

University of Central Missouri
Board of Governors
Plenary Session
January 22, 2009

The University of Central Missouri's (UCM) Board of Governors convened in Plenary Session on Thursday, January 22, 2009, at 8:30 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, Edward Baker, and Ryan Sanders. 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 expressed appreciation to Dr. Sonny Castro and the *MLK Freedom Scholarship Dinner* Committee for the work they did on planning the event. It was well attended and the guest speaker, Mr. Christopher Gardner, provided an inspirational message to the audience.

Mr. Phillips extended the Board's congratulations to the Mules and Jennies Basketball teams; to junior Tim Richmond who was named to the second-team Daktronics All-Super Region Fourfootball squad; and to senior soccer player Randi Fernsler who was named to the Daktronics All-America Third team.

Mr. Phillips acknowledged the unfortunate death of UCM student Katie Houlihan over the winter break. He noted that he contacted Katie's parents to extend the Board's condolences and that they were very appreciative and complimentary of all the help and support they received from UCM faculty and staff through this very difficult time. Mr. Phillips thanked the faculty and staff for their continued dedication UCM students, and announced that a memorial service would be held later in the Spring to honor those faculty, staff, and students who lost their lives this year.

Remarks by the University President – Agenda Item No. 3

President Podolefsky also expressed appreciation to Dr. Sonny Castro and the *MLK Freedom Scholarship Dinner* Committee for planning such a fine event.

President Podolefsky reported that he attended a special press conference in Kansas City yesterday afternoon, where Governor Jay Nixon addressed the importance of public higher education for the state. He noted he has worked with the public four-year university presidents over the past several weeks and appreciated the cooperation and dialogue that occurred in reaching an agreement for FY 2010 higher education funding. Governor Nixon announced that

he will recommend during his January 27 State of the State Address that the FY 2010 budget for four-year universities remain at the FY 2009 funding level. In exchange, the presidents pledged not to increase tuition or academic fees for the FY 2010 academic year. President Podolefsky noted that the recommendation will require the Legislature's approval.

Although the Governor's recommendation is good news for higher education, UCM must remain prudent in its financial planning. President Podolefsky reiterated that the Legislature must approve the Governor's recommendation, and even with a flat budget appropriation for FY 2010, it will still result in a budget cut for the university due to mandatory cost increases. As UCM moves forward, it will have to look for greater efficiencies in order to cover mandatory costs increases. President Podolefsky stated that there is likely to be a one-time non-based budget reduction in this fiscal year and that the most commonly discussed percentage is five percent.

President Podolefsky will be in Jefferson City next week to meet with different legislators. He noted that he was asked to chair the statewide Council on Transfer and Articulation and agreed to do so. He will attend a Council meeting next week. President Podolefsky will travel to Washington, D.C. on February 6 and while there will meet with federal legislators and visit with friends of the university.

General Session

Minutes of the November 19, 20, and December 5 and 11, 2008 Minutes – Agenda Item No. 4

Mr. Phillips called for approval of the minutes. The following motions were taken for each set of minutes:

Ms. Williams moved that the minutes of the November 19, 2008, meeting be approved. The motion was seconded by Mr. Fick and carried unanimously.

Mr. Fick moved that the minutes of the November 20, 2008, meeting be approved. The motion was seconded by Ms. Long and carried unanimously.

Mr. Hicklin moved that the minutes of the December 5, 2008, meeting be approved. The motion was seconded by Mr. Brady and carried unanimously.

Ms. Williams moved that the minutes of the December 11, 2008, meeting be approved. The motion was seconded by Ms. Long and carried unanimously.

Reports

Master Plan – Agenda Item No. 5

Dr. Betty Roberts reported that UCM has been working to develop a new campus Master Plan since 2006. The proposed plan has been well vetted by a number of constituencies both on and off campus and was presented to the Board of Governors at its December 2008 meeting. Board

members were asked to submit comments, suggestions for changes, and other feedback prior to the January meeting. Dr. Roberts noted there was a request to identify an alternative site for the new arts zone; however, no significant changes to the original proposal. She said the Master Plan is complete and ready for Board consideration. Dennis Strait of Gould Evans was present to answer questions.

