

University of Central Missouri
Board of Governors
Work Session
September 18, 2104

The University of Central Missouri (UCM) Board of Governors convened in Work Session on Thursday, September 18, 2014, at 1:00 P.M. in Elliott Union 237A on UCM's main campus in Warrensburg, Missouri. Presiding over the meeting was Board President Marvin E. Wright. Other Board members in attendance included Gus Wetzel II, Weldon Brady, Walter Hicklin, Mary Long, Mary Dandurand, John Collier, and Elizabeth Wood. Also present was University President Charles Ambrose; Vice President for Law, Strategy and Policy Mike Racy; Assistant Secretary to the Board Monica Huffman; Vice President for Finance John Merrigan; Director of Human Resources Rick Dixon; and consultant Henry Setser.

Call to Order

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

Brief Update on 2015 Employee Health Insurance – Agenda Item No. 2

Mr. John Merrigan and Mr. Rick Dixon distributed and provided an update on UCM's Health Plan Renewal for Calendar Year 2015. Details of the report are outlined in Attachment 1 of these minutes; however, highlights shared by Mr. Dixon related to UCM's health plan with Blue Cross/Blue Shield Kansas City (BCBSKC) for 2015 included:

- An increase of 10.24% with UCM's portion of the increase at 7.7%
- The increase is a result of (1) UCM's claims expense increasing with an overall Loss Ratio of 90% (85% is the target goal); and (2) Administrative and stop loss rates increased across BCBSKC's entire book of business.
- Other significant changes include the mandated application of the employee's prescription copayments towards the Maximum Out-of-Pocket expense.
- BCBSKC will continue to provide UCM \$35,000 in wellness benefit funding to use as needed.
- 2014 UCM health contribution was \$7,906,398, and in 2015 is estimated to be \$8,511,567 (an increase of \$605,169).
- BCBSKS will continue its assistance in promoting the Qualified High Deductible Plan with the Health Savings Account. UCM would like to see the number of people participating double in 2015 (currently 35 participants) and will recommend UCM once again contribute \$600 toward the plans of those employees that accept into the program.

Mr. Dixon discussed options to help lower health care costs including an offer by BCBSKC to give UCM a .46% rate discount if the University can obtain 80% employee participation in its annual Health Risk Assessment and Biometric Screening. The Board discussed advantages and disadvantages of making the Health Risk Assessment mandatory for UCM employees. Mr. Dixon stated that if this is an option that the Board wants to consider, approval will be needed soon so that communication can be made to the campus. He stated the Assessment is planned for the first part of October and the number of people participating has steadily increased over the past two years.

Discussion was also held concerning the financial impact of carrying retirees on UCM's health plan. Mr. Dixon will review the implications, but noted that the number of retirees on the plan is decreasing as a large percentage of those retirees become eligible for Medicare. The Board was in agreement that the 2016 health plan will be bid. The process for this will begin immediately.

Mr. Hicklin asked if there is a provision in our current agreement with BCBSKC that places restrictions on the rate of increase. Mr. Dixon stated there are no such provisions. Mr. Wright asked if a lower rate could be obtained by rebidding the 2015 plan. Mr. Dixon said it's possible; however, rates are typically lower in the first year with a new carrier and then steadily increase in the years following. While rates are competitive, the assortment of services and programs offered also affect rates.

Mr. Merrigan noted that each percent of the increase equals \$80,000; UCM planned for a 5% increase and will make the necessary budget adjustments to accommodate the additional cost. Additional information will be provided to the Board at the October Board meetings.

Lee's Summit Facility – Agenda Item No. 2

President Ambrose distributed the most recent design copy of the Strategic Governance for Student Success Model prepared by University Relations. He then reviewed information contained in a PowerPoint (Attachment 2) related to growth at UCM's Central Summit Center and future space needs for the Central Summit Center and Missouri Innovation Campus that would involve UCM leasing space from the R-7 School District.

Consultant Henry Setser provided an overview of events leading up to the School District's decision to purchase land and build a facility that would house the Summit Technology Academy and UCM's Central Summit Center and Missouri Innovation Campus. The proposal to share and lease space to UCM is one that will allow both entities to realize lower costs for space. Architectural renderings of the facility, which is expected to be completed and open in August 2017, was shared with the Board (included as part of Attachment 2). There was discussion regarding UCM's current lease of space for the Central Summit Center from Carrow Real Estate Services, LLC, which expires in July 2015. UCM has an option to renew the lease for five years, but must make a decision whether to do so by October 30, 2014. Discussions with Carrow have also involved negotiations to extend the contract for two years in lieu of a renewal.

President Ambrose said he would like to provide assurance to the School District of UCM's interest related to a future lease agreement for space in a new facility so that it can be more intentional in regard to land acquisition for the facility. Mr. Brady said the School District intends to have a site determined in the next 60 days. He added that language should be included in any agreement with the School District that commits space to UCM once Central Summit Center's lease expires at current location. Mr. Wright asked if UCM is confident that future growth of Central Summit Center and the Missouri Innovation Campus will mandate a facility of the planned size. President Ambrose said that the future will include not only significant growth in international student enrollment, but also in degree and non-degree programs, all which are major elements of UCM's economic engine.

Mr. Wright stated the Board will need to make a decision at tomorrow's Plenary Session regarding the current lease for Central Summit Center. Mr. Brady asked if it would be possible to extend the contract two years, with an option to add up to three months in order to provide a cushion should any delays occur. Mr. Setser said that is possible.

Dr. Wetzel asked if the School District has past experience in constructing facilities of this size. Mr. Wright answered that the School District has had similar experiences with 13 other major projects. Mr. Wright closed the discussion by saying that the School District wants this arrangement to make sound financial sense for the University and has offered a lease arrangement that ensures this. A report related to this item will be made by the Finance and Administration Committee at tomorrow's Plenary Session and will include a recommendation related to space for Central Summit Center.

Request for Closed Session – September 18, 2014

There being no further business to discuss, *Dr. Long moved pursuant to the Missouri Revised Statutes, Section 610.021, that the UCM Board of Governors meet in closed meeting, with closed record and closed vote, for the purpose of considering real estate matters, legal actions, and personnel matters. The motion was seconded by Mr. Collier and carried with the following roll call vote:*

<i>Gus Wetzel</i>	<i>aye</i>	<i>John Collier</i>	<i>aye</i>
<i>Walter Hicklin</i>	<i>aye</i>	<i>Mary Dandurand</i>	<i>aye</i>
<i>Weldon Brady</i>	<i>aye</i>	<i>Marvin E. Wright</i>	<i>aye</i>
<i>Mary Long</i>	<i>aye</i>		

**University of Central Missouri
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September 19, 2104
Attachments Listing**

<u>Attachment No.</u>	<u>Attachments Description</u>
1	<i>UCM – Health Plan Renewal 1/1/2015 Policy Update</i>
2	<i>Strategic Governance for Student Success Model and PowerPoint – Lee’s Summit Facility</i>