

MINUTES
Board of Regents
November 16, 2012

The Board of Regents of Washington State University met pursuant to call in Open Meeting at 9:00 a.m., on Friday, November 16, 2012, at the WSU Spokane Campus in the Nursing Building, Room 205, Spokane, Washington.

Present: Regent Scott Carson, Chair; Regents, Ted Baseler, Harold Cochran, T. Ryan Durkan, Francois Forgette, Laura Jennings (via teleconference), Connie Niva, Rafael Pruneda, Ron Sims and Michael Worthy; President Elson S. Floyd, Provost and Executive Vice President Warwick Bayly.

1. Report from the Chair of the Board of Regents. Regent Carson welcomed everyone to the Spokane Campus. He added that he is grateful for the Regents to visit the branch campuses in order to see the tremendous progress that is being made, and the community contributions that the branch campuses support. He said the Regents attended a reception with many key business leaders from Spokane that has contributed to the success of the Spokane campus.

2. Report from the President of the University. President Floyd thanked the Board for the opportunity to report. He said that there are a number of items he would like to update the Regents and the public on, regarding the work and the activities of Washington State University. He first expressed his appreciation to Chancellor Pitcher for hosting the meeting on the Spokane Campus and for the reception the night before. He also recognized donors and benefactors for their generous contributions.

President Floyd updated the Board on a broad range of issues. The first being one that has been at the forefront of many conversations, regarding the allegations made against the Cougar Football Program. He stated that the integrity of the football program is of paramount importance and WSU has an obligation and responsibility to respond quickly and effectively to any allegations made to diminish that. Dr. Floyd feels the appropriate course for the institution was to call for two separate investigations.

President Floyd also reported that they have “weathered the storm” in reference to the computer glitches of the ZZUSIS system. He said that it has been vexing for WSU, however, they have assembled a good team. Vice President for Student Affairs and Enrollment, John Fraire, has assumed leadership and responsibility for further implementation of the system. He said that testing has started for the Spring semester and based on a report from yesterday, everything seems to be in order. He said that all of the financial aid due to students for the Fall semester has been awarded and they are poised to have a seamless circumstance during the Spring semester.

President Floyd reported that in light of the recent death of a student, he has assembled a presidential task force on alcohol education to make sure WSU is doing everything it can as an institution to rebuild alcohol prevention strategies. He said it is an important social issue that WSU must not only recognize but also deploy all of the possible collective resources.

President Floyd reported that the Spokane campus is WSU's Health Sciences Campus and as a consequence, the associated students of WSU Spokane have led an effort to Make the campus tobacco free. He said he is very pleased with their work and this is the second year they have worked toward this goal. He said conversations are already ensuing at WSU Vancouver, regarding a similar designation. He looks forward to seeing how those conversations evolve. He added that the important piece is that the effort is student led, and student driven. He said there is even some preliminary conversation on the Pullman campus as well. He also said it will be much more complex in Pullman; however, they will enthusiastically embrace the student initiative.

President Floyd reported that commencement is scheduled for December 8 and he is looking forward to having the Regents participate. He said there is some conversation in Vancouver right now about having commencement the last week of the semester which will coincide with commencement in Pullman. He said that this is a matter that each campus will work through this matter on their own so they can be consistent with their culture and tradition.

President Floyd said that extramural funding for the University continues to go up. He added that Dr. Nancy Magnuson, Interim Vice President for Research and Dean of the Graduate School, is doing an amazing job. He said they have empaneled a committee to look for a new Vice President for Research given the departure of Howard Grimes. He has asked Dr.'s Gupta and Mittelhammer to serve as co-chairs of the search committee for the Vice President for Research. There has been an institutional decision to separate the two positions. He said they were separated when he arrived at WSU, but due to the recent fiscal crisis in which they found themselves, they had combined the positions. However, based on the advice of faculty, they have once again decided to separate them. He said they will engage in an internal search for the Dean of the Graduate School and that Jay Starratt, Dean of Libraries, is serving as the chair of that committee.

