska Time in accordance with the provisions of AS 44.62.310 to discuss matters the immediate knowledge of which would have an effect on the finances of the university related to real estate and matters that could affect the character or reputation of a person or persons related to Seawolf Holdings, LLC board members. 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 1 hour. This motion is effective June 6, 2013."

The Board of Regents concluded an executive session at 10:00 a.m. Alaska Time in accordance with AS 44.62.310 discussing matters the immediate knowledge of which would have an effect on the finances of the university related to real estate and matters that could affect the character or reputation of a person or persons related to Seawolf Holdings, LLC board members. 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 1 hour and 15 minutes.

VII. Public Testimony

Andrew Lessig, Union of Students of UAA president and Alaska Commission on Post Secondary Education student representative, spoke about tuition and fees and the prospect of differential tuition at the university; noted most students are against differential tuition; said it is unfair because it could deter students from pursuing certain majors based on the cost and stated the general consensus of students is tuition should be the same for all majors.

AnDrew Lemish, Union of Students of UAA vice president, spoke in support of UA's non-discrimination policy; stated UAA established a safe zone program to increase campus awareness regarding lesbian, gay and transgender students attending UAA and encouraged the board to add gender identity to the existing non-discrimination policy.

Joy Cottle, Fairbanks Fire Department (FFD) captain, spoke in support of the student firefighter program at the University Fire Department (UFD); noted she was a student in the program from 2001-2003 specifying her experience in the program effectively prepared her for the rigor and stress inherent to her profession; said her success as the first female firefighter at FFD is directly related to the outstanding training and staff members at UFD and stated the program at UAF provides outstanding service to the community and places a mark of quality on its firefighters.

Jim Dixon, UAF Alumni Association president, noted highlights of the last year included: a co-sponsored leadership lunch series, a structured job shadow program, arranging new student and parent reception, hosting an industry event providing networking opportunities for students and professionals in the community, working with administration to complete an alumni directory, advocating for the UA budget and stated the alumni association annually awards eight scholarship to UAF students.

Max Becker, UAF Police Department officer, spoke in support of the law enforcement programs at UA; shared his experience as an officer at the university; noted his opportunity to participate in the community service officers program, the UAF Community and Technical Law Enforcement Academy and stated the programs are outstanding, the instructors are top-notch, respected and provide an excellent learning opportunity for students at UA.

Alaska State Senator Pete Kelly presented a legislative citation to Michelle Rizk, associate vice president for university budget, recognized her as a Top Forty Under 40 recipient and acknowledged her effort and support to UA; noted Alaska's FY15 budget

struggles and funding mechanisms; said Scott Goldsmith's maximum sustainable yield research is being closely followed by state officials; stated he appreciates the budget work done by UA and looks forward to the collaborative effort in preparation for the FY15 legislative session.

Tom Moyer, Senator Begich's congressional staff member, briefed the board on the status of the Federal Stafford Student Loan Act; noted the 3.4 percent interest rate is scheduled to double at the end of June; stated student loan debt is one trillion dollars second to mortgage loan debt and noted the average college student graduates with \$26,000 in debt.

DeAnne Lincoln, UAF Rural Alaska Honors Institute (RAHI) 2010 graduate, spoke about her experience with the RAHI program; noted the program was rewarding and challenging, provided the opportunity to overcome boundaries, learn new skills, bridge the transition from village life to college life and contributed to her confidence entering her freshman year of college.

Cassandra Black, UAF Rural Alaska Honors Institute (RAHI) student, stated the 6-week summer RAHI experience will help her understand the expectations she will encounter in college; is looking forward to attending college in the fall and noted that with the support of the RAHI staff, she is very confident she will be successful with her studies.

Asa Bergamascher, UAF Rural Alaska Honors Institute (RAHI) student, said he decided to attend RAHI on the recommendations of friends; stated the experience in the first week has been amazing, noted the staff at RAHI are very enjoyable and he looks forward to learning much more during the 6-week program.

Luci Beach, introduced herself in her traditional Alaska Native language, spoke in support of secondary education; noted her encounter with Della Keats and the turning point it created in her life; stated with encouragement from Clara Johnson she decided to attend the American Indian Studies program in Arizona; declared unhappiness with the dismissal of a Fort Yukon professor and noted the importance the individual had on advising students in the area.

Callie Conerton, United Students of UAS vice president, said some of the current students in the UAF School of Management program have concerns about differential tuition and being able to complete their degree on time due to the proposed additional costs; stated some would face additional student loan debt, potential added semesters and the need to seek additional employment to pay for tuition; noted concern about the snowball effect differential tuition could have on other programs such as nursing and engineering and stated students are always concerned about tuition, interested in keeping cost down and striving to complete their degrees on time.

Jessica Dominy, United Students of UAS senate member, introduced herself in her traditional Tlingit language, spoke against differential tuition; shared written statements from concerned students; stated students are worried about completing their degrees due to the proposed cost increase; mentioned the possible snowball effect on other programs and noted Alaska Native students traditionally take an additional year to graduate and how differential tuition may affect their ability to graduate on time.

Anastasia Brease, UAF geography student, attended the Alaska Summer Research Academy (ASRA) two years in a row as a high school student and then became an ASRA volunteer, a resident assistant and program instructor; noted her experience at ASRA shaped her life personally, professionally and academically; ASRA demonstrated the incredible opportunities available at UAF and is why she chose to attend college at UAF and stated the ASRA opportunity fostered her sense of capability and her interests in science and engineering.

Jarmyn Kramlich, Coalition of Student Leaders member, stated students are interested in exploring other ideas and options regarding the differential tuition proposal; noted conversations amongst students is that a majority recognize differential tuition partially exists, e.g. resident, non-resident and graduate tuition, and stated the general consensus of students would prefer an across-the-board tuition increase rather than higher tuition for select programs.

VIII. Approval to Sell the Diplomacy Building

Reference 1

Regent Cowell moved, seconded by Regent O'Neill and passed with Regents Anderson, Cowell, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor and Regent Fisher voting in opposition that:

PASSED

“The Board of Regents approves the sale of the Diplomacy Building in Anchorage, Alaska, in accordance with the property disposal plan. This motion is effective June 6, 2013.”

POLICY CITATION

Regents' Policy 05.11.010.B., Real Property – Purpose and Scope, states: “Except as provided in C. of this section, this policy applies to all real property owned by the university or in which the university has a substantial beneficial interest.”

Regents' Policy 05.11.041.C., Plans and Reports for University Real Property, states: “The chief finance officer shall prepare and publish proposed disposal plans that describe university real property parcels being considered for disposal by sale, lease, exchange or transfer of interest.”

Regents' Policy 05.11.050.C., Real Property Acquisitions - Other Real Property Acquisitions, states: “The chief finance officer shall consider acquisitions or exchanges of property adjacent to existing university real property, when such property consolidates

university real property holdings or enhances the access or development potential of other university real property. When economically feasible, and in the university's best interests, the chief finance officer may acquire or invest in real property that will enhance the university real property portfolio."

