

**University of Central Missouri**  
**Board of Governors**  
**Plenary Session**  
**November 20, 2008**

The University of Central Missouri's (UCM) Board of Governors convened in Plenary Session on Thursday, November 20, 2008, at 9:00 a.m. in Union 237B on UCM's main campus in Warrensburg, Missouri. Presiding over the meeting was Board President Richard Phillips. Also in attendance were Governors Walter Hicklin, Weldon Brady, Lawrence Fick, Deleta Williams, Mary Long, and Ryan Sanders. Governor Edward Baker was unable to participate in the meeting and was excused. Others present included University President Aaron Podolefsky; Interim General Counsel Marvin Wright; and Assistant Secretary to the Board Monica Huffman.

**Plenary Session**

**Call to Order** – Agenda Item No. 1

Mr. Phillips called the meeting to order and determined that a quorum was present to conduct business.

**Remarks by the Board President** – Agenda Item No. 2

Mr. Phillips began his remarks by congratulating Dr. Peggy Martin for her 33 years of service to the university and noted that at its October meeting, the Board of Governors unanimously approved the naming of UCM's volleyball court for Dr. Martin who plans to retire at the end of the year. A public announcement was made during the Jennies last home game on November 14.

Mr. Phillips said that individual Board members have participated in different meetings since the Board's last meeting. Mr. Phillips and Mr. Sanders attended a Master Planning Committee meeting earlier in the month, and Ms. Williams and Mr. Sanders attended the General Faculty meeting last week. Mr. Phillips acknowledged the upcoming winter commencement and said that it is a time for celebrating student successes.

**Remarks by the University President** – Agenda Item No. 3

President Podolefsky announced the creation of a Center for Alternative Fuels and Environmental Systems at the University of Central Missouri, which will fall under the Department of Biochemistry, Chemistry & Physics. A handout with information about the Center was distributed (Attachment 1).

President Podolefsky also distributed a communication that announces that the Coordinating Board for Higher Education and the Missouri Department of Higher Education is undertaking a mission review (Attachment 2). UCM will be involved in this effort. Also, university presidents have decided to move forward with *Caring for Missourians* (formerly titled the *Preparing to Care*), a strategic initiative to secure funds to expand opportunities for training in nursing and other health care professions. President Podolefsky said that this is a notable initiative; however,

it is important that the funds for this initiative not take precedence over basic general funds and encouraged Board members who have the opportunity to do so, to communicate this to legislators.

President Podolefsky said that the State of Missouri anticipates a budget deficit for FY 2009 due to a decline in projected tax revenues for the year. Based on one-time dollars available for the current year's budget, President Podolefsky did not believe that higher education would be impacted this year; however, it is very likely that it will be affected in FY 2010. He said that the declining economy has impacted higher education across the nation, and noted that the State of California is cutting the California State University System budget by \$65 million; the University of California system by \$66 million; and the community college system by \$300 million. The State of New York is doing similar things and the State of Kansas is cutting its higher education budget by 3% immediately and expects even further budget cuts next year.

President Podolefsky said the Consumer Price Index (CPI) dropped 1% in October, the largest drop in the CPI since 1947. He reminded the Board that tuition increases are capped at CPI and that CPI does not vary with university expenditures. UCM must be careful in its planning and maintain the greatest amount of flexibility in preparation for any future budget cuts. The university may be able to cover some base cuts in the short term with one-time money, but careful planning would be needed for long term cuts. President Podolefsky announced that in light of the current budget projections, he is implementing a "soft hiring freeze"; however, there may be critical positions that the university may have to move forward with in filling. Mr. Phillips expressed the Board's support of this decision. UCM will continue monitoring the State's budget very closely and be proactive in planning for any potential budget cuts. President Podolefsky noted that he plans to meet with the leadership of the governance groups tomorrow to discuss next year's budget outlook and what it means for UCM.

### ***General Session***

#### **Minutes of the October 23, 2008, Board of Governors Meetings** – Agenda Item No. 4

Mr. Fick moved that the Board of Governors approve the minutes of the October 23, 2008, meetings. The motion was seconded by Mr. Hicklin and carried unanimously.

### ***Reports***

#### **Governance Groups Verbal Reports** – Agenda Item No. 5

The following reports were provided to the Board:

*Faculty Senate* – Dr. Davie Davis, President of the Faculty Senate, reviewed the Senate's Fall semester activities, including discussions and/or actions pertaining to General Education Program Review and Program Guidelines; UCM's Strategic Plan; Bylaw revisions; Faculty Rating questionnaire resulting from SB 389; a budgetary analysis prepared by the former Faculty Senate President; attendance of Faculty Senate meetings by the President and Provost, which the Senate found to be favorable; a new salary model; and retention trends.

Professional Staff Council – Ms. Karen Hibdon, President of the Professional Staff Council, summarized the Council’s activities for the Fall semester, which included updating criteria for the *J.P. Mees Award*; co-hosting a community coffee with the Support Staff Council; and the *Bowling for the Green* fundraising event. Director of Human Resources Rick Dixon will be invited to the next meeting to discuss the hiring freeze.