Ms. Williams asked what the interest was in moving the arts zone. Mr. Strait said that following the December Board meeting, a town hall meeting was held. During this meeting, one individual raised questions about the potential synergies between some of the current art programs on campus and the proposed location of the new performing arts center. A slight modification was made to the plan to allow for an alternative site for the performing arts center and for the synergies between the arts programs to be further investigated in moving forward with implementation procedures for the Master Plan. President Podolefsky added that the real synergy between a performing arts center is going to be with the Department of Music. The plan is not set in stone and there are other potential locations.

Mr. Hicklin moved that the Board of Governors approve the Master Plan as presented. The motion was seconded by Mr. Fick and carried unanimously.

AlcoholEdu Program – Agenda Item No. 6

Dr. Rich Morrell introduced Ms. Michelle Hendricks, Director of Health Services, who provided a biannual alcohol program report for 2008. A copy of the Executive Summary and Power Point presentation made by Ms. Hendricks is included with the minutes as Attachment 1.

Proposed Legislative Agenda and Update – Agenda Item No. 7

Ms. Ann Pearce reported that Tab 4 of the meeting materials contained a briefing paper and proposed 2009 Legislative Agenda (Attachment 2). The proposed agenda contains seven major components as well as numerous other issues that will be monitored throughout the session. Ms. Pearce said the 95th General Assembly is in session and the State's budget is the major issue being discussed.

Mr. Hicklin moved that the Board of Governors approve the proposed 2009 Legislative Agenda. The motion was seconded by Mr. Baker and carried unanimously.

Mr. Wright was scheduled to give this report with Ms. Pearce, but had not yet arrived to the meeting when the report was given. Upon his arrival, Mr. Phillips invited Mr. Wright to give any additional remarks. He noted there are a number of issues that are currently being addressed not only by the individual states, but by the whole nation including immigration, state fiscal crises, tuition controls, and sustainability. Mr. Wright reported that Dr. Mike Nitzel, COPHE Chair, is making a presentation throughout Missouri concerning how universities can assist the State in its economic development. The Senate has been holding "issues" seminars that cover such topics as energy, childhood education, higher education, economic development, and transportation. These have been informative and well attended by a majority of the Senators.

Consent Agenda

Proposed Name Change for B.S. in Industrial Technology Degree Program – Agenda Item No. 8

Proposed Name Change for B.S. in Industrial Technology 2+2 Program – Agenda Item No. 9

Dr. Wilson stated that both of the items listed under the consent agenda lead to the same degree. The difference is that the B.S. in Industrial Technology Degree program has a curriculum for those students that completed their entire degree at UCM. The 2+2 Program supports UCM's articulation agreements with community colleges and specifies which part of the curriculum must be done at the two-year institutions and which part at UCM.

Dr. Wilson reported that UCM received word earlier this month that all of its industrial technology and industrial management baccalaureate and masters programs have received reaffirmation of their program accreditations from the National Association of Industrial Technology. These accreditations were for the maximum period for which NAIT accredits programs.

Supporting documents for each of these items were included with the meeting materials under Tabs 5 and 6 (Attachments 3 and 4).

Mr. Baker moved that the Board of Governors approve the recommended name changes for the B.S. in Industrial Technology and B.S. in Industrial Technology 2+2 programs. The motion was seconded by Ms. Long and carried unanimously.

Board Committee on Academic Affairs

Proposed A.S. Technology Degree Program – Agenda Item No. 10

Dr. Wilson referred the Board to Tab 7 of the meeting materials, which contained a briefing paper that proposed to reinstate an Associate of Science (A.S.) degree in Technology, pending approval by the Coordinating Board for Higher Education (CBHE) (Attachment 5).

