

**Official Minutes
Board of Regents
Special Meeting of the Full Board
June 22, 2021
Zoom Conference**

1. Individuals Present and Opening Items

Regents Present:

Sheri Buretta, Chair
Karen Perdue, Vice Chair
Lisa Parker, Treasurer
John Bania
John Davies
Darroll R. Hargraves
Mary K. Hughes
J. Scott Jepsen
Ralph Seekins
Kali Spencer

Regents Absent:

Dale Anderson, Secretary

Pat Pitney, Interim Chief Executive Officer and President, University of Alaska

Others Present:

Karen Carey, Chancellor, University of Alaska Southeast
Sean Parnell, Chancellor, University of Alaska Anchorage
Daniel M. White, Chancellor, University of Alaska Fairbanks
Matthew Cooper, General Counsel
Myron Dosch, Chief Financial Officer
Paul Layer, Vice President for Academics, Students and Research
Michelle Rizk, Vice President for University Relations and Chief Strategy, Planning and Budget Officer
Brandi Berg, Executive Officer, Board of Regents
Julie A.K. 'Jak' Maier, Faculty Alliance Chair
Mathew Mund, Staff Alliance Chair

A. Call to Order

Chair Buretta called the meeting to order at 9:08 a.m. on Tuesday, June 22, 2021.

B. Adoption of Agenda

PASSED

"The Board of Regents adopts the agenda as presented. This motion is effective June 22, 2021."

Motion by John Davies, second by Karen Perdue.

Final Resolution: Motion Carries

Voting in favor: John Bania, Sheri Buretta, John Davies, Mary K Hughes, J Scott Jepsen, Lisa M Parker, Karen Perdue, Ralph Seekins, Kali Spencer

Not Present at Vote: Darroll R Hargraves

2. Budget Discussion and FY22 Budget Approval Items

A. UA Budget Discussion

Interim President Pitney provided an update regarding the university's FY22 budget. (video timestamp 2:30)

B. Acceptance of the FY22 Operating Budget Appropriation, Approval of the FY22 Operating Budget Distribution Plan, and Authorization to Expend Funds in the Event of a State Shutdown

PASSED

"Pursuant to Regents' Policy P05.01.040, the Board of Regents accepts the FY22 Operating Budget Appropriation as of the effective date of the state appropriation. This motion is effective June 22, 2021."

Motion by John Davies, second by Karen Perdue.

Final Resolution: Motion Carries

Voting in favor: John Bania, Sheri Buretta, John Davies, Darroll R Hargraves, Mary K Hughes, J Scott Jepsen, Lisa M Parker, Karen Perdue, Ralph Seekins, Kali Spencer

PASSED

"The Board of Regents approves the FY22 Operating Budget Distribution Plan as presented and authorizes the president to revise the distribution plan, as appropriate, to implement the final state appropriation. This motion is effective June 22, 2021."

Motion by Darroll R Hargraves, second by Mary K Hughes.

Final Resolution: Motion Carries

Voting in favor: John Bania, Sheri Buretta, John Davies, Darroll R Hargraves, Mary K Hughes, J Scott Jepsen, Lisa M Parker, Karen Perdue, Ralph Seekins, Kali Spencer

PASSED

"The Board of Regents authorizes the president to apply internal funds, and/or receive advances from the Office of Management and Budget, in anticipation of the university's appropriation for FY22 and to expend those and other university funds as the president determines necessary to:

- 1) avoid immediate threats to public health or safety and comply with legal obligations;**
- 2) avoid severe impacts on public health and welfare, and economic stability, including for constitutionally mandated core services such as teaching, research, and service, and any support, administrative, or legal services necessary to fulfill these functions; and**
- 3) maintain reduced services and defer expenditures in other areas as the president deems appropriate.**

This motion is effective June 22, 2021."

Motion by Lisa M Parker, second by John Davies.

Final Resolution: Motion Carries

Voting in favor: John Bania, Sheri Buretta, John Davies, Darroll R Hargraves, Mary K Hughes, J Scott Jepsen, Lisa M Parker, Karen Perdue, Ralph Seekins, Kali Spencer

POLICY CITATION

Regents' Policy 05.01.040 – 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

The Legislature passed an FY22 operating budget (HB69 and HB71) without an effective date of July 1, 2021, the start of the fiscal year. The governor rejected it and has called the Legislature into a second special session on the FY22 budget. The second special session will begin on Wednesday, June 23, 2021, to focus only on the budget. Once a bill has passed the Legislature and is sent to the governor, it must be signed or vetoed by the governor within 15 days if the Legislature is in session (not counting Sundays) or within 20 days if the Legislature is not in session (not counting Sundays).

The legislative budget (HB69 & HB71), which was awaiting transmission to the governor, decreased UA's overall operating budget state appropriation by \$4.0 million (1.4 percent) from \$277.0 million to \$273.0 million; \$4.3 million reduction in unrestricted general funds and \$0.3 million increase to Mental Health Trust general funds.

The budget presented to the board demonstrates the importance of maintaining the legislative level of funding in both the operating and capital budget that puts the university on a path to stability and to support the goals shared by the governor and the university - economic recovery.