Regents' Policy 05.11.060.B., Negotiation, Approval, and Execution of University Real Property Transactions, states: "The board shall approve:

1. strategic plans for the management and development of Investment Property;
2. development plans that consist of:
 - a. subdivisions that will result in the development of 10 or more lots;
 - b. timber sales, unless the president determines the sale will have minimal impact;
 - c. material extractions that are anticipated to result in the sale of 100,000 cubic yards or more of material from a new source; or
 - d. oil and gas leases and mining leases encompassing 5,000 or more acres;
3. development projects that are expected to result in disbursements of \$1,000,000 or more in value;
4. real property transactions that have not been approved as part of a development plan and are expected to result in receipts or disbursements of \$1,000,000 or more in value; and
5. Real property transactions that require the subordination of an interest in university real property of \$1,000,000 or more in value."

RATIONALE/RECOMMENDATION

Reference 1 contains the property disposal plan for the sale of the Diplomacy Building. Kit Duke, associate vice president of facilities and land management, answered questions regarding the plan.

IX. Approval to Apply Proceeds from the Diplomacy Building Sale to the Bragaw Office Complex Purchase References 2-3

Regent O'Neill moved, seconded by Regent Heckman and passed with Regents Anderson, Cowell, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor and Regent Fisher voting in opposition that:

PASSED

"The Board of Regents approves applying the proceeds from the Diplomacy Building sale to the Bragaw Office Complex purchase, in accordance with the property acquisition plan as presented. This motion is effective June 6, 2013."

POLICY CITATION

Regents' Policy 05.11.010.B., Real Property – Purpose and Scope, states: “Except as provided in C. of this section, this policy applies to all real property owned by the university or in which the university has a substantial beneficial interest.”

Regents' Policy 05.11.041.C., Plans and Reports for University Real Property, states: “The chief finance officer shall prepare and publish proposed disposal plans that describe university real property parcels being considered for disposal by sale, lease, exchange or transfer of interest.”

Regents' Policy 05.11.050.C., Real Property Acquisitions - Other Real Property Acquisitions, states: “The chief finance officer shall consider acquisitions or exchanges of property adjacent to existing university real property, when such property consolidates university real property holdings or enhances the access or development potential of other university real property. When economically feasible, and in the university's best interests, the chief finance officer may acquire or invest in real property that will enhance the university real property portfolio.”

Regents' Policy 05.11.060.B., Negotiation, Approval, and Execution of University Real Property Transactions, states: “The board shall approve:

1. strategic plans for the management and development of Investment Property;
2. development plans that consist of:
 - a. subdivisions that will result in the development of 10 or more lots;
 - b. timber sales, unless the president determines the sale will have minimal impact;
 - c. material extractions that are anticipated to result in the sale of 100,000 cubic yards or more of material from a new source; or
 - d. oil and gas leases and mining leases encompassing 5,000 or more acres;
3. development projects that are expected to result in disbursements of \$1,000,000 or more in value;
4. real property transactions that have not been approved as part of a development plan and are expected to result in receipts or disbursements of \$1,000,000 or more in value; and
5. Real property transactions that require the subordination of an interest in university real property of \$1,000,000 or more in value.”

RATIONAL/RECOMMENDATION

The board was informed on May 16, 2013, via a memo from Vice President for Finance and Administration Roy that the administration plans to sell the Diplomacy Building and purchase the Bragaw Office Complex. Dr. Roy and Kit Duke, associate vice president of facilities and land management, answered questions regarding the acquisition.

X. Approval of Resolution to Partially Defeas General Revenue Refunding Bonds 2009 Series P

Note for the record: Regent Anderson disclosed a conflict of interest due to his occupation as a financial advisor and he did not participate in the discussion or the voting process.

Regent Cowell moved, seconded by Regent Powers and passed with Regents Cowell, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor and Regent Fisher voting in opposition that:

PASSED

“The Board of Regents adopts the bond resolution authorizing the partial defeasance of General Revenue Refunding Bonds 2009 Series P. This motion is effective June 6, 2013.”

POLICY CITATION

Regents' Policy 05.04.020.A., Facilities and Real Property Improvements, states: “All facilities and other real property debt issuances must be approved by the board. The reallocation of more than \$250,000 in general revenue bond proceeds between components of a general revenue bond "project" shall be approved by the board. Lesser amounts may be approved by the chief finance officer or the officer's designee.”

RATIONALE/RECOMMENDATION

Dr. Ashok Roy, vice president for finance and administration, answered questions regarding the partial defeasance of General Revenue Refunding Bonds 2009 Series P.

RESOLUTION OF THE BOARD OF REGENTS OF THE UNIVERSITY OF ALASKA AUTHORIZING THE PARTIAL DEFEASANCE OF CERTAIN OUTSTANDING GENERAL REVENUE REFUNDING BONDS, 2009 SERIES P, AND RELATED MATTERS.

WHEREAS, the University of Alaska (the "University") is authorized pursuant to Alaska Statutes Chapter 14.40, as amended (the "Act") to issue revenue bonds to pay the cost of acquiring, constructing, or equipping one or more projects that the Board of Regents (the "Board") of the University determines is necessary; and

WHEREAS, there are now outstanding revenue bonds of the University entitled "General Revenue Refunding Bonds, 2009 Series P" (the "Outstanding Bonds"); and

WHEREAS, the Outstanding Bonds were issued under, and pursuant to, a Trust Indenture dated as of June 1, 1992, as amended, and a Thirteenth Supplemental Indenture, dated as of December 1, 2009; and

WHEREAS, after due consideration, it appears to the Board that it is advisable for the University to provide for the defeasance of a portion of the Outstanding Bonds, as further described herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF ALASKA AS FOLLOWS:

Section 1. The President, the Vice President for Finance and Administration and Chief Financial Officer and the Controller (collectively, the "Authorized Officers") are, and each of them is, hereby authorized (but not obligated) to redeem and defease a portion of the Outstanding Bonds, in an amount not exceeding \$1,850,000 principal of the Outstanding Bonds, from available funds of the University.

Section 2. The Authorized Officers are each hereby authorized to enter into an escrow agreement with the trustee for the Outstanding Bonds providing for the use and disposition of moneys, if any, and direct, non-callable obligations of the United States of America for the purpose set forth in Section 1 above.

Section 3. The Authorized Officers are each hereby authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this Resolution and to effectuate the partial defeasance of the Outstanding Bonds as set forth herein.

Section 4. This Resolution shall take effect immediately upon approval by the Board.

XI. Approval to Purchase the Bragaw Office Complex References 2-3

Regent Hughes moved, seconded by Regent Powers and passed with Regents Anderson, Cowell, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor and Regent Fisher voting in opposition that:

PASSED

“The Board of Regents approves the purchase of the Bragaw Office Complex in Anchorage, Alaska, in accordance with the property acquisition plan. This motion is effective June 6, 2013.”

