Official Minutes

**Board of Regents**

**Meeting of the Full Board**

November 7, 2012

Anchorage, Alaska

**Regents Present:**

Patricia Jacobson, Chair

Carl Marrs, Vice Chair

Kirk Wickersham, Secretary

Jyotsna Heckman, Treasurer

Dale Anderson (attended via audio)

Timothy Brady

Kenneth Fisher

Mari Freitag

Michael Powers

**Regents Absent**

Fuller Cowell

Mary K. Hughes

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

**Others Present:**

Tom Case, Chancellor, University of Alaska Anchorage

Brian Rogers, Chancellor, University of Alaska Fairbanks

John Pugh, Chancellor, University of Alaska Southeast

Michael Hostina, General Counsel

Carla Beam, Vice President for University Relations

Ashok Roy, Vice President for Finance & Administration and Chief Financial Officer

Kit Duke, Associate Vice President, Facilities

Michelle Rizk, Associate Vice President, Budget

Donald Smith, Chief Human Resources Officer

Kate Wattum, Interim 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 9:00 a.m.

*Regent Fisher disclosed that his daughter attends UAS regarding his vote on tuition at the September 2012 meeting;*

*Regent Heckman disclosed that her son attends UAF regarding her vote on tuition at the September 2102 meeting;*

*Regent Freitag disclosed her father's employment as a university faculty member regarding her vote on the budget.*

*Chair Jacobson ruled that the conflicts were not substantial and material because the action taken had only indirect effect, the amounts involved were not material, and affected all members of the affected class of students or employees in the same way.*

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

Regent Fisher moved, seconded by Regent Powers and passed withRegents Anderson, Brady, Fisher, Freitag, Heckman, Marrs, Powers, Wickersham, and Jacobson voting in favor that:

 **PASSED**

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

**I. Call to Order**

II. Adoption of Agenda

**III. Governance Report**

**IV. Public Testimony**

**V. Executive Session**

**VI. Approval of the University of Alaska FY14 Operating Budget Request**

**VII. Approval of the University of Alaska FY14 Capital Budget Request**

**VIII. Approval of the University of Alaska 10-Year Capital Improvement Plan FY14-FY23**

**IX. Board of Regents' Comments**

**X. Adjourn**

 **This motion is effective November 7, 2012."**

**III. Governance Report**

 Juella Sparks, Staff Alliance Chair, thanked the board for allowing the governance groups an opportunity to report to the board; stated 800 UA staff members have taken the work-life survey conducted by staff alliance; noted a new blog has been created to facilitate two-way communication between staff alliance and UA staff to discuss issues of importance; invited regents to visit the blog to read staff comments; and asked regents to thoughtfully support the 3.25% staff compensation increase.

 Cathy Cahill, Faculty Alliance Chair, thanked the board for letting governance have a voice at the meeting; stated faculty members and President Gamble are having positive conversations on a regular basis; faculty is working across MAUs to set common test scores, identify common themes and best practices; and is reviewing SDI themes and questions to provide feedback for phase two of the process.

 Shauna Thornton, Coalition of Student Leaders Speaker, stated students are busy engaging in the Stay on Track campaign, student government leaders are encouraging students to participate in SDI and the coalition retreat will occur on November 16-17.

**IV. Public Testimony**

 Najmus Saqib, UAF engineering student from Bangladesh, spoke about his experience with the UAF engineering program; described the overcrowded labs and classrooms and the need for more learning space; spoke in support of the UA engineering facilities; and encouraged the board to support full funding in the FY14 capital budget.

Justin Cannon, UAF student studying petroleum engineering and mathematics, spoke in support of constructing the UAA and UAF engineering buildings; noted the lack of space in classrooms and labs and the effects crowded learning space has on a students’ ability to learn and adapt; and spoke in support of the FY14 capital budget for the engineering buildings.

Richard Reich, chairman, UAA School of Engineering Advisory Board, noted the importance and quality of students UA is providing to the Alaska economy; applauded the board’s commitment to include the engineering buildings in the budget; and urged the board to support the FY14 capital budget.

Bruce Davison’s written testimony was read into the record by Richard Reich which stated support for funding both the UAA and UAF engineering facilities in the FY14 capital budget.