Dr. Wilson said that UCM previously had A.S. degrees, but it was decided that these degree programs were not appropriate for a four-year university. UCM has reconsidered an A.S. degree in Technology and feels it is consistent with the university's academic mission and its statewide mission in professional and applied science and technology. The courses for the proposed two-year programs are already in place as part of the four-year technology programs. By providing the A.S. Technology degree program, UCM would be eligible to apply for vocational match funding for various kinds of equipment that are used in both a two-year and four-year program.

Mr. Baker asked when the change was made to eliminate the A.S. degrees. Dr. Wilson said in 2001 they were eliminated as part of a major budget reduction. He added that it did not result in much of a cost savings at the time, and that the elimination of the A.S. was more of a prevailing philosophy under the institutional leadership at the time.

Mr. Hicklin moved that the Board of Governors approve the implementation of an A.S. degree in Technology, pending CBHE approval. The motion was seconded by Mr. Baker and carried unanimously.

Proposed Program Changes for Aviation Department – Agenda Item No. 11

Dr. Wilson referred the Board to Tab 8 of the meeting materials, which contained information related to proposed program changes for the Aviation Department (Attachment 6). He stated that Aviation is a high-profile program at UCM, and there is a long-term plan for improving educational facilities at the airport. UCM is one of approximately 20 universities in the country that has accredited Aviation programs. Currently, the six baccalaureate degree options are under the single degree title of Aviation Technology. Dr. Wilson proposed that three of the degree options be listed as separate B.S. degree programs – Professional Pilot, Flight Operations Management, and Airport Management; and that the Associate degree in Aviation Maintenance Management be deleted. He explained that UCM has established an articulation agreement with community colleges so that students can transfer to UCM to complete a four-year degree.

Mr. Baker asked what the advantage is for eliminating the Associates degree in Aviation Maintenance. Dr. Wilson said there has been no enrollment in the Associates program for several years now.

Mr. Hicklin moved that the Board of Governors approve (1) the establishment of Bachelor of Science degree programs for Professional Pilot, Flight Operations Management, and Airport Management; and (2) the deletion of the Associate degree in Aviation Maintenance Management, pending CBHE approval. The motion was seconded by Ms. Williams and carried unanimously.

Preliminary Enrollment Management Update – Agenda Item No. 12

Dr. Wilson noted that the information presented today is preliminary and that more definite data will be provided following the census date. Dr. Matt Melvin was asked to present the update, which he did using the attached Power Point (Attachment 7).

Mr. Hicklin stated that Dr. Melvin and his staff do a very good job in assisting those students who are experiencing difficulty in their first semester of school through counseling and other services to ensure a more successful second semester. Dr. Melvin stated that his area established *Academic Recovery*, a program designed to assist those students who have been placed on academic probation.

Mr. Sanders noted that "open options" in the Persistence Rate by College slide is shown as 85 percent and asked the reason for this. Dr. Melvin explained that those students coming to UCM under the "open options" category enter the university without a definite major or career track which places them at higher risk for attrition than students entering the university with a definite academic major or career plan. Efforts are made to track these students through the semester in order to determine their number as well as the effectiveness of some intervention strategies that have been put in place to assist them with major/career decision making. All students admitted on a conditional basis enter the university as "open options." In order to track student sub-

populations, Enrollment Management breaks the persistence rate down by open option full admits vs. open option conditional admits. Open option full admits are currently persisting at 87 percent, and the fall to spring persistence rate for conditional admits is at 80 percent, which when averaged, lowers the total open options percentage.

President Podolefsky commended Dr. Melvin and his staff for their work. Mr. Hicklin noted that it is good for students to know that they can have a fresh start with a new semester, and faculty and staff have opportunities to make a real difference in the lives of the students.

Board Committee on Administration & Finance

Mr. Fick, Chair of the Board Committee on Administration and Finance, asked Dr. Roberts to present the following agenda items.

