

Agenda
Board of Regents
Meeting of the Full Board
October 31, 2008; 8:00 a.m. – 2:00 p.m.
Room 109 Butrovich Building
University of Alaska Fairbanks
Fairbanks, Alaska

I. Call to Order

II. Adoption of Agenda

MOTION

"The Board of Regents adopts the agenda as presented.

- I. Call to Order**
- II. Adoption of Agenda**
- III. Executive Session**
- IV. President's Report**
- V. Public Testimony**
- VI. Approval of the University of Alaska FY10 Operating Budget Request and FY10 Capital Budget Request**
- VII. First Review of the 6-Year Capital Improvement Plan**
- VIII. Update on University of Alaska FY09 Budget**
- IX. Approval of Trunk Road Right-of-Way Sale to State of Alaska**
- X. Approval of Honorary Degrees and Meritorious Service Awards for Spring 2009 and Beyond**
- XI. Board of Regents' Comments**
- XII. Adjourn**

This motion is effective October 31, 2008."

III. Executive Session

"The Board of Regents goes into executive session at _____ Alaska Time in accordance with the provisions of AS 44.62.310 to discuss matters the immediate knowledge of which would have an adverse effect on the finances of the university related to land and budget matters and matters that could affect the reputation or character of a person or persons related to honorary degree nominations. The session will include members of the Board of Regents, President Hamilton, General Counsel Brunner, and such other university staff members as the president may designate and will last approximately ____ hour(s). Thus, the open session of the Board of Regents will resume in this room at approximately _____ Alaska Time. This motion is effective October 31, 2008."

(To be announced at conclusion of executive session)

The Board of Regents concluded an executive session at _____ Alaska Time in accordance with AS 44.62.310 discussing matters the immediate knowledge of which would have an adverse effect on the finances of the university and which would affect the reputation or character of a person or persons. The session included members of the Board of Regents, President Hamilton, General Counsel Brunner, and other university staff members designated by the president and lasted approximately _____ hour(s).

IV. President's Report

V. Public Testimony

Public testimony will be heard at approximately 10:00 a.m. Comments are limited to three minutes per individual. The chair of the Board of Regents will determine when public testimony is closed. Written comments are accepted and will be distributed to the Board of Regents and President Hamilton by the Board of Regents' Office *following* the meeting.

VI. Approval of the University of Alaska FY10 Operating Budget Request and FY10 Capital Budget Request Reference 1-3

The President recommends that:

MOTION #1

“The Board of Regents approves the FY2010 operating budget request in accordance with the plan as presented. This motion is effective October 31, 2008.”

MOTION #2

“The Board of Regents approves the FY2010 capital budget request in accordance with the plan as presented with maintenance of existing facilities as its highest priority. This motion is effective October 31, 2008.”

POLICY CITATION

Regents' Policy 05.01.01.A. – Budget Policy, states, "The budget of the University of Alaska represents an annual operating plan stated in fiscal terms. All budgetary requests shall be adopted by the board prior to submittal to the Office of the Governor or the legislature."

RATIONALE/RECOMMENDATION

President Hamilton and Associate Vice President Rizk will provide an in-depth review of UA's FY10 Operating and Capital Budget Requests. During the presentation, changes from the previous drafts will also be discussed. **Reference**

1 and **Reference 3** provide details for the proposed FY10 Operating and Capital Budget Requests. UA's budget request includes:

- Operating funds focused in the strategic areas of K-12 bridging and partnerships, energy, engineering, climate, health programs and workforce and campus programs. Coupled with the state funding investment of \$11.9 million toward programs, additional university generated revenue will cover \$11.8 million toward these program expansions.
- Adjusted Base Requirements including compensation increases, and additional non-discretionary cost increases which include non-personnel services fixed cost increases, compliance mandates, utilities cost increases and new facility operating and maintenance costs at \$32.6 million. University-generated funding increases will cover \$15.1 million, with the remaining \$17.5 million requested from State funds.
- Priority capital needs including \$50 million, toward UA's Annual Facility Renewal, Renovation (R&R) and Code Compliance; UAF's Life Sciences Innovation and Learning Solution (\$82.2M state funding and \$20.6M university receipts); UAS's Auke Lake Way Campus Entry and Road Realignment (\$4.1M); and UAA's Sports Arena (\$65M state funding and \$10.0M university receipts). UA's Deferred R&R Reduction plan request of \$150M is necessary to reduce the deferred maintenance and R&R backlog. The \$50M annual funding and the \$150 backlog funding enables UA to begin addressing projects to bring UA's facilities to appropriate standards, codes, and programmatic needs, as well as other state funded and non-state funded capital planning and project requests.