Pete Stokes, chairman, UAF College of Engineering and Mines Advisory and Development Council and a UAF graduate, spoke in support of the engineering buildings, the FY14 capital budget and the importance of training and retaining UA educated engineers in the state of Alaska.

Colleen McCarthy, Shell Oil petroleum engineer and member of UAF College of Engineering and Mines Advisory and Development Council, urged the board to support the FY14 capital budget for the UA engineering buildings.

Carol Theilen, Shell Oil employee and licensed professional engineer, spoke about the importance of engineering and the need to create infrastructure in society; and encouraged the board to support the FY14 capital budget for the UA engineering buildings.

Gene Strid’s written testimony was read into the record by Doug Goering, dean, UAF College of Engineering and Mines, which stated strong support for electrical engineering and funding for the UAA and UAF engineering facilities in the FY14 capital budget.

Patrick Walsh, member of UAF College of Engineering and Mines Advisory and Development Council and UAF graduate, spoke in support of the UA engineering buildings; mentioned the demand for engineers in the state; urged the board to support the FY14 capital budget; and thanked the board for allowing time for public testimony.

Bill Hazelton, associate professor and chair of UAA geomatics department, spoke in support of funding for UA engineering buildings; noted that while MIT and Harvard offer online material for engineering students, enhanced learning occurs with hands-on training and internships; and urged the board to invest in Alaska’s future by supporting the FY14 capital budget.

Anthony Paris, UAA associate professor for mechanical engineering, spoke in support of the UA engineering buildings and the FY14 capital budget.

Grant Birmingham, UAA engineering student, stated classes at UAA are comparable to classes at the Colorado School of Mines; spoke in support of expanding learning opportunities and improving the quality of education at UA; and recommended the board approve the FY14 capital budget.

Jacob Schultz, UAA mechanical engineering student, noted the need for additional learning space at UA to support students’ ability to complete their education; and spoke in support of the UA engineering buildings.

Heath Hilyard, UAF Alumni Association board member, spoke about the various activities of the association and the involvement in the UAF centennial campaign; noted the association contributed $8K last year to UAF for multiple projects and next year plans to give $10K to support the Nanook Terrain Park and $10K to the endowed alumni scholarship; stated special thanks to Chancellor Rogers for the recent alumni reunion event; and indicated the association is looking forward to working with UA staff to advocate for UA in Juneau.

**V. Executive Session**

 Regent Marrs moved, seconded by Regent Fisher and passed withRegents Brady, Fisher, Freitag, Heckman, Marrs, Powers, Wickersham, and Jacobson voting in favor that:

**PASSED**

**"The Board of Regents goes into executive session at 10:30 a.m. Alaska Time in accordance with the provisions of AS 44.62.310 to discuss matters the immediate knowledge of which would affect the finances of the university related to compensation, contracts and a sale of a building and could affect the reputation or character of a person or persons related to the Nanook Innovation Corporation. The session will include members of the Board of Regents, President Gamble, General Counsel Hostina, and such other university staff members as the president may designate and will last approximately 30 minutes. Thus, the open session of the Board of Regents will resume in this room at approximately 11:00 a.m. Alaska Time. This motion is effective November 7, 2012."**

The Board of Regents concluded an executive session at 11:15 a.m. Alaska Time in accordance with AS 44.62.310 discussing matters the immediate knowledge of which would affect the finances of the university and could affect the reputation or character of a person or persons. The session included members of the Board of Regents, President Gamble, General Counsel Hostina, and other university staff members designated by the president and lasted approximately 45 minutes.

**VI. Approval of the University of Alaska FY14 Operating Budget Request** Reference 1

Regent Wickersham moved, seconded by Regent Heckman and passed withRegents Anderson, Brady, Freitag, Heckman, Powers, Wickersham, and Jacobson voting in favor and Regent Fisher voting in opposition that:

**PASSED**

**“The Board of Regents approves the FY14 operating budget request in accordance with the plan as presented. This motion is effective November 7, 2012.”**

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

Associate Vice President Rizk provided an in-depth review of UA’s FY14 Operating Budget Request. During the presentation, changes from the previous drafts were discussed.