POLICY CITATION AND STATE STATUTE

Regents' Policy 05.07.010.B., Land Grant Endowment, states: "The land-grant endowment trust fund is established in accordance with AS 14.40.400. The net income from the sale, lease, development or other disposition of trust land or other related resources will be deposited to the land-grant endowment trust fund as principal. Except as specifically approved by the board, the net proceeds from the sale or development of non-trust land or other related resources and the improvements thereon will be deposited as additions to the inflation-proofing fund in a manner similar to principal. Annually, effective July 1, the spending allowance for the funds, as described later in this policy, will be transferred to the operating accounts for management and maintenance of university land and to the natural resources fund for program expenditures."

Alaska Statute Sec. 14.40.400

Fund for money from sale or lease of land granted by Act of Congress.

- (a) [See editor's notes.] The Board of Regents shall establish a separate endowment trust fund in which shall be held in trust in perpetuity all
- (1) net income derived from the sale or lease of the land granted under the Act of Congress approved January 21, 1929, as amended;

* . . .
* and

- (3) monetary gifts, bequests, or endowments made to the University of Alaska for the purpose of the fund.

RATIONALE AND RECOMMENDATION

The board was informed on May 16, 2013, via a memo from Vice President for Finance and Administration Roy that the administration plans to sell the Diplomacy Building and purchase the Bragaw Office Complex. Dr. Roy and Kit Duke, associate vice president of facilities and land management, answered questions regarding the acquisition.

XII. Debt Approval for the Bragaw Office Complex

Regent O'Neill moved, seconded by Regent Cowell and passed with Regents Anderson, Cowell, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor and Regent Fisher voting in opposition that:

PASSED

"The Board of Regents (1) authorizes the chief financial officer to arrange for and execute all documents necessary to issue debt, either general revenue bonds, a bank loan, internal working capital loan or other financing arrangement in an amount not to exceed \$21,000,000 for the Bragaw Office Complex purchase and improvements, and (2) directs the chief financial officer to execute the Internal Revenue Service notice of intent to issue reimbursement bonds so as to not preclude

reimbursement from future university general revenue bonds. This motion is contingent upon approval of the Bragaw Office Complex property acquisition and the motion to adopt the bond resolution for the partial defeasance of General Revenue Refunding Bonds 2009 Series P and is effective June 6, 2013.”

POLICY CITATION

Regents’ Policy 05.04.030, Reimbursement Bonds, states: “For each bond issue considered to be "Reimbursement Bonds" under Internal Revenue Service Regulations, the chief finance officer or the officer’s designee shall issue, on behalf of the board, a declaration of official intent to issue bonds for reimbursement of capital expenditures paid prior to the date on which the bonds will be issued. Such declaration must: contain a functional description of the property, project, or program to be financed; identify the maximum principal amount of the Reimbursement Bonds expected to be issued; be made not later than sixty (60) days after the original expenditure, except for preliminary architectural and engineering charges; contain other information and meet posting requirements or timetables which from time to time are advised by bond counsel; and be maintained as part of the records of the chief finance officer.”

RATIONALE AND RECOMMENDATION

Dr. Roy, vice president for finance and administration, answered questions regarding the debt approval.

XIII. Approval to Sell the Bill Ray Center

Reference 4

Regent Wickersham moved, seconded by Regent Anderson and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O’Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

“The Board of Regents approves the sale of the Bill Ray Center in Juneau, Alaska, in accordance with the property disposal plan. This motion is effective June 6, 2013.”

POLICY CITATION

Regents’ Policy 05.11.010.B., Real Property – Purpose and Scope, states: “Except as provided in C. of this section, this policy applies to all real property owned by the university or in which the university has a substantial beneficial interest.”

Regents’ Policy 05.11.041.C., Plans and Reports for University Real Property, states: “The chief finance officer shall prepare and publish proposed disposal plans that describe university real property parcels being considered for disposal by sale, lease, exchange or transfer of interest.”

Regents’ Policy 05.11.060.B., Negotiation, Approval, and Execution of University Real Property Transactions, states: “The board shall approve:

1. strategic plans for the management and development of Investment Property;
2. development plans that consist of:
 - a. subdivisions that will result in the development of 10 or more lots;
 - b. timber sales, unless the president determines the sale will have minimal impact;
 - c. material extractions that are anticipated to result in the sale of 100,000 cubic yards or more of material from a new source; or
 - d. oil and gas leases and mining leases encompassing 5,000 or more acres;
3. development projects that are expected to result in disbursements of \$1,000,000 or more in value;
4. real property transactions that have not been approved as part of a development plan and are expected to result in receipts or disbursements of \$1,000,000 or more in value; and
5. Real property transactions that require the subordination of an interest in university real property of \$1,000,000 or more in value.”

RATIONALE AND RECOMMENDATION

Reference 4 contains the property disposal plan for the Bill Ray Center. Kit Duke, associate vice president for facilities and land management, answered questions regarding the disposal plan.

XIV. Approval to Apply Proceeds from the Bill Ray Center Sale to the University of Alaska Southeast Freshman Residence Hall, Phase 2 Reference 5

Regent Wickersham moved, seconded by Regent Cowell and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O’Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

“The Board of Regents approves applying the proceeds from the Bill Ray Center sale to the University of Alaska Southeast Freshman Residence Hall, Phase 2, in accordance with the project change request as presented. This motion is effective June 6, 2013.”

POLICY CITATION AND STATE STATUTE

Regents’ Policy 05.07.010.B., Land Grant Endowment, states: “The land-grant endowment trust fund is established in accordance with AS 14.40.400. The net income from the sale, lease, development or other disposition of trust land or other related resources will be deposited to the land-grant endowment trust fund as principal. Except as specifically approved by the board, the net proceeds from the sale or development of non-trust land or other related resources and the improvements thereon will be deposited as additions to the inflation-proofing fund in a manner similar to principal. Annually, effective July 1, the spending allowance for the funds, as described later in this policy, will be transferred to the operating accounts for management and maintenance of university land and to the natural resources fund for program expenditures.”

Alaska Statute Sec. 14.40.400

Fund for money from sale or lease of land granted by Act of Congress.

(a) [See editor's notes.] The Board of Regents shall establish a separate endowment trust fund in which shall be held in trust in perpetuity all

(1) net income derived from the sale or lease of the land granted under the Act of Congress approved January 21, 1929, as amended;

* . . .

* and

(3) monetary gifts, bequests, or endowments made to the University of Alaska for the purpose of the fund.

RATIONALE AND RECOMMENDATION

The board was informed in executive session at the February 2013 and April 2013 meetings about the administration's intent and progress to sell the Bill Ray Center. Now it is the intent of the administration to apply the proceeds to the UAS Freshman Dorm Phase 2. Dr. Roy, vice president for finance and administration and Kit Duke, associate vice president of facilities and land management, answered questions regarding the acquisition.