Quarterly Statement of Revenues and Expenditures – Agenda Item No. 13

Dr. Roberts asked Mr. John Merrigan to give the report. He referred the Board to Tab 9 of the meeting materials which contained the Quarterly Statement of Revenues and Expenditures (Attachment 8) and reviewed the statement.

President Podolefsky noted that there appears to be other funds in the carry forward that have not typically been in past years. He asked if the Student Recreation Center fee has been included with these carry forward funds. Mr. Merrigan stated that the Student Recreation Center fee earned in the current year is included with the student fees fall and spring line. However, the amount carried forward from the prior year is in the “Plant” carry forward fund and is specifically designated for the Student Recreation Center. Mr. Fick asked if President Podolefsky was referring to the \$3 million increase in carry forward funding reflected in the statement. President Podolefsky confirmed that this was the reference he was making, and that the carry forward from the Student Recreation Center fee, will be expended with the construction of the building. Also contributing to the carry forward increase is the \$900,000 excess investment income over budget in the prior year, the \$900,000 Blue Cross and Blue Shield reimbursement for favorable health care claims experience, and the excess Extended Campus tuition revenue over budget in the prior year. President Podolefsky stated that a committee has been established to prepare recommendations on how these funds can be used in the best interest of the university.

Quarterly Investment Report – Agenda Item No. 14

Mr. Merrigan reviewed the Quarterly Investment Report included under Tab 10 of the meeting materials (Attachment 9). Following his review, Mr. Merrigan stated that the university will continue investing conservatively in collateralized CDs until the economy becomes more stable.

Revenue Bond Issuance for Student Recreation Center – Agenda Item No. 15

Dr. Roberts introduced representatives of Edward D. Jones (bond underwriter) and Gilmore & Bell (UCM’s bond counsel). A briefing paper for the revenue bond issuance was included under Tab 11 of the meeting materials (Attachment 10). Mr. Merrigan explained the bond issuance

process, which included an extensive operational and financial review from bond rating agency Standard & Poor's. This resulted in an "A" rating. On January 15, UCM began marketing its bonds resulting in an overall interest rate of 4.63 percent for 20-year bonds. Mr. Merrigan said

that Edward D. Jones has sold \$13 million of the bonds and has agreed to underwrite the remaining \$7 million of the bond. Closing for the bond issuance is scheduled for January 29, 2009, after which UCM will receive \$20.5 million for the construction of the Student Recreation and Wellness Center. A handout showing the final bond pricing and debt service schedule were distributed and are included as part of Attachment 10 of the minutes.

Mr. Brady moved that the Board of Governors adopt and the Board President sign a resolution authorizing the issuance of the \$20.5 million bonds for the purpose of financing the construction of the Student Recreation and Wellness Center. The motion was seconded by Mr. Fick and carried unanimously.

Mr. Brady commended the staff, Edward D. Jones, and Gilmore & Bell for an outstanding job. He said Edward D. Jones' offer to underwrite the remaining \$7 million in bonds speaks very highly of the firm. Mr. Phillips added his appreciation and said that the signing of the resolution would occur immediately following the meeting and that a photograph would be taken of the full Board at that time.

Mr. Sanders asked what the next step is now that the bond resolution has been approved. Dr. Roberts stated that a request will be presented to the Board at its next meeting to begin renovation of the Morrow-Garrison Building.

Note: A copy of the signed resolution is included with Attachment 10 of the minutes.

Purchase of Electronic Procurement Software – Agenda Item No. 16

Dr. Roberts introduced Mr. Michael Sibert, Director of Procurement, and Mr. Steve Weisel of SciQuest. She referred the Board to Tab 12 of the meeting materials, which included a briefing paper (Attachment 11) requesting Board authorization to enter into a contract with SciQuest, Inc. for the purchase of Higher Markets E-Procurement Software with first-year maintenance, and four additional one-year maintenance agreements, which would enable UCM to improve purchasing efficiency and gain significant savings for the institution.