Support Staff Council – Ms. Stephanie Myers, President of the Support Staff Council, summarized the Council’s activities for the Fall semester, which included a meeting with UCM’s new Director of Procurement and co-hosting a community coffee with the Professional Staff Council. An annual holiday celebration will be held on December 17 where items will be collected for the Survival House and the Teacher’s Warehouse.

Student Government Association – Mr. Darren Doherty, President of the Student Government Association (SGA) summarized the SGA’s Fall semester activities. Highlights of the report were that SGA:

- membership is nearly at full capacity;
- has worked hard during the past 14 months on a new constitution and is working with the President and his Cabinet to address concerns;
- is working with Dean Dinwiddie on the *Excellence in Governance* Award given in the spring and also hopes to reinstate Kirkpatrick Week during this time;
- has representation on the President’s Commission on Sustainability;
- is working on implementing a university recycling program;
- is working to provide transportation to international students to and from the airport in Kansas City, as well as identifying storage space for these students’ needs;
- is working with the Marines this holiday season for “Toys for Tots.” and
- is working with UCM’s Department of Public Safety to address safety and bicycle issues on campus.

Mr. Phillips asked if UCM does anything for those students who are unable to go home for the holidays. Mr. Doherty stated there is a sponsorship program where students invite other students to their homes during the holidays.

*Following the governance groups reports, the Board took a short recess at 9:35 a.m. and resumed meeting at 9:40 a.m.*

### **Master Plan** - Agenda Item No. 6

Dr. Roberts reviewed the purpose and process used to develop the Master Plan. She noted that the committee has worked very hard over the past year, along with the consulting firm of Gould Evans. Dr. Roberts introduced Alan Resnick, Dennis Strait, and Steven Cassentini of Gould Evans. Mr. Resnick stated that the presentation is the final draft of the Master Plan. A full report will be sent to the Board in the next week, and Board members will be asked to respond with any additional questions, concerns, or suggestions no later than mid-December, at which time the last changes will be incorporated into the plan. The final plan will be submitted to the Board in January for approval.

The three components of the draft Master Plan were presented to the Board in a Power Point presentation, copies of which were distributed to the Board (Attachment 3). They included Campus Space Planning, Academic and Administrative Building Planning and Residential Life Planning. Following the presentation of the Residential Life Planning component, Mr. Brady noted that the university has a \$15 million debt, and asked if this was considered in the timeline for new construction. Mr. Resnick said that the debt was taken into account and that the time line proposed for facility renovations and/or construction is based on a financial model that considered current debt, debt retirement, major maintenance, revenue streams, savings, etc.

Following the presentation, President Podolefsky thanked Gould Evans and the Master Planning Committee for all of their hard work. He noted that the Plan covers a span of 10 to 20 years and provides guidelines for planning for the future. It is possible for items in the Plan to potentially change based on any number of factors that could arise unexpectedly through the years. He asked that any questions or comments about the Plan be directed to Dr. Roberts who will pass them along to Gould Evans.

*Following the presentation of the Master Plan, the Board took a short recess at 11:20 a.m. and resumed meeting at 11:30 a.m.*

#### **Energy Service Company (ESCO) Performance Contract Update** - Agenda Item No. 7

President Podolefsky stated that implementing an Energy Service Company Performance Contract is a great opportunity for UCM. He explained that at its core, UCM has two tiers. The first is a large deferred maintenance need including infrastructure, heating, air conditioning, windows, lighting systems, and more. The second tier is an old and antiquated utilities structure. Combining the two items may provide UCM the opportunity to resolve the deferred maintenance needs by funding improvements through the savings in utilities. This would allow UCM to make huge steps forward in the deferred maintenance and infrastructure with no net cost to the institution. In consideration of the budget projections for the next few years, this is will likely be the only way for UCM to improve its deferred maintenance and avoid falling further behind. President Podolefsky stated that no approvals were needed at today's meeting, and that the information presented is to inform the Board of the one-time initial costs and to ensure the Board is interested in continuing with the process. This item would be brought to the Board in late winter or early spring for final approval on the process.

Dr. Roberts introduced Santanu Nath and Scott Bayles of S&S Engineering Inc., the firm hired to assist UCM in facilitating the process used to select a qualified ESCO. Messrs. Nath and Bayles provided a Power Point presentation (Attachment 4) of the vision for the ESCO, an explanation of what a performance contract is and how it generates/guarantees savings, and the process for evaluating and selecting an ESCO. In summary, S&S Engineering recommended that UCM move forward with an Investment Grade Audit in its effort to become a more operationally efficient and sustainable campus. Mr. Nath showed a transformation of UCM's existing campus entrance and heating plant at the intersection of South Street and Highway 13, with a possible improvement that would eliminate the heating plant and install a highly efficient ground source to allow UCM buildings to be environmentally controlled.