President Floyd said that faculty and staff salaries are one of their highest priorities as they go into the upcoming legislative session. He said that he's been approached by staff members thanking him for the one-time 2% increase and that many individuals have only seen one increase in a period of eight years. He said WSU and the State of Washington can do better. He said they must do everything possible to retain, foster, and promote the intellectual capital and that compensation is an important associated ingredient.

President Floyd said he has had the great pleasure of working with Klye Erdman, ASWSU President and his amazing leadership team on tuition policy for summer session.

President Floyd said that due to some emerging structural issues, they will temporarily be closing the Nevada Street Bridge. He said they have given the university community some preliminary announcements about the closure beginning over the Thanksgiving holiday. He said traffic will have to be rerouted as a consequence of the closure, but there is no higher priority than the safety of the students and other pedestrians who use that bridge.

President Floyd reported that the research and scholarship of WSU's faculty continues to be one of the highest priorities. He said the faculty is doing an amazing job with new discoveries. They are defining their disciplines in very important ways and advancing the teaching priority within the institution.

President Floyd said that this is his sixth year as the President of Washington State University. He has greatly enjoyed and continues to enjoy leading the institution. He said there is a rhythm within higher education after a 5-year period when senior administrators and faculty start to be recruited by other institutions. He added that they are doing everything possible to retain faculty and administrators who give so much of their time, effort, and intellect on behalf of the institution. He said that it is an important priority, but the reality is, there will be some offers in which WSU cannot match and consequently some transitions.

Lastly, President Floyd reported on the upcoming Apple Cup Football Game that is scheduled for the Friday after Thanksgiving. He said he looks forward to hosting the Board and Governor Gregoire for her last Apple Cup as Governor of the State of Washington.

Regent Carson thanked President Floyd on behalf of the full Board for the communication he maintains. He said they are absolutely committed to the job he is doing at Washington State University and the great pride he has created in this institution.

3. Minutes. It was moved and seconded that the Board of Regents approve the minutes of the September 28, 2012, Joint Regents' Meeting and the October 5, 2012. Carried.

4. Reports from University Groups. Representative from each of the university groups—Faculty Senate, Administrative and Professional Advisory Council, Associated Students of Washington State University, the Associated Students of Washington State University Spokane, the Graduate and Professional Student Association, Foundation Board of Governors, and the WSU Alumni Association—reviewed their reports as

submitted. (*Individual written reports may be found online at the Board of Regents website or requested from the President's Office.*)

5. Focused Discussion – WSU Spokane. Chancellor Pitcher provided a presentation to the Board on Creating a Healthier Washington. See **Exhibit A** for full presentation.

6. External Affairs Committee Report. Regent Niva reported for Regents Jennings who joined via teleconference. She said that Colleen Kerr, Associate Vice President for Government Relations, provided a post-election overview of both the federal and state delegations. She added that they have been busy meeting with new members to educate them and indicated to them about WSU's interests. This will help preserve a quality education, and essentially rebuild the affordability of getting a four-year education, faculty salaries, leveraging partnerships, and capital projects.

She reported that one of the most important announcements following the election was the formation of the governor elect transition team consisting of Elson S. Floyd, President of Washington State University, Brad Smith, General Counsel of Microsoft, and Mary Alice Heuschel, Superintendent of the Renton Public Schools.

Lastly, Regent Niva reported that the committee heard from Dr. Bernardo regarding revisions to the agreement between Washington State University and the Washington State University 4-H Foundation. This will require Board action at the next meeting.

7. Academic and Student Affairs Committee Report. Regent Niva reported that the Academic and Student Affairs Committee heard from Provost Bayly regarding two name changes. The first name change is from the Ph.D. in Developmental Science and Prevention to the Ph.D. in Prevention Science. The second change is from the Department of Veterinary and Comparative Anatomy, Pharmacology and Physiology to the Department of Integrative Physiology and Neuroscience.