XV. Debt Approval for the University of Alaska Southeast Freshman Residence Hall, Phase 2

Regent Hughes moved, seconded by Regent O'Neill and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

“The Board of Regents (1) authorizes the chief financial officer to arrange for and execute all documents necessary to issue debt, either general revenue bonds, a bank loan, internal working capital loan or other financing arrangement in an amount not to exceed \$1,000,000 for the University of Alaska Southeast Freshman Residence Hall Project, and (2) directs the chief financial officer to execute the Internal Revenue Service notice of intent to issue reimbursement bonds so as to not preclude reimbursement from future university general revenue bonds. This motion is contingent upon the proposed sale of the Bill Ray Center and upon approval of the project change request for the University of Alaska Southeast Freshman Residence Hall, Phases 1 and 2 and is effective June 6, 2013.”

POLICY CITATION

Regents' Policy 05.04.020.A., Facilities and Real Property Improvements, states: “All facilities and other real property debt issuances must be approved by the board. The reallocation of more than \$250,000 in general revenue bond proceeds between

components of a general revenue bond "project" shall be approved by the board. Lesser amounts may be approved by the chief finance officer or the officer's designee."

RATIONALE AND RECOMMENDATION

Dr. Roy, vice president for finance and administration, answered questions regarding the debt approval.

XVI. Approval of the 2013 Edna Bay Timber Development and Disposal Plan

Reference 6

Regent Powers moved, seconded by Regent Heckman and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

"The Board of Regents approves the 2013 Edna Bay Timber Development and Disposal Plan and authorizes University of Alaska Land Management, with the approval of the chief financial officer, to respond to the current offer for timber harvesting and enter into a contract. This motion is effective June 6, 2013."

POLICY CITATION

Regents' Policy 05.11.060, Negotiation, Approval, and Execution of University Real Property Transactions, states:

"All university real property transactions and agreements are subject to the following:

- A. Only individuals authorized in writing by the chief finance officer to negotiate real property transactions may do so on behalf of the university or the board. These real property transactions include, without limitation, any transaction involving lease, sale, cooperative development, right of occupancy, use, permit, license, or contract relating to any real property, or any other real property transaction whether or not similar to the foregoing. All other persons or university officials discussing prospective real property transactions with potential third parties must disclose that they do not have authorization to negotiate or commit the university or the board to any transactions, terms, conditions, or diminution of an interest in real property.
- B. The board shall approve:
 - 1. strategic plans for the management and development of Investment Property;
 - 2. development plans that consist of:
 - a. subdivisions that will result in the development of 10 or more lots;
 - b. timber sales, unless the president determines the sale will have minimal impact;

- c. material extractions that are anticipated to result in the sale of 100,000 cubic yards or more of material from a new source; or
 - d. oil and gas leases and mining leases encompassing 5,000 or more acres;
3. development projects that are expected to result in disbursements of \$1,000,000 or more in value;
 4. real property transactions that have not been approved as part of a development plan and are expected to result in receipts or disbursements of \$1,000,000 or more in value; and
 5. Real property transactions that require the subordination of an interest in university real property of \$1,000,000 or more in value”.

RATIONALE AND RECOMMENDATION

With previous board agreement to advertise for bids, the University of Alaska, Facilities and Land Management Office (FLM) received a competitive offer on May 1, 2013, to purchase timber from the university at Edna Bay, Kosciusko Island. The evaluation team (including counsel) met and considered Alcan Forest Products’ (“Alcan”) offer on May 3, 2013, and found that while the Alcan offer contained many responsive provisions, it was determined to be “deficient” because it failed to contain certain required information which, with minor modifications to the bid, would make the bid acceptable to the university. A letter was sent to Alcan on May 10, 2013 outlining the bid deficiencies and the necessary steps required to achieve a responsive classification. A responsive classification will open discussions to finalize the timber sale agreement. Alcan has until June 10, 2013 to provide the necessary information.

Currently the timber market is enjoying an increased demand for volume, paying higher prices than seen in recent years, and is projected to continue this growth pattern. This is an optimum time to once again have the university enter into a timber contract. Assuming Alcan cures their bid deficiencies by June 10, 2013; FLM will enter into final negotiations (on the timber harvest plan) and enter into a contract by July 1, 2013. The term of the contract for the timber sale is projected to be five years.

XVII. Presentation on Extension and Outreach at the University of Alaska Fairbanks

Reference 7

The University of Alaska Fairbanks faculty, staff and students gave a presentation on extension and outreach activities. Areas included research, space grant, Alaska Sea Grant Marine Advisory Program, and the Cooperative Extension Service.

Research presenters were Katey Walter Anthony, Scott Rupp, Kenji Yoshikawa and Ian Wilkinson.

Alaska Sea Grant Marine Advisory Program presenters were Dave Christie and Terry Johnson in Fairbanks and Gay Sheffield in Nome and Sunny Rice in Petersburg.

Cooperative Extension Service presenter was Fred Schlutt.

XVIII. Acceptance of FY14 Operating Budget Appropriation and Approval of the Distribution Plan Reference 8

Regent Cowell moved, seconded by Regent Wickersham and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

“The Board of Regents accepts the FY14 Operating Budget Appropriation as presented. This motion is effective June 6, 2013.”

Regent Cowell moved, seconded by Regent Fisher and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

“The Board of Regents approves the FY14 Operating Budget Distribution Plan as presented. This motion is effective June 6, 2013.”

POLICY CITATION

Regents' Policy 05.01.04 – Acceptance of State Appropriations, states: "The board must accept state appropriations to the university before any expenditure may be made against the appropriation."

RATIONALE AND RECOMMENDATION

President Gamble and Associate Vice President Rizk discussed the legislative appropriations and proposed an operating budget distribution plan for board approval. Governor Parnell is expected to sign the state's operating and mental health budget bills into law without any vetoes of University of Alaska programs or projects. Below is a system budget summary and distribution plan considerations. UA's final operating budget state appropriation increased by \$13 million (3.6 percent). State appropriations, include general funds, technical vocational education program funds (TVEP), and mental health trust general funds, total \$376.7 million, up from \$363.7 million in FY13. This amount includes a reduction of \$69.1 thousand in TVEP funding. UA's total budget for FY14 is \$914.2 million compared to \$924.3 million in FY13, a decrease of 1.1 percent. This amount includes a reduction of \$36.0 million in unrealizable university receipt authority.

Approximately 88.6 percent of UA's fixed cost increases were covered (\$11.7 million of \$13.2 million, excluding utilities). No base funding was included in the budget for utility cost increases; however, the budget includes one-time utility funding to state agencies to offset increased fuel and utility costs. The university expects to continue to receive additional one-time funding to cover utility cost increases through the "fuel trigger."

Of the \$12.9 million increase, \$1.6 million is directed to the board's priority program requests for: student achievement and attainment (\$650.0 thousand); productive partnerships with public entities and private industries (\$901.1 thousand), health/biomedical (\$55.0 thousand), workforce development (\$356.1 thousand), consolidated Alaska mining initiative (\$290.0 thousand), and fostering knowledge of Alaska issues/culture/history through the UA press (\$200.0 thousand). A complete list of programs receiving funding and program descriptions begin on page 8 of Reference 8. Below are highlights of the Strategic Direction Initiatives these program investments will support.

