

University of Central Missouri
Board of Governors
October 25, 2013
Plenary Session

The University of Central Missouri (UCM) Board of Governors convened in Plenary Session on Friday, October 25, 2013, at 1:00 p.m. in UN 237B on UCM's main campus in Warrensburg, MO. Presiding over the meeting was Board President Marvin E. Wright. Also in attendance were Governors Gus Wetzel II, Walter Hicklin, John Collier, Mary Dandurand, Mary Long, Weldon Brady, and Kyle Shell. Others present included University President Charles Ambrose; General Counsel Henry Setser; and Assistant Secretary to the Board Monica Huffman.

Note: Although the minutes follow the order of the published agenda, items were taken out of order for presentation.

Plenary Session

Call to Order – Agenda Item No. 1

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

Remarks by the Board President – Agenda Item No. 2

Mr. Wright congratulated Governor Hicklin for receiving the Distinguished Alumnus Award from his alma mater, Missouri Valley College. Mr. Wright noted that he and President Ambrose attended a conference hosted by the Governor earlier this week. Governor Nixon was optimistic for increased funding for higher education. He reminded the Board of an invitation extended by the Criminal Justice Department to attend the Missouri Western Court of Appeals that will be held on UCM's campus on October 30.

Remarks by the University President – Agenda Item No. 3

President Ambrose began his remarks by welcoming those students present from the College Student Personnel program. Additional remarks included a summary of several Homecoming related activities including those that were service-related. He expressed excitement at the increased number of blood donors that resulted in students being turned away because there was no more storage room for the blood. He also expressed excitement at the amount of food donated for the Warrensburg food pantry, and elaborated on the results of a community-wide effort – Project Community Connect. President Ambrose said there is a great indebtedness for the many services that were provided to members of our community in need. He shared information about the University's kitchen cupboard that opened last month in the basement of the Student Recreation and Wellness Center, and said that a good number of people are taking advantage of this service.

President Ambrose shared that Student Governor Kyle Shell has been engaged with the *Team Impact* initiative. He asked Mr. Shell to share information with the Board about *Team Impact*. Mr. Shell distributed and reviewed information about the program (Attachment 1)

General Session

Approval of the Minutes – Agenda Item No. 4

Dr. Long moved that the Board of Governors approve the minutes of the September 19, 2013, Work Session and September 20, 2013, Plenary Session. The motion was seconded by Ms. Dandurand and carried unanimously.

Reports

Written Governance Groups Reports – Agenda Item No. 5

Mr. Wright said the written governance groups reports were included under Tab 8 of the meeting materials (Attachment 2), and again expressed the Board's appreciation for these informative documents.

Legislative Update – Agenda Item No. 6

President Ambrose stated that Governor Nixon held a meeting earlier this week in which he invited Presidents and Board Chairs to attend. Both he and Mr. Wright participated. President Ambrose said that HB 253 has caused many in state government to realize just how powerful a voice education represents. In the past couple of weeks, Governor Nixon has discussed education as a means of moving the economy forward and this week reemphasized to Presidents and Board Chairs his agenda for higher education including the completion goal, reduced duplication/waste, greater collaboration and a stabilized funding base. He recognized that performance funding is a consideration and promised a substantial increase in state appropriations to colleges and universities. It is unclear what "substantial" represents.

Governor Nixon also met with K-12 School Superintendents and shared this same information stating that he hopes to fully fund the formula for Missouri public education by the time he leaves office. President Ambrose is unclear about how this will be accomplished with a state revenue gap of \$560 million.

President Ambrose said that Henry Setser, Mike Racy and he met with representatives from the Department of Education and Governor's Office to brainstorm about ways to bring additional resources to programs like the Missouri Innovation Campus. He underlined that enrollment does matter, and that formula and performance funding and sources of new revenue are enrollment dependent and enrollment sensitive. If an institution is growing, it will be advantaged, making things less difficult.

President Ambrose said UCM hosted the Joint Committee on Education earlier this week. The primary focus was on K-12 and transfer funding. There was opportunity for a good earnest discussion about UCM and the importance of funding higher education. President Ambrose closed his legislative update stating that this legislative session is one where all of UCM's good work needs to be underlined and one where we will need to show that we are a leader in higher education, and that making an investment of dollars in the University will result in a good return on investment.

Mr. Wright expressed excitement about the potential of increased funding. He noted a positive outlook for higher education and said it is becoming apparent to others that UCM is paving the way for setting standards.

President Ambrose said that UCM has communicated to Senator Pearce there are opportunities to work together for a reasonable tax policy; to think about reform of tax credits; and to think about an investment of dollars for additional appropriations.

Missouri Innovation Campus Update – Agenda Item No. 7

President Ambrose shared information about the National Convening on Higher Education Innovation that is being sponsored by The Missouri Innovation Campus, the Lumina Foundation, Governor Jay Nixon's Office, and the Kauffman Foundation. He also displayed the website for the Convening where information related to the Convening schedule and speakers could be found. President Ambrose commended the entire University Relations Staff for their good work in developing the designs and the web page for the Convening.