Regent Niva also reported that John Fraire, Vice President for Student Affairs and Enrollment, discussed the Presidential Task Force on Education and Prevention. The task force is charged to focus on areas of concern, including alcohol education programs, development and implementation of prevention program, early intervention approaches, care and treatment of overconsumption of alcohol, peer and mentor programs and treatment coordination between WSU and Pullman Regional Hospital.

Lastly, Regent Niva reported that the committee discussed the future action item on the Intermediate Accreditation report. She said that some Regents will be asked to participate in the coming months.

8. Finance and Audit Committee. Regent Worthy reported that the Finance and Audit Committee had a very long agenda and that some of the items brought before the Board are very complex and require considerable analysis. He reported that they heard from Internal Auditor, Heather Lopez, regarding the ongoing audit plans and he thanked her for her continuous leadership in that area. He also said that the committee received information on two future action items, including the Global Campus Tuition Rate and the leased space for the WSU Tri-Cities nursing program.

Regent Worthy reviewed the action items before the Board of Regents approval.

The Board took action on the following:

FY2014 Housing and Dining Rates. It was moved and seconded that the Board of Regents approve an increase in the Housing and Dining Rates, but not to exceed the following percentage from the FY2013 Rates in **Exhibit B**.

After his experience with the board over the past 6 years, Regent Worthy reported that the Football Operations Building is what he'd consider to be the most carefully analyzed capital project that the Board has considered. He reported that the committee heard from Athletic Director, Bill Moos, who reaffirmed his position that the Football Operations Building is a critical facility for the evolution of the football program. He outlined the 2.17 billion in capital projects throughout the Pac-12 Conference. This is elevating the level of competition in the conference, and significant investments are being made throughout the conference. It is vital for WSU to keep pace with those capital investments in order to remain competitive in the Pac-12.

Regent Worthy also reported that the committee has reviewed the financials associated with this facility as well as the impact on the Universities bonding capacity. He said that there was not any reason to believe that the project would constrain the Universities ability to bond future debt or that it would negatively impact the bond ratings of the university. Regent Worthy reported that the Board has consistently felt the bond ratings need to remain strong and there isn't any reason to expect that this project would change those circumstances.

Regent Worthy thanked President Floyd and Vice President Patterson for providing clarity to the many questions of the Board on this project and he said that he is satisfied with the evaluation that has been made. He added that as Chair of the Finance and Audit Committee, he spent a significant amount of energy on this project and he would like to personally make the motion to adopt Resolution #121116-443 to the full Board and welcome any comments from the Regents, due to a project of this magnitude.

Regent Sims said that there were several reasons why he will support the measure. The first reason is because of the considerable amount of work that was done on the stress

testing. He added that stress testing is based on the worst case scenarios, not on the best case scenarios. He also thanked President Floyd and his staff for the exhaustive financial plan provided to the Board, as well as addressing their questions. He said that he wanted to proceed forward knowing that it would not compromise WSU's credit rating and that there is sufficient revenue under a variety of circumstances.

Regent Sims said the second reason he will support the measure is because as a parent, if he had to make a decision on where his child was going to participate in this sport, he would want the school to have a facility that ensures the child's wellbeing and maximizes their protection.

Regent Baseler commented that the Athletic Department did a very effective job providing the benchmarks of the other eleven Pac-12 universities with the available facilities. He said that in almost in every case, the other schools have superior football operations facilities and that many universities in the Pac-12 are adding new state-of-the-art facilities. He said that it is important to have a top notch facility and according to the Athletic Director where WSU is now clearly towards the bottom of the Pac-12, in terms of athletic facilities. By adding the Football Operations Building, WSU would be in the top three. Regent Baseler added that he thinks it is very important to move ahead with this project because it is a clear recruiting advantage because it is something athletes look for when they choose a university.