Student Achievement and Attainment: the university is delivering quality education to more students through improved eLearning and technology, increased access and increased advising support in order to realize increased certificate and degree attainment for more Alaskans.

Productive Partnerships with Public Entities and Private Industries: the university is uniquely positioned to provide the training needed to fill Alaska's demand for skilled employees. Through partnerships with public entities and private industries, the university can assess workforce needs and develop educational training programs to fill those needs.

As in the past, the legislature has included intent language regarding future UA budget requests. It is the intent of the legislature that UA requests for unrestricted general fund increments do not exceed the amount of additional university receipts requested for that year and that unrestricted general funds move toward a long-term goal of 125 percent of actual university receipts for the most recently closed fiscal year. The state funded portion of UA's budget had been increasing as a percentage of the total budget over the last several years, and the intent language is meant to reinforce the need for reversing that trend.

The legislature also included intent language regarding UA debt service, which states: "It is the intent of the legislature that the University of Alaska submits a Fiscal Year 2015 budget that includes a debt service allocation or an effective alternative to achieve that goal."

XIX. Acceptance of the FY14 Capital Budget Appropriation and Approval of the Distribution Plan Reference 8

Regent Cowell moved, seconded by Regent Heckman and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

"The Board of Regents accepts the FY14 Capital Budget Appropriation as presented. This motion is effective June 6, 2013."

Regent Cowell moved, seconded by Regent Heckman and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

“The Board of Regents approves the FY14 Capital Budget Distribution Plan as presented. This motion is effective June 6, 2013.”

POLICY CITATION

Regents' Policy 05.01.04 – Acceptance of State Appropriations, states: "The board must accept state appropriations to the university before any expenditure may be made against the appropriation."

RATIONAL AND RECOMMENDATION

Associate Vice President Rizk and Associate Vice President Duke presented a summary of the FY14 capital budget appropriation and discussed capital funding distribution implications.

The university's capital budget request totaled \$306.4 million with \$283.9 million requested from state funding and \$22.5 million in receipt authority. UA received state funding of \$62.6 million and \$1.3 million in receipt authority. A comparison of the UA Capital Budget Request and the final legislation can be found on page 17 of Reference 8.

The appropriated deferred maintenance and renewal & repurposing (DM and R&R) funding, \$30 million, partially supports the \$37.5 million request by the Board of Regents for the number one priority of maintaining existing facilities. Funding will be used to address the current critical needs of priority projects. There were no additional funds appropriated to contribute to the DM and R&R backlog reduction.

New starts/continuation funding requests were included in the FY14 budget request. These requests included amounts to finish both the UAA and UAF Engineering Buildings, partially funded for \$15.0 million each, and receipt authority for UAF's Cold Climate Housing Research Center Sustainable Village for \$1.3 million. The engineering projects received prior state funding; UAA Engineering Building (\$62.6 million) and UAF Engineering Building (\$50.3 million).

Two Research for Alaska projects received partial funding. The UAF Partnership to Develop Statewide Energy Solutions for the Alaska Center for Energy and Power received \$2.5 million and the UAF Alaska Chinook Salmon Production and Decline will receive funding from the State of Alaska Department of Fish and Game in the amount of \$750.0 thousand.

Another project, also funded with state funds, is the Juneau Campus Mining Workforce Development for \$88.7 thousand. Mining and Petroleum Training Service (MAPTS) uses

the AJ Sheep Creek Portal for hands on training for new underground miners. Any mine requires continual maintenance to insure student and staff safety underground, and this funding will allow for continued upkeep.

The board was asked to accept the capital appropriation and approve the distribution as presented. The Board of Regents' number one priority, deferred maintenance and renewal & repurposing distribution amounts are based on a formulaic approach using the adjusted value of the facility multiplied by the weighted average age of the facility (distribution model is on page 23 of Reference 8). Recognizing that DM reduction needs to be strategic and targeted, \$2.0 million of the \$30 million appropriation will be used to reduce the DM on facilities going into the University Building Fund (UBF). Allocation of these funds will be focused around discussions of the data elements included in the Strategic Investment Chart with the intent to cover additional buildings under the UBF.

The project budget is derived from the MAU's estimated funding distribution to address the most critical portions of the priority DM and R&R projects. The priority DM and R&R project descriptions begin on page 24 of Reference 8. As the exact project scope and costs are known, project approval will be obtained from the appropriate authority in accordance with Regents' Policy. If a subsequent transfer of funding between projects or to a new project is requested, the chief facilities officer shall determine the level of approval required, based on the size and nature of the transfer.

XX. Approval of FY14 Student Government Budgets

Reference 9

Regent O'Neill moved, seconded by Regent Hughes and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

"The Board of Regents approves the student government fees and budgets as presented. This motion is effective June 6, 2013."

POLICY CITATION

Regents' Policy 09.07.050 requires student government organizations to submit annual budgets, including the amount of any mandatory student government fees, to the Board of Regents for approval.

RATIONALE AND RECOMMENDATION

The UAF Fairbanks campus student body approved a fee increase from \$35 to \$42 per student and a redistribution of the fees between receiving departments. The fee increase will be implemented fall 2013 and is expected to generate an additional \$98,000 (7 * 7000 students per semester for two semesters).

The UAF Kuskokwim student government has disbanded and there is no interest expressed by current students to continue government activities. The \$10,117 fund balance will remain until such time as students regain interest in student government activities.

The United Students of the University of Alaska Southeast Juneau Campus (USUAS-JC) is implementing a new fee structure effective fall 2013. The new structure consolidated the old fees into a single \$35 per credit fee for all students taking classes from the Juneau Campus. In order to keep the student government fee in line with the new fee structure, the USUAS-JC requested a decrease in the current student government fee. The current student government fee is \$5 per credit for students living in Juneau; the new student government fee is \$3.50 (10 percent of \$35) for all students taking any Juneau Campus class.

All other student government activity fees are the same as last year.

XXI. Approval of FY14 Natural Resources Fund Budget

Regent Cowell moved, seconded by Regent Wickersham and passed with Regents Cowell, Heckman, Hughes, O'Neill, Wickersham and Jacobson voting in favor and Regent Anderson, Fisher and Powers voting in opposition that:

PASSED AS AMENDED

“The Board of Regents amends the proposed FY14 Natural Resources Fund Budget by removing \$70,000 for the professor award. This motion is effective June 6, 2013.”

POLICY CITATION

Regents’ Policy 05.07.010, Land-Grant Endowment, provides that the university president will present an annual budget to the board for approval.

RECOMMENDATION

Natural Resources Fund
Proposed FY14 Budget/Spending Plan

	Approved <u>FY13</u>	Proposed <u>FY14</u>
University of Alaska Press	\$ 125,000	\$ 120,000
System-based scholarships	160,000	160,000
Professor Award	0	70,000
Cooperative Extension support	400,000	0
Land Management costs	1,050,000	1,050,000
University of Alaska Scholars Program	<u>3,761,545</u>	<u>3,930,339</u>
Total Spending Allowance	<u>\$ 5,496,545</u>	<u>\$5,330,339</u> <u>\$5,260,339</u>

The proposed FY14 budget or expenditure plan for the Land-Grant Endowment spending allowance distribution provides for the funding of ongoing commitments to the UA Press of \$120,000 and system-based scholarships of \$160,000. In addition, the expenditure plan includes a new component for the Professor Award. The remainder of the distributions will be used to fund the land management office costs of \$1,050,000 and the UA Scholars Program at \$3,930,339.