Learning to a Greater Degree Contract Update – Agenda Item No. 8

Provost Curtis stated many healthy discussions are occurring on campus by and between Deans, Departments, Faculty Senate and faculty, all as a part of implementing the Learning to a Greater Degree Contract for Completion. Discussions centering on attendance, progress reports, and other important components of the Contract have been positive with the primary focus always on student success. She is pleased by the active involvement and participation by faculty across campus to contribute to this effort and commended Faculty Senate President Cheryl Riley for her leadership in facilitating many of these discussions.

Board Committee on Student Experience & University Advancement

Ms. Dandurand, Chair of the Board Committee on Student Experience & University Advancement, said the committee met earlier in the day and received an informative presentation about the Mentoring and Advising Program. Additionally, the Committee received an update on activities occurring within the area of Student Experience & Engagement. She asked Dr. Bax to review the list of activities distributed to the Board (Attachment 3).

Board Committee on Academic Affairs

Dr. Wetzel, Chair of the Board Committee on Academic Affairs, reported that the Committee met earlier in the day. He asked Dr. Curtis to present the following agenda items:

Charter Schools Update – Agenda Item No. 9

Provost Carter invited Dr. Vici Hughes to report on this item. Dr. Hughes reviewed information contained in a briefing under Tab 9 of the meeting materials (Attachment 4). Following Dr. Hughes' report, Mr. Wright asked if there has been improvement in all the schools' tests scores. Dr. Hughes said that improvement has been seen in most all the charter schools. There is some concern with the test scores of children attending Alta Vista and Hogan Preparatory middle schools, both of which have been in operation for three years. New students coming into the school are pulling tests scores down as a result of their previous educational exposure. Dr. Hughes reported that there are plans for expansion in some of the schools, but no new charters are coming forward which is likely a result of the rigor required by the Department of Secondary and Elementary Education. Board approval related to the expansion of Alta Vista and Della Lamb Charter Schools will be sought in the future. Mr. Wright asked about the status of Gordon Parks Charter School. Dr. Hughes said that the school is still in operation serving grades K-2.

Dr. Hughes reported the Missouri Charter School Association recently named Alta Vista High School "School of the Year," and Nicole Goodman, Principal for Scoula Vita Nouva, "Principal of the Year."

Dr. Long thanked Dr. Hughes for such an extensive report. President Ambrose commended Dr. Hughes and said she has taken a critical role in sharing her experiences and coalescing a statewide voice related to Charter Schools.

Board Committee on Finance & Administration

Mr. Brady, Chair of the Board Committee on Finance and Administration, reported that the Committee met earlier this morning.

Annual External Audit Report – Agenda Item No. 10

Mr. Brady said that following the regular Committee meeting, a Committee of the Whole was held for the Board to receive the external audit report from Rubin Brown (Attachment 5). The Board was pleased to receive a clean audit. *Mr. Brady moved that the Board of Governors accept the audit presented by Rubin Brown as presented. The motion was seconded by Mr. Collier and carried unanimously.*

Student Recreation Center Refinancing – Series 2013A – Agenda Item No. 11

Mr. Merrigan said Piper Jaffray attended the Board of Governor’s Work Session earlier in the morning and made a detailed presentation related to a recent solicitation to finance three series of tax-exempt bonds that include Series 2013A approximating \$16 million for the refunding of the Series 2009 – Student Recreation Center Bonds; Series 2013B approximating \$6 million for the funding of improvements to Walton Stadium; and Series 2013C approximating \$50 million for financing of a Mixed- Use Facility including approximately \$3.6 million in capitalized interest through October 1, 2015.

Clayton Holding LLC (Commerce Bank) provided the lowest interest cost proposal for the Series A bonds, with a 10-year term, upfront fees of \$35,000 and a proposed interest rate of 2.29%. Through the refinancing of Series 2013A, UCM will realize gross debt service savings of \$4.7 million over the remaining life of the Student Recreation bonds. Board approval is requested to enter discussions with the finalist, Clayton Holding LLC, (Commerce Bank) for the Series 2013A Bonds.

Stadium Improvement Bonds – Series 2013B – Agenda Item No. 12

Mixed-Use Facility Bonds – Series 2013C – Agenda Item No. 13

With respect to Series 2013 B – Educational Facilities Bonds (*Stadium Improvements*) and Series 2013C --Mixed-Use Facility Bonds, Mr. Merrigan said that U.S. Bank provided the lowest interest cost proposal for both the Series B (\$6 million) and C (\$46.1 million) bonds, with a 10-year term, no upfront fees, a proposed interest rate lock of 2.495%, and a make-whole prepayment provision. Board approval is requested to enter discussions with US Bank for private placements of (1) the Series 2013B bond to fund capital improvements related to the renovation of Walton Stadium(Phases 1 and 2), and (2) Series 2013C bond to fund capital improvements related to the construction of a new Mixed Use Facility, fund capitalized interest through October 1, 2015, and to pay costs of issuance. (Background information related to the Series 2013A, 2013B, and 2013C Bonds was extensively reviewed with the Board during its October 25, 2013 Work Session and included with these minutes as Attachment 6).