**VII. Approval of the University of Alaska FY14 Capital Budget Request** Reference 2

Regent Fisher moved, seconded by Regent Wickersham and passed withRegents Anderson, Brady, Fisher, Freitag, Heckman, Powers, Wickersham, and Jacobson voting in favor that:

**PASSED**

**“The Board of Regents approves the FY14 capital budget request in accordance with the plan as presented. This motion is effective November 7, 2012.”**

POLICY CITATION

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

RATIONALE/RECOMMENDATION

Associate Vice Presidents Rizk and Duke provided an in-depth review of UA’s FY14 Capital Budget Request. During the presentation, changes from the previous drafts were discussed.

**VIII. Approval of the University of Alaska 10-Year Capital Improvement Plan FY14-FY23** Reference 2

Regent Fisher moved, seconded by Regent Heckman and passed withRegents Anderson, Brady, Fisher, Freitag, Heckman, Powers, Wickersham, and Jacobson voting in favor that:

**PASSED**

**“The Board of Regents approves the 10-Year Capital Improvement Plan for FY14-FY23. This motion is effective November 7, 2012.”**

POLICY CITATION

Regents’ Policy 05.12.032 - Budget Policy, states,

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

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

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

RATIONALE AND RECOMMENDATION

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

Associate Vice Presidents Rizk and Duke presented the proposed 10-year capital improvement plan which clearly demonstrates the deferred maintenance (DM) and renewal & repurposing (R&R) is, and will continue to be, the highest priority until the backlog of DM is reduced to a reasonable level.

**IX. Board of Regents’ Comments**

 Regent Wickersham was heartened that Regent Anderson’s recovery is going well; enjoyed the great food and the wonderful venue; noted sensitivity and frustration that the original land grant money was never provided to UA and stated because of that, there is a good political and moral basis for supporting the university building fund proposal; and wished everyone a happy Thanksgiving.

 Regent Powers stated appreciation for the excellent layout, organization and description of the budget material and looked forward to discussing the UA Performance Report.

 Regent Fisher stated the support of engineering during public testimony was valuable and powerful; noted engineering is one of his academic priorities for the state and he fully supports the facilities development at UA; thanked Michelle Rizk for the excellent layout of the budget material; and specified the importance of programmatic prioritization and the desire for the board and the administration to spend time reviewing such.

 Regent Freitag thanked staff for their work and efficiency in preparing the budget material.

 Regent Brady stated this is his seventh or eighth budget approval process and each year the process becomes less complicated; thanked staff for a great job in preparing material that is clear, concise and comprehendible.

 Regent Heckman stated this is her second budget approval experience; the material was easy to read and understand and a job well done; thanked staff for arranging the meeting venue and Chancellor Case for the hospitality.

 Regent Jacobson echoed the comments regarding preparation of budget material; thanked President Gamble for his leadership; wished good healing to Regent Anderson and stated appreciation for his participation via audio during the meeting; thanked UAA for the hospitality; and wished everyone happy Thanksgiving.

 Regent Anderson stated this is his first time through the budget process and he learned a great deal; indicated a great job done by Michelle Rizk in preparing the material; noted the link between SDI themes and the budget material will be excellent information for the legislators; and encouraged everyone to take advantage of everything around them, and to be thankful and appreciate family.

 Chancellor Rogers stated this is his 27th budget process in one university role or another; thanked Michelle Rizk and her team for preparation of quality material; and invited regents traveling to Fairbanks for the December meeting to attend UAF’s evening holiday event on December 5 and the Nanook hockey game on December 7.

 Chancellor Pugh stated this is his 14th budget process as chancellor and the best thus far for administration working together to develop the budget; praised Michelle Rizk for her work, organization and incredible job well done; echoed the comments regarding presentation of budget material; and noted the tough budget years ahead with the current federal situation.

 Chancellor Case complimented Michelle Rizk and Kit Duke on the budget preparation process; stated UAA supports engineering and appreciates all the participation with the joint request in funding for both campuses; noted there will be ample opportunities to see UAA and UAF hockey action this season; and stated the Great Alaska Shootout is on schedule for the week of Thanksgiving in Anchorage.

 President Gamble thanked the board for support of the budget, strong support of SDI and noted both were integrated to support each other; stated phase two of SDI is forthcoming and the board’s support allows administration to go forward to the legislature and provide a clear picture of what UA requires to succeed; indicated UA is outcome focused and is observing national trends on performance measures; noted with tough budget times ahead UA has the right team in place for anything that may come its way; and thanked the UA team for their great work.

**X. Adjourn**

Chair Jacobson adjourned the meeting at 1:38 p.m.