RATIONALE

The Natural Resources Fund was established to facilitate the distribution of the annual spending allowance from the university's Land-Grant Endowment Funds. The spending allowance is based on 4.5 percent of a 5-year moving average of the December 31 endowment fund value. The proposed fiscal year 2014 spending allowance decreased \$166,206 over the prior year as a result of the relatively high December 31, 2007 endowment value dropping out of the 5-year average calculation. This decline represents a trailing effect of the significant endowment market losses suffered in fiscal year 2009 as a result of the global financial crisis.

XXII. Approval to Modify Existing Art Acquisition Endowment for the University of Alaska Museum of the North

Regent Anderson moved, seconded by Regent Hughes and passed with Regents Anderson, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor and Regent Cowell voting in opposition that:

PASSED

“The Board of Regents approves the modification of the existing Museum Art Acquisition Endowment (fund number 89949) to include the care and maintenance of art. The Board of Regents approves the modification of the endowment with the restriction that the annual distributed earnings from the endowment be made available to the curator of art at the University of Alaska Museum of the North for the sole purposes of purchasing new art and maintaining existing art collections. The endowment will be renamed the UA Museum of the North Art Acquisitions and Maintenance Fund. This motion effective June 6, 2013.”

POLICY CITATION

Regents' Policy 05.07.030.A., Endowment and Quasi-Endowment Fund, states: “All endowment and quasi-endowment assets will be transferred to the University of Alaska Foundation for care, custody, investment and administration, to the extent feasible and not prohibited by donor agreement. Endowments will be transferred to the foundation as follows:

1. unrestricted endowment principal and income funds will be transferred to the foundation upon approval of the chief finance officer,
2. quasi-endowment and restricted endowments will be transferred to the foundation upon specific approval by the board.”

RATIONALE/RECOMMENDATION

The Art Acquisition Endowment was established more than 15 years ago when the museum sold several Korean paintings for a considerable amount of money; these funds were placed in a new endowment which stipulated that its earnings be used only for purchasing new art. It is an accepted practice, endorsed by the American Alliance for Museums and the Association of Art Museum Directors, that funds obtained from selling art can also be used to maintain and care for existing collections. The museum would like to have the option to use the earnings from the Art Acquisition Endowment to also maintain and care for existing art collections, to ensure that they are properly stored in appropriate temperature and climate-controlled spaces, adequate measures are taken to prevent deterioration, and, when necessary, objects are conserved.

XXIII. Authorization to Sign a Joint Rescission Agreement and to Sign and to File a Joint Motion for Relief from Judgment with the Superior Court References 10-13

This item was postponed to the September 26-27, 2013 meeting of the Board of Regents.

XXIV. Approval of an Additional Member to the Board of Directors for Seawolf Holdings, LLC

Regent Cowell moved, seconded by Regent O'Neill and passed with Regents Anderson, Cowell, Fisher, Heckman, Hughes, O'Neill, Powers, Wickersham and Jacobson voting in favor that:

PASSED

“The Board of Regents approves an additional member to the board of directors for Seawolf Holdings, LLC. This motion is effective June 6, 2013.”

RATIONALE AND RECOMMENDATION

The recommendation from the University of Alaska Anchorage for an additional board member was sent under separate cover for Board of Regents' review prior to the June 6-7, 2013 board meeting.

XXV. Chancellors' Strategic Direction Initiative Presentation References 14-17

Chancellors Case, Pugh and Rogers discussed initiatives undertaken at their respective campuses in response to the Strategic Direction Initiative as noted in the reference material.

XXVI. Strategic Direction Initiative Discussion

Terry MacTaggart, UA Strategic Direction Initiative Consultant, thanked the board for inviting him back to Alaska to provide his professional point of view regarding the Strategic Direction Initiative (SDI). He noted issues of concern faced by other institutions that may play a part in UA's decision-making process include: the online quality of massive open online courses (MOOCs), the contrast between online and in-person

learning as it relates to the cost of education, geographic mobility of MOOCs across the country, downward pressure on tuition, the fact that securing faculty contracts is taking longer and the difficulty in securing change leaders in the new economic situation. He stated in contrast to other institutions that have tried to implement a strategic plan, UA has spent two years undertaking the responsibility of engaging community members, governance leaders, faculty and staff and avoiding the top down dictatorship resulting in individuals willing to lead change at the university.

He mentioned items to be attentive to in the next steps of SDI and the financial challenges facing UA include: continuing to question institutional wisdom by asking challenging questions, emphasizing relationships with faculty and staff concerning ideas on how to grow the institution, being upfront and having candid dialogue regarding upcoming changes, approaching the fiscal situation as a problem rather than a crisis, continuing to secure federal research support and nurturing the relationship with the legislature. He noted on the cusp of change, tough decisions will be required such as examining strategic growth through increased attendance of international students, yield and participation rates of Alaska students, tuition solutions e.g. differential tuition and serious streamlining efforts both administratively and academically.

President Gamble thanked Terry MacTaggart for his assistance thus far in the SDI process and his observations of the lessons learned from other institutions; noted UA is the Alaska university for Alaskan's first and the importance of keeping Alaska's diversity in mind when considering the next phase in SDI; said fundamental changes can take place and UA will continue to look at the value to Alaska and the needs of the state when implementing changes; said UA needs to continue to examine ways of doing things differently and efficiently then be accountable and confident with the outcome of those changes. He said the last two years preparing for SDI has built a foundation for leading change; noted UA is the intellectual center of Alaska and many entities will be looking to UA as an example in the fiscal challenges that lie ahead; stated confidence about moving to the next phase of SDI, the solutions forthcoming and the continuous movement into Alaska's future.

XXVII. Approval of Revisions to Regents' Policy 02.04.300-320 – University of Alaska Fairbanks Councils - Board of Visitors Reference 18

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

PASSED

“The Board of Regents approves revisions to Regents’ Policies 02.04.300-320 as presented. This motion is approved on June 7, 2013.”

POLICY CITATION

Regents’ Policy 02.04.320.F., - Responsibilities, states: “The Board of Visitors shall as needed, recommend changes to regents’ policy and university regulation.”

RATIONALE/RECOMMENDATION

At its March 30, 2013 meeting, the UAF Board of Visitors discussed its role per Regents' Policy and recommended that the name of the board be changed from Board of Visitors to Board of Advisors. There has been confusion regarding the role of this board because of the term "visitors"; the body believes the term "advisors" more clearly articulates its mission. The UAF Board of Visitors also requested that they be advised by the chancellor on the selection of new members to this board before appointments are made. The requested revisions can be seen in Reference 18.