Mr. Brady remarked that the interest rates being offered on all the bonds are excellent, and that he is pleased that we are close to locking in the rates. The savings on the Student Recreation Center is tremendous at over \$4 million. Mr. Brady had an opportunity to talk with a Piper Jaffray representative following Board’s Work Session, who remarked on the great response UCM received from the marketplace. The representative attributed this to all the good things that have occurred over the past few years under the leadership of President Ambrose including increasing enrollment and programming, particularly at a time when other higher education institutions are struggling.

Mr. Brady moved that the Board of Governors authorize Piper Jaffray to continue the negotiations to finalize Series 2013A – Student Recreation Center Refinancing; Series 2013B -- Stadium Improvement; and Series 2013C – Mixed Use Facility Bonds with the intent of bringing a final recommendation to the Board for all three bonds in mid-November. The motion was seconded by Mr. Hicklin and carried unanimously. A teleconference will be arranged when final recommendations are available.

Mixed-Use Facility – Phase II Design Builder

Mr. Merrigan said a presentation was made to the Board during its Work Session earlier in the day and background information was presented (see Attachment 7) at that time. He provided a summary of the information in Plenary Session. Gould Evans attended the Work Session and provided a Power Point Presentation that included some conceptual designs. The project, which totals \$41,230,000, is the largest capital project in the University's history. Following a thorough and complete bid process, UCM's Evaluation Committee recommended the selection of McCownGordon/Treanor Architects for the University's Design Builder for Phase 2 of the Mixed-Use Facility Project. Management accepted the recommendation and brought it forward to the Board for consideration, along with a recommendation for continued value engineering to achieve other additive design alternates, all within the total University design-build project budget of \$42.15 million.

Mr. Brady moved that the Board of Governors approve (1) McCownGordon/Treanor Architects to serve as the University's Design Builder for Phase 2 of the Mixed-Use Facility Project at the guaranteed maximum price of \$41,230,000; and (2) in addition to the guaranteed maximum, approve continued value engineering to achieve other additive design alternates, all within the total University design-build project budget of \$42.15 million. The motion was seconded by Dr. Wetzel and carried unanimously.

Aircraft Parts – Agenda Item No. 14

Mr. Merrigan asked Dean Roger Best to present this item. Dr. Best reviewed background information contained in a briefing paper under Tab 11 of the meeting Materials (Attachment 8). *Mr. Brady moved that the Board of Governors award a one-year contract, with an option for four additional one-year renewal periods for the purchase of aircraft parts from Aero Performance and Hetrick Aviation. The initial contract term will run from January 1, 2014 through December 31, 2014. The motion was seconded by Mr. Collier and carried unanimously.*

Dr. Best introduced Mr. Steve Quick, UCM's new Director of Maintenance for SkyHaven Airport. He also expressed appreciation to Susan Brockhaus and Lisa Butler for their help in getting through the procurement process.

Quarterly Investment Report – Agenda Item No. 15

Mr. Merrigan reviewed the Quarterly Investment Report included under Tab 12 of the meeting materials (Attachment 9)

Quarterly Statement of Revenues & Expenses – Agenda Item No. 16

Mr. Merrigan reviewed the Quarterly Statement of Revenues & Expenses included under Tab 13 of the meeting materials (Attachment 10). With regard to the withholdings that were made by the State prior to the determination of SB 253, all funds have been returned to the University.

Board Business

Adjournment – Agenda Item No. 20

Before adjourning the meeting, Mr. Wright noted that today's meeting is historical with regard to the University's bonding capacity and approval of a Mixed-Use Phase II Design Builder.

There being no further business to conduct, the meeting adjourned at 2:25 p.m.

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Attachments Listing

<u>Attachment No.</u>	<u>Attachment Description</u>
1	<i>Team Impact Information Sheet</i>
2	<i>Governance Groups Reports</i>
3	<i>Student Engagement & Experience Activities Update</i>
4	<i>Charter Schools Update</i>
5	<i>RubinBrown Audit</i>
6	<i>Series 2013 Bonds</i> <i>- Student Recreation Center Refinancing – Series 2013A</i> <i>- Stadium Improvement Bonds – Series 2013B</i> <i>- Mixed-Use Facility Bonds – Series 2013C</i>
7	<i>Mixed-Use Facility – Phase II Design Builder Gould Evans PPT- Mixed-Use Development</i>
8	<i>Aircraft Parts</i>
9	<i>Quarterly Investment Report</i>
10	<i>Quarterly Statement of Revenues & Expenses</i>