With the legislative budget UA will:

- Provide stability in programs by increasing enrollment - especially in programs that address workforce shortages;
- Help the state's economy by training Alaskans to return to the workforce;
- Support key research programs important to help Alaska's economy;
- Support jobs in Alaska's economy while maintaining mission critical facilities - \$31.6 million of deferred maintenance funding means approximately 316 and indirect jobs for Alaska businesses.

Additionally, UA will continue to:

- Reduce its facility footprint;

- Focus on streamlining administrative functions and efficiencies; and
- Encourage program collaboration across the UA system to maximize enrollment.

As of June 21, 2021, Governor Dunleavy had not acted on the operating budget. Since June 30, 2021, is the last business day before the start of the new fiscal year, the above motions provided interim expenditure authority either in the event that the governor had not taken action by the time of this meeting or the governor had vetoed any amount of the university's appropriation.

Interim President Pitney and Vice President Rizk presented a summary of the FY22 operating budget appropriation and discussed operating funding distribution implications. The final FY22 distribution information will be shared with the board in late July/early August and discussed at the September 3, 2021, Board of Regents' Audit and Finance committee meeting. (video timestamp 57:20)

C. Acceptance of the FY22 Capital Budget Appropriation and Approval of the Distribution Plan

PASSED

"Pursuant to Regents' Policy P05.01.040, the Board of Regents accepts the FY22 Capital Budget Appropriation as of the effective date of the state appropriation. This motion is effective June 22, 2021."

Motion by Lisa M Parker, second by John Davies.

Final Resolution: Motion Carries

Voting in favor: John Bania, Sheri Buretta, John Davies, Darroll R Hargraves, Mary K Hughes, J Scott Jepsen, Lisa M Parker, Karen Perdue, Ralph Seekins, Kali Spencer

PASSED

"The Board of Regents approves the FY22 Capital Budget Distribution Plan as presented and authorizes the president to revise the distribution plan, as appropriate, to implement the final state appropriation. This motion is effective June 22, 2021."

Motion by John Bania, second by Lisa M Parker.

Final Resolution: Motion Carries

Voting in favor: John Bania, Sheri Buretta, John Davies, Darroll R Hargraves, Mary K Hughes, J Scott Jepsen, Lisa M Parker, Karen Perdue, Ralph Seekins, Kali Spencer

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

The Legislature passed an FY22 capital budget (HB69) without an effective date of July 1, 2021, the start of the fiscal year. The governor rejected it and has called the Legislature into a second special session on the FY22 budget. The second special session will begin on Wednesday, June 23, 2021, to focus only on the budget. Once a bill has passed the Legislature and is sent to the governor, it must be signed or vetoed by the governor within 15 days if the Legislature is in session (not counting Sundays) or within 20 days if the Legislature is not in session (not counting Sundays).

As of June 21, 2021, Governor Dunleavy had not acted on the capital budget.

The Board of Regents' capital budget request totaled \$82.8 million in state funding for the following:

- \$50.0 million – Facilities deferred maintenance (DM)/Renewal & Repurposing (R&R)
- \$15.1 million – UA Debt Relief
- \$0.4 million – UAA ConocoPhillips Integrated Sciences Building Combined Heat and Power Energy Savings Project
- \$17.3 million – COVID Impact Mitigation

The Legislature appropriated \$31.6 million for the following DM/R&R projects:

- \$10.9 million – UAA Building Energy Performance Upgrades
- \$18.7 million – UAF Bartlett and Moore Hall Modernization: Restrooms and Sanitation Infrastructure
- \$1.0 million – UAS Juneau Campus Roof and Fuel Tank Replacements
- \$1.0 million – UAS Juneau Campus Safety Improvements and Regulatory Compliance

The board was asked to accept the capital appropriation and approve the distribution as presented. The project budgets are estimated and project descriptions can be found in the reference document. 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 funding for a new project is requested, the chief strategy, planning, and budget officer shall determine the level of approval required, based on the size and nature of the transfer.

Vice President Rizk presented a summary of the FY22 capital budget appropriation and discussed capital funding distribution implications. (video timestamp 1:03:23)

3. Executive Session

A. Executive Session

PASSED

"The Board of Regents goes into executive session to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the university and to receive legal advice, related to the budget. This motion is effective June 22, 2021."

Motion by Ralph Seekins, second by Mary K Hughes.

Final Resolution: Motion Carries

Voting in favor: John Bania, Sheri Buretta, John Davies, Darroll R Hargraves, Mary K Hughes, J Scott Jepsen, Lisa M Parker, Karen Perdue, Ralph Seekins, Kali Spencer

The Board of Regents went into executive session at 10:16 a.m. and concluded an executive session at 11:05 a.m. Alaska Time in accordance with AS 44.62.310 to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the university and to receive legal advice, related to the budget. The session included members of the Board of Regents, Interim President Pitney, General Counsel Cooper, and such other university staff members as the president designated and lasted 49 minutes. (video timestamp 1:13:26)

4. Adjourn

A. Adjourn

Chair Buretta adjourned the meeting at 11:08 a.m. on Tuesday, June 22, 2021.