XXVIII. Approval of Revisions to Regents' Policy 05.10.080 – Tuition and Fee Waivers

Reference 19

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

PASSED

"The Board of Regents approves revisions to Regents' Policy 05.10.080 as presented. This motion is approved on June 7, 2013."

RATIONALE AND RECOMMENDATION

The policy for the senior citizen tuition waiver was last updated in 2005. The proposed edits eliminate unneeded verbiage and add further clarity to the policy. Associate Vice President Oba answered questions regarding the revisions.

XXIX. Approval of FY15 Operating Budget Development Guidelines

Reference 20

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

PASSED

"The Board of Regents approves the FY15 Operating Budget Development Guidelines as presented. This motion is effective June 7, 2013."

POLICY CITATION

Regents' Policy 05.01.01.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

President Gamble and Associate Vice President Rizk presented the FY15 Operating Budget Development Guidelines recommendation (Reference 20). The operating guidelines serve as a tool for administration to prioritize budget requests and maintain alignment with the Board of Regents' goals and expected administrative efficiencies.

Governor Parnell has proposed a 5-year fiscal plan to manage Alaska's reserves and limit government spending and has committed to stepping down the levels of spending over the next five years. The details of the plan have yet to be released. As part of the FY15 budget planning process, the university will continue to look at ways of capping growth. With the state's emphasis on reducing growth, and as the university moves into the last phase of the Strategic Direction Initiative, the request level for new programs is expected to be much more reliant on internal offsets than on general fund increase requests.

This presentation of the FY15 Operating Budget Development Guidelines is the first step in a process that will end in early November with the Board of Regents' approval of the operating budget.

XXX. Approval of FY15 Capital Budget Development Guidelines

Reference 21

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

PASSED

"The Board of Regents approves the FY15 Capital Budget Development Guidelines as presented. This motion is effective June 7, 2013."

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 AND RECOMMENDATION

Associate Vice President Rizk and Associate Vice President Duke discussed current capital budget activities, and the capital budget development guidelines recommendation. The proposed guidelines are included as Reference 21.

Guidance from Governor Parnell for the FY15 Capital Budget is expected to place emphasis on a decreased capital budget and reduction of deferred maintenance (DM). FY15 is the last year of Governor Parnell's 5-year \$100 million annual commitment toward reducing deferred maintenance. With these things in mind, the FY15 capital budget requests should identify strategic investment needed to implement the Strategic Direction Initiatives objectives and reduce DM backlog to an acceptable level.

UA's Capital Improvement Plan will be consistent with the 10-year fiscal plan submitted to the State of Alaska. The plan provides the Board of Regents, president, executive staff, and university community a clear picture of the capital projects which follow from completion of the program resource planning process and identification of the annual operating costs associated with those projects. The long range capital improvement plan aims to balance approved program needs across UA campuses with realistic expectations for capital appropriations.

This presentation of the FY15 Capital Budget Development Guidelines is the first step in a process that will end in early November with the Board of Regents' approval of the capital budget.

XXX.A. Approval of Revisions to Industrial Security Resolution (added)

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

PASSED

"The Board of Regents approves the Industrial Security Resolution as revised to reflect a change in members of the Board of Regents and university administration, and authorizes the chair and secretary of the board to sign the resolution. This motion is effective June 7, 2013."

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 changes to members of the Board of Regents and university administration.

XXXI. Consent Agenda

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

PASSED AS AMENDED

"The Board of Regents approves the consent agenda as amended. This motion is effective June 7, 2013."

A. Academic and Student Affairs Committee

*1. ~~Approval of a Bachelor of Arts in Secondary Education at the University of Alaska Fairbanks~~ Reference 23

Moved to New Business XXXIII.A.1.

2. Approval of a Master of Science in Mechanical Engineering at the University of Alaska Anchorage Reference 24

PASSED

“The Board of Regents approves a Master of Science in Mechanical Engineering at the University of Alaska Anchorage. This motion is effective June 7, 2013.”

3. Approval of Deletion of an Undergraduate Certificate in Practical Nursing at the University of Alaska Anchorage Reference 25

PASSED

“The Board of Regents approves the deletion of an Undergraduate Certificate in Practical Nursing at the University of Alaska Anchorage. This motion is effective June 7, 2013.”

4. Approval of Deletion of an Undergraduate Certificate in Industrial Welding Technology at the University of Alaska Anchorage Reference 26

PASSED

“The Board of Regents approves the deletion of an Undergraduate Certificate in Industrial Welding Technology at the University of Alaska Anchorage. This motion is effective June 7, 2013.”

5. Approval of Deletion of an Undergraduate Certificate in Nondestructive Testing Technology at University of Alaska Anchorage Reference 27

PASSED

“The Board of Regents approves the deletion of an Undergraduate Certificate in Nondestructive Testing Technology at the University of Alaska Anchorage. This motion is effective June 7, 2013.”

6. Approval of Revisions to Regents’ Policy 10.02.040 - Academic Unit Establishment, Major Revision, and Elimination Reference 28

PASSED

“The Board of Regents approves revisions to Regents’ Policy 10.02.040 as presented. This motion is effective June 7, 2013.”

7. Approval of Revisions to Regents’ Policy 10.02.060 - Community College Establishment and Elimination Reference 29

PASSED

“The Board of Regents approves revisions to Regents’ Policy 10.02.060 as presented. This motion is effective June 7, 2013.”

~~*8. Approval of Revisions to Regents' Policy 10.03.020 – Honorary Degrees Reference 30~~

Removed from agenda

~~*9. Approval of Revisions to Regents' Policy 10.03.030 – Meritorious Service Awards Reference 31~~

Removed from agenda

B. Audit Committee

1. Approval of Revisions to Regents' Policy 05.03 – Internal Audit Reference 60

PASSED

“The Board of Regents approves revisions to Regents' Policy 05.03 as presented. This motion is effective June 7, 2013.”

C. Facilities and Land Management Committee

~~*1. Approval of the Campus Master Plan Amendment for the University of Alaska Fairbanks Campuswide Solar Array Installation Reference 39~~

Moved to New Business XXXIII.C.1.

~~*2. Formal Project Approval for the University of Alaska Fairbanks Campuswide Solar Array Installation Reference 40~~

Removed from agenda

3. Project Change Request for the University of Alaska Southeast Freshman Residence Hall, Phase 1 and 2 Reference 5

PASSED

“The Board of Regents approves the project change request for the University of Alaska Southeast Freshman Residence Hall, Phases 1 and 2 as presented in compliance with the campus master plan, and authorizes the university administration to proceed with construction not to exceed a total project cost of \$14,030,000. This motion is effective June 7, 2013.”

4. Schematic Design Approval for the University of Alaska Fairbanks Antenna Installation Alaska Satellite Facility AS311 Reference 41

PASSED

“The Board of Regents approves the schematic design approval request for the University of Alaska Fairbanks Antenna Installation Alaska Satellite Facility AS311 as presented in compliance with the campus master plan, and authorizes the university administration to complete construction bid documents to bid and award a contract within the approved budget, and to proceed to completion of project construction not to exceed a total project cost of \$6,000,000. This motion is effective June 7, 2013.”