Dr. Roberts noted that thorough research was conducted of the E-Procurement marketplace, and that the SciQuest product is the only software known to offer on-line requisitioning, shopping, approvals, and order management capabilities with the ability to interface with UCM's Banner Finance system, thus this is deemed to be a sole source purchase.

Mr. Baker asked if the contract was competitively bid, and if so, what other bids were submitted. Dr. Roberts stated that this is a proprietary system and no other companies were found to offer software that interfaced with Banner, which UCM purchased at a significant cost approximately four years ago. Mr. Weisel added that SciQuest has an arrangement with SunGard and the

Banner product, and SciQuest is the only E-Procurement vendor that they work with. Between the two companies, SciQuest has invested 10 man years of effort to integrate the E-Procurement system with Banner. Mr. Baker asked if this product has been installed at other institutions. Mr. Weisel said it is currently installed at 80 colleges and universities around the world, with 25 of them being Banner institutions. Mr. Baker asked if there is any documentation available to show the savings these schools have experienced from using the software. Mr. Weisel said a study conducted by SciQuest, as well as one conducted by a private firm, showed the average customer will receive a 100 percent return on total investment within a period of anywhere from 6 to 15 months. Dr. Roberts said she analyzed the savings opportunities; spoke with a number of institutions; and visited with and sent a team to the University of Missouri who realized a \$24.3 million savings across its university system. National awards have been presented to the University of Missouri System for what it has accomplished through the implementation of the system. A return on investment was conducted at UCM and the university has been in discussions with SciQuest for two years.

Mr. Brady asked that information be shared on how this item was priced in relation to other institutions. Mr. Weisel said that SciQuest prices its products and services based on the operating budget of the university, and in exchange the university receives unlimited access to the system to include users and transactions. Mr. Hicklin said that UCM purchased the Banner System some years ago following a very exhaustive search for a system that would fit well with all the different university areas. Since the investment was made in the Banner System, any new software purchased must be compatible with it.

Mr. Baker expressed concern about proprietary systems and how they can potentially lock the university into undesirable situations. In private industry, this would not be considered good business practice. He said that when considering purchases, the university should keep its options open so that more than one company can interface with the school. Mr. Weisel said he understood Mr. Baker's concerns and offered as a testament to SciQuest that the firm has been in business for 11 years and has 127 customers, 80 of which are higher education institutions. The firm conducted a survey of its customers in 2008, which showed a 98-percent customer satisfaction rate and a 99-percent retention rate. The firm typically enters into five-year agreements. Last year, nine contracts were up for renewal, and all nine renewed. Mr. Weisel said that SciQuest prides itself on customer satisfaction and there are certain service levels that must be attained. If the firm does a poor job in servicing UCM, then the contract could be cancelled. Dr. Roberts said that UCM is very sensitive to proprietary systems and the implications associated with them; however, when an enterprise system requires a special interface, the institution has little choice in the matter.

Mr. Sanders asked if the contract is for five years. Dr. Roberts said the maintenance piece of the contract is for five years because it is a hosted function. Mr. Fick asked what the implementation time is for the system. Dr. Roberts anticipates starting a pilot in February, and noted that full implementation of the system should not be done without first doing a pilot. The purpose of the pilot is to acclimate UCM's Purchasing Department to the system and allow select staff members to use the system so that any adjustments that are needed can be done first. Dr. Roberts anticipates the pilot will last approximately three months.

Mr. Hicklin moved that the Board of Governors authorize UCM to enter into a contract with SciQuest, Inc. of Cary, North Carolina for the purchase of Higher Markets E-Procurement Software and first-year maintenance, at a cost of \$137,500, and four additional one-year maintenance agreements, at a cost of \$55,000 for each year for a total contract amount of \$357,500. The motion was seconded by Ms. Long.