Regent Carson said that it has been no secret that he has been one of the skeptics about the project due to the financial implications it has for the University. He said that he takes the fiduciary responsibilities very seriously because of the citizens of the state. He also said that if they were called to vote on this project eight or nine months ago when the Regents first looked at it and there was no question that he would not have voted in favor of it. He said that the data and the financial implications were inadequate. He complimented President Floyd and his staff for listening to the concerns of the Board as expressed at that time. He also thanked them for spending countless hours preparing the material that they needed to assure that the decision would be in the best interest of the institution and the young people that attend it. It also needs to be consistent with the fiduciary responsibility that they have to the citizenry of the state.

Regent Carson added that in his case and in the case of each board member, they have been thoughtful in the discussions they have had with the University, and amongst themselves, and he is now in a position where he believes he can support this measure. He said that he thinks his prior financial concerns have been addressed satisfactorily, and he compliments the University for the hard work in addressing them.

The Board took action on the following:

WSU Pullman, Martin Stadium Football Operations Building. It was moved and seconded that the Board of Regents adopt Resolution #121116-443, authorizing the Martin Stadium Football Operations Building project to proceed with a project budget not to exceed \$61 million, and delegated authority to the President or his designee to enter into any and all contracts necessary to complete the Football Operations Building, provided a total construction cost can be established within the project budget. Carried.

Regent Worthy continued to review each action item before Board approval:

WSU Pullman, General Revenue Debt for Athletic Facilities. It was moved and seconded that the Board of Regents adopt Resolution #121116-444, authorizing the issuance and sale of bonds or other obligations to be used for athletic facilities, not to exceed \$46,000,000, a maximum term not to exceed 30 years, and maximum interest rate not to exceed 5.0%, and delegated authority to the President, or his designee, to sell bonds or other obligations, including determining the final bond size, maturity schedule, redemption provisions, and timing of sale. Carried.

WSU Pullman, General Revenue Refunding Bond Resolution. It was moved and seconded that the Board of Regents adopt Resolution #121116-445, authorizing the issuance and sale of bonds to refinance the University's outstanding Housing and Dining System Revenue Bonds, 2004. The resolution also authorize the issuance of refunding bonds in an amount not to exceed \$12,000,000, so long as there is a net present value savings equal to at least 5% of the par amount of the bonds to be refunded as a result of the refunding; and delegated authority to the President or his designee, the Vice President for Business and Finance to sell bonds, determine the timing and method of sale of the bonds, final bond size, maturity schedule, and redemption provisions. Carried.

WSU Energy Program, Olympia Office Lease. It was moved and seconded that the Board of Regents adopt Resolution #121116-446, delegating authority to the President or his designee to enter into and executive a lease and any related transactional documents for the facility at 905 Plum Street SE, Olympia, Washington. Carried.

Visitor Center. It was moved and seconded that the Board of Regents adopt Resolution #121116-447, authorizing the Visitor Center project to proceed to construction, and delegated authority to the President or his designee to enter into any and all contracts necessary to complete the construction, through a design0-build process, within the total budgeted amount of \$2.5 million, which is inclusive of the previously approved amount of \$500,000 for design and pre-construction. Carried.

Summer Session Tuition Policy. It was moved and seconded that the Board of Regents approve to modify Executive Policy #10 regarding the establishment of summer session tuition (Exhibit C). Carried.

9. Public Comment Period. Mr. Chris Moor, Field Director, Washington Trust for Historic Preservation submitted a letter to the Board regarding the Jensen-Byrd Building.

11. Adjournment. In closing, Regent Carson said he is looking forward to attending the upcoming Apple Cup Game and wishing Governor Gregoire well in her future endeavors. He also mentioned that Fall Commencement will be held December 8, and that the next regular meeting of the Board will take place on the Tri-Cities Campus, January 24-25, 2013.

The meeting adjourned at 10:30 am.

Approved by the Board of Regents at its meeting held January 25, 2013, at the Consolidated Information Center, Rooms 212-214, Richland, Washington.

Chair, Board of Regents

Secretary, Board of Regents