XXXII. Tuition Setting Principle Discussion

Reference 22

Associate Vice President Oba facilitated a discussion on tuition setting at the University of Alaska including a review of Regents’ Policy and examples of guiding principles from other university systems and colleges.

XXXIII. New Business and Committee Reports

A. Academic and Student Affairs Committee

- *1. Approval of a Bachelor of Arts in Secondary Education at the University of Alaska Fairbanks Reference 23

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

PASSED

“The Board of Regents approves a Bachelor of Arts in Secondary Education at the University of Alaska Fairbanks. This motion is effective June 7, 2013.”

2. Committee Report

In addition to action items, the committee discussed metrics, received presentations on summer academies at UAF, emergency services training, education and an emergency management facility at UAF and heard a report on developmental education. Approval of revisions to Regents’ Policy 10.03.020 – Honorary Degrees and Regents’ Policy 10.03.030 – Meritorious Service Awards failed in committee. The full board chose not to move the items to new business.

B. Audit Committee

1. Approval of the FY14 Annual Audit Plan Reference 59

The Audit Committee approved the following motion:

PASSED

“The Board of Regents’ Audit Committee approves the annual audit plan for fiscal year 2014 as presented. This motion is effective June 7, 2013.”

2. Committee Report

In addition to the action items, External Auditors Tammy Erickson and Pam Cleaver discussed planning for the annual financial audit and the federal single audit; Dr. Roy provided a mid-year financial update; and Chief Audit Executive Pittman reviewed the final audit, internal audit and external audit status reports.

C. Facilities and Land Management Committee

- *1. Approval of the Campus Master Plan Amendment for the University of Alaska Fairbanks Campuswide Solar Array Installation Reference 39

Regent Cowell moved, seconded by Regent Powers and failed with Regents Cowell, Heckman, Hughes, Powers, and Jacobson voting in favor and Regent Anderson, Fisher and Wickersham voting in opposition that:

FAILED

“The Board of Regents approves the University of Alaska Fairbanks Campus Master Plan Amendment for the Campuswide Solar Array Installation as presented. This amendment will be incorporated in the existing 2010 Campus Master Plan. This motion is effective June 7, 2013.”

2. Committee Report

In addition to action items being approved and recommended to the full board, the committee reviewed the UAA 2013 Campus Master Plan and heard reports on the Waterford House Condominium unit 71 in Washington, D.C, UAA Alaska Airlines Center, UAA Engineering and Industry Building project, UAF engineering facility, UAF combined heat and power plant replacement, UAF P3 student dining development, UAF West Ridge deferred master plan, deferred maintenance distribution plan changes for FY12 and FY13, deferred maintenance spending, Sightlines Report, land management FY13 and FY14 work plan and construction in progress.

Because the motion to approve the campus master plan amendment for UAF solar array installation failed, the board did not consider FPA for UAF campuswide solar array installation.

Karl Kowalski, chief information technology officer, gave a report on IT issues and network bandwidth capacity. Security issues were discussed and the board affirmed its belief that the right things are being done to correct deficiencies given the available resources and complexities involved, its support of the CITO in this effort, and offered support and assistance to complete this effort.

XXXIV. Future Agenda Items

Items noted for a future agenda include: a possible August meeting, discussion on the appropriate award level for the UA Scholar program and a review of the policy overseeing the program and processes to improve the agenda presentation keeping the material within a 500-600 page limit.

XXXV. Board of Regents' Comments

Regent Fisher concurred with Regent Cowell's idea regarding a review of the agenda process as noted in future agenda items and is looking forward to the Toolik Field Station trip on June 8-10, 2013.

Regent Hughes thanked President and Mrs. Gamble, Chancellor Rogers and his wife Sherry Modrow for the evening event; said it was good to see former Fairbanks regents attend; noted a good meeting; stated the amount of material for this meeting was too much and encouraged staff to provide manageable material to allow regents appropriate time to discuss action items.

Regent Powers noted the season of weddings and graduations and his enjoyment attending commencement in Tok, Fairbanks and Fort Wainwright; and complimented Chancellor Rogers, Vice Presidents Roy and Thomas and Terry MacTaggart on their presentations.

Regent Wickersham concurred with comments made by Regent Powers regarding presentations and noted appreciation for keeping the discussions at the board level; stated concern for the size of the agenda; and noted a wonderful meeting.

Regent Cowell thanked Chancellor Rogers and university staff for a good meeting; said lunches were terrific; and noted hope at seeing the solar array project approved and on campus someday.

Regent Heckman thanked UAF presenters and Chancellor Rogers for the summer program presentations, noting they were naturally inspiring; is in favor of a manageable

sized agenda; enjoyed the wonderful evening event; and was pleased to hear the strategic discussions about long-term challenges and successes during the meeting.

Regent Enright thanked the board for a warm welcome; noted appreciation for the high level discussions; and looks forward to obtaining a better understanding of the university system.

Regent Anderson thanked UAS for hosting his attendance via video conference; noted five-star rated lunches each day; regretted not being able to be in Fairbanks to interact with board members and staff; enjoyed the student presentations and student public testimony; reiterated Senator Kelly's concern regarding fiscal issues for Alaska; noted tough budget decisions ahead for the university; and stated hope for the solar array project's return for reconsideration.

Regent Jacobson welcomed Regent Enright to the board; noted a fabulous meeting; and thanked UAF for hosting the meeting and President and Mrs. Gamble for the evening event.

President Gamble thanked Chancellor Rogers and Sherry Modrow for hosting the evening event; noted Terry MacTaggart's wealth of knowledge is invaluable, the university owes him a debt of gratitude for his guidance and appreciation for his advice with SDI; thanked the board for their support of UA in its endeavors to generate change with the efforts of SDI; noted the challenging fiscal times ahead; including the upcoming planning for the FY15 budget and the involvement of executive leadership in the preparation process; acknowledged the amount of material in the agenda and noted efforts to improve the presentation will be reviewed.

Chancellor Pugh thanked Chancellor Rogers and UAF for a great meeting; noted appreciation to President and Mrs. Gamble for the evening event; and thanked the board for their support of complex projects at UAS.

Chancellor Rogers thanked President and Mrs. Gamble for hosting the evening event; thanked board members for their service and dedication of time; and noted looking ahead at the fiscal cliff it will be necessary to get comfortable being uncomfortable with the many difficult business decisions regarding the direction of the university.

Chancellor Case thanked President and Mrs. Gamble, Chancellor Rogers and Sherry Modrow for the evening event; noted thanks to board staff in putting together the meeting; was very impressed with the student presentations; intends to continue to use the SDI efforts to focus on the difficult decisions, priorities and methods of doing things more efficiently in support of the university's mission; and thanked the board for their guidance and support with the Seawolf athletics situation.

XXXVI. Adjourn

Chair Jacobson adjourned the meeting at 3:20 p.m. on Friday, June 7, 2013.