Mr. Hicklin asked if the savings from an ESCO contract would cover the entire cost of bonding and all other related costs. Mr. Nath said it would as long as the cash neutrality can be shown over a 15-year period. Also, under Missouri Revised Statute Section 8.231 - State Buildings and Lands, which covers the program, ESCOs are required to guarantee the savings. Mr. Hicklin asked if this would give the university additional monies to do other maintenance work on campus. President Podolefsky said that it is possible to expand the project to include other infrastructure besides the energy if the 15-year cash neutrality can be met. Mr. Nath said although there are some restrictions on what the savings can be spent on, the State will allow a savings to be diverted from one opportunity into another.

Mr. Fick asked how long this legislation has been in effect and whether it has been successful. He noted that the item presented today does not list a specific ESCO and that Mr. Nath had indicated there are a number of ESCOs that would respond to an RFP to conduct the Investment Grade Audit. Mr. Nath stated that legislation has been in effect for over 10 years and that ESCO is the name used to describe those companies that offer this type of service. Mr. Fick asked how these companies are able to underwrite the savings and Mr. Brady followed by asking how is the Board to know that they are in good standing. Mr. Nath stated that companies are required to fully disclose their financial status as part of the RFP. Mr. Bayles added that these companies are prequalified by the State of Missouri, which has already implemented the program in some of its buildings.

Mr. Fick asked if there are any other public state institutions utilizing the program. Dr. Roberts stated that there are no other State public higher education institutions; however, there are schools in K-12 that have implemented it. Mr. Fick said it is difficult to understand how the savings can be guaranteed in light of the fluctuating cost of utilities. President Podolefsky stated that the guarantee is for the reduced usage of the utilities, and the savings is the difference of what would be paid at the old usage level compared to what is paid at the new usage level. He reminded the Board that no action was needed today; however, it is important to know whether the Board of Governors supports moving forward with this initiative. Once the audit is completed and Board approval is obtained to continue forward, it will take approximately two to three years to implement energy savings opportunities for the 25 to 28 non-resident buildings included in the program. UCM's current deferred maintenance list spans 10 years and costs \$20 million to \$25 million. This program shortens the life cycles, generates savings, and reduces the carbon footprint.

Mr. Phillips stressed the importance of the Master Plan and ESCO working together. He acknowledged that the ESCO will allow the university to be more aggressive in addressing improvements that are needed on campus. The Board expressed its support of the ESCO program and of the university moving forward with the Investment Grade Audit. Mr. Brady stated that it will be important to know how the guarantee is being underwritten.

***Board Committee on Academic Affairs***

Mr. Hicklin, Chair of the Board Committee on Academic Affairs, reported that the committee did not meet this month.

***Board Committee on Administration & Finance***

Mr. Fick, Chair of the Board Committee on Administration and Finance, reported that the committee met as a committee of the whole earlier this morning to receive the external audit report from BKD, LLP. He asked Dr. Roberts to present the next agenda item.

**Bond Resolution - Student Recreation & Wellness Center** - Agenda Item No. 8

Dr. Roberts referred the Board to Tab 4 of the meeting materials which contained a briefing paper and bond resolution for the Student Recreation & Wellness Center (Attachment 5).

Mr. Hicklin asked for clarification on how the "\$9.75 per credit hour student fee" referenced in the briefing paper would be used. Mr. Merrigan stated that of the \$9.75, \$7.00 per credit hour of the student fee would be used for the bond and the remaining \$2.75 would be used for operating costs.

Mr. Fick moved that the Board of Governors approve, and the Board President sign, a resolution authorizing UCM to submit an application to the Health and Educational Facilities Authority of the State of Missouri for the purpose of issuing revenue bonds to provide for the financing of the proposed Student Recreation and Wellness Center. The motion was seconded by Mr. Hicklin and carried unanimously.

***Board Committee on Student and Alumni Affairs***

Ms. Williams, Chair of the Board Committee on Student Affairs, reported that the committee did not meet this month.

***Board Business Items***

**Request for Closed Session** – Agenda Item No. 9

Mr. Fick moved pursuant to RSMO 610.021, that the UCM Board of Governors meet in closed meeting, with closed record and closed vote, following the January 22, 2009, Plenary Session for the purpose of considering real estate matters, legal actions, and personnel matters. The motion was seconded by Mr. Hicklin and carried with the following roll call vote:

Walter Hicklin	aye	Deleta Williams	aye
Lawrence Fick	aye	Mary Long	aye
Weldon Brady	aye	Richard Phillips	aye

## **Adjournment**

There being no further business, Mr. Hicklin move that the meeting adjourn. The motion was seconded by Mr. Fick and carried unanimously. The meeting adjourned at 12:20 p.m.

*University of Central Missouri  
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Plenary Session  
Attachment Listing  
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<u><i>Attachment No.</i></u>	<u><i>Attachment Description</i></u>
<i>1</i>	<i>Center for Alternative Fuels and Environmental Systems Brochure</i>
<i>2</i>	<i>E-mail Re: CBHE Mission Review</i>
<i>3</i>	<i>Master Plan Power Point</i>
<i>4</i>	<i>ESCO Power Point</i>
<i>5</i>	<i>Briefing Paper – Revenue Bond Issuance</i>