Mr. Brady asked that the Board receive a report showing the savings following the first 12-months of use once the system is fully implemented. Mr. Baker asked if General Counsel reviewed the contract, and questioned whether it included an out if UCM is dissatisfied with the product after one year. Mr. Sibert said that UCM's General Counsel did review the contract which was originally prepared by SciQuest and worked with staff for two months to rewrite the agreement to the university's satisfaction. In answer to Mr. Baker's question concerning an out, Mr. Jeffrey Robinson of the General Counsel's Office said the out is tied to state appropriations. If something were to happen in regard to state funding and UCM was unable to fund the system, SciQuest would provide the university with an out. An out due to dissatisfaction with the product would be tied to a curing period. Mr. Baker stated that UCM should never have a long-term contract on anything related to technology without some sort of protection to the university. He said the university must be protected from the rapid changes that are occurring with technology today.

Following the discussion, *Mr. Phillips called for the vote. Mr. Baker voted no; all other Board members voted in favor of the motion. The motion passed.*

Board Committee on Student & Alumni Affairs

Ms. Williams, Chair of the Board Committee on Student & Alumni Affairs, said the committee did not meet this month; however, Dr. Rich Morrell provided her with a brief update on some of the things occurring within the Student Affairs Division, including:

- Facility and Food Services Contract – committee evaluation of the Request for Proposal responses began on January 20.
- Student Recreation & Wellness Center – designers are working to complete necessary construction documents for construction bidding.
- Housing – Student Affairs began its work to project room and board rates for FY 2010. A proposal will be brought to the Board in March.
- Career Services – Due to an economic downturn, it is anticipated that fewer jobs will be available for Spring graduates.
- MLK Celebration- A number of events will be held in honor and memory of the late Martin Luther King, Jr.

Mr. Hicklin noted that in 2008 an additional increase was tacked onto the originally proposed room and board rate recommendation. He said in light of the current economy, he hopes to not see this again for the coming year and would hope that the university would avoid making any kind of an increase. Dr. Morrell assured the Board that a careful review would be made and that every effort would be made to keep increases to the minimum. Mr. Brady noted that the additional increase last year was earmarked for the repair and deferred maintenance associated with housing and energy efficiencies.

Board Business Items

Request for Closed Session – February 26, 2009 – Agenda Item No. 17

There being no further business to discuss, 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 February 26, 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:

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|-----------------|-----|------------------|-----|
| Walter Hicklin | aye | Mary Long | aye |
| Weldon Brady | aye | Edward Baker | aye |
| Deleta Williams | aye | Richard Phillips | aye |
| Lawrence Fick | aye | | |

The meeting adjourned at 10:15 a.m.

University of Central Missouri
Board of Governors
Plenary Session
Attachment Listing
January 22, 2009

| <u>Attachment No.</u> | <u>Attachment Description</u> |
|-----------------------|---|
| 1 | <i>AlcoholEdu Program Executive Summary and Power Point Presentation</i> |
| 2 | <i>Briefing Paper – 2009 State Legislative Agenda</i> |
| 3 | <i>Briefing Paper - Proposed Name Change for B.S. in Industrial Technology Degree Program</i> |
| 4 | <i>Briefing Paper – Proposed Name Change for B.S. in Industrial Technology 2+2 Program</i> |
| 5 | <i>Proposed A.S. Technology Degree Program</i> |
| 6 | <i>Proposed Program Changes for Aviation Department</i> |
| 7 | <i>Spring Preliminary Enrollment Briefing Power Point</i> |
| 8 | <i>Quarterly Statement of Revenues & Expenditures</i> |
| 9 | <i>Quarterly Investment Report</i> |
| 10 | <i>Briefing Paper – Revenue Bond Issuance for Student Recreation Center; Final Pricing/Debt Service Schedule; and Bond Resolution</i> |
| 11 | <i>Briefing Paper – Purchase of Electronic Procurement Software</i> |