Reference 2 provides the University of Alaska Performance Report. Associate Vice President White will provide highlights of the university's FY08 performance on key measures relative to FY07, FY08 and FY09 funding distributions and operating conditions and the anticipated FY10 increment request impact; MAU targets and goals on system wide performance measures through FY14; and UA performance goals, projected revenues and expenditures through FY19, in context of two draft fiscal plan scenarios.

VII. First Review of the 6-Year Capital Improvement Plan

Reference 4

POLICY CITATION

In accordance with Regents' Policy 05.12.032:

- A. Annually, within the capital budget process, each MAU will prepare and update a 6-year capital plan proposal. The MAU 6-year capital plan proposals, which are developed based upon approved strategic, academic

and other planning assumptions, will be consolidated into a systemwide 6-year capital plan in accordance with guidelines approved by the board and procedures established by the chief finance officer. The systemwide 6-year capital plan will be presented to regents' committees responsible for facilities and budgeting for review and comment prior to submission to the full board for approval. Once the 6-year capital plan is approved, the MAU 6-year capital plans shall consist of those projects in the sequence and with the funding sources as identified in the board-approved 6-year capital plan.

- B. The 6-year capital plans shall be reviewed and updated each year as part of the capital budget submission process. Year one of the approved systemwide 6-year capital plan, exclusive of any operating leases and other property or facilities funded from current operating funds, shall become the university's capital budget request for the next capital appropriation cycle.
- C. Each MAU shall include as part of its budget submittal such information regarding reportable leased facilities as may be requested by the chief finance officer.

RATIONALE AND RECOMMENDATION

Associate Vice Presidents Rizk and Duke will present the draft 6-year capital for review and discuss the ongoing requirement for annual renewal and renovation (R&R) funding, funding to reduce the deferred maintenance backlog to a reasonable level, and the anticipated capital improvement projects for FY11-FY15. The 6-year capital plan will be presented to the Board for approval at the December 1-2, 2008 meeting.

The inclusion of the project in the 6-year capital plan does not guarantee project funding. The plan incorporates all four MAU plans into a systemwide-plan. Since priorities inevitably change to adjust for planned and unplanned circumstances, the entire plan will be reviewed annually as part of the capital budget process and presented to the board for approval.

VIII. Update on University of Alaska FY09 Budget

Vice President Trubacz, Associate Vice President Lynch, and Controller Dosch will provide an update regarding the FY09 operating budget status.

IX. Approval of Trunk Road Right-of-Way Sale to State of Alaska Reference 5

The President recommends that:

MOTION

"The Board of Regents authorizes the Director of Land Management to execute all documents necessary to close the sale of the Trunk Road right-of-way to the State of Alaska for \$6,500,000, so long as the final terms and conditions of the settlement agreement are acceptable to General Counsel and the Chief Finance Officer. This motion is effective October 31, 2008."

POLICY CITATION

In accordance with Regents' Policy 05.11.060.B.4, real property transactions which have not been approved as part of a Development Plan and are expected to result in receipts or disbursements in the amount of \$1,000,000 or more in value, require approval by the Board of Regents.

RATIONALE/RECOMMENDATION

As part of its plan to improve the transportation system serving the Palmer and Wasilla area, the State of Alaska Department of Transportation and Public Facilities (DOTPF) is realigning and upgrading Trunk Road. The new alignment requires the acquisition of approximately 43 acres of University land located on the UAF Matanuska Experiment Farm and the UAA Matanuska-Susitna College (**Reference 5**).

In February 2007, DOTPF submitted offers to purchase the University's parcels within the new Trunk Road right-of-way. DOTPF offered a total of \$4,346,000 for the acquisition of the University's land (\$906,000 for the UAA Matanuska-Susitna College parcel and \$3,440,000 for the UAF Matanuska Experiment Farm parcel). Because Land Management did not believe that DOTPF's offer amount accurately reflected the value of the land, Land Management secured its own appraisals for the parcels. The University's appraisals valued the land at \$6,830,000 (\$1,480,000 for the UAA Matanuska-Susitna College parcel and \$5,350,000 for the UAF Matanuska Experiment Farm parcel).

Negotiations with DOTPF for this acquisition have been particularly contentious, given the significant difference of opinion on land values (a spread of \$2,484,000). On September 25, 2008, the University and DOTPF reached a tentative settlement agreement that would require DOTPF to pay \$6,500,000 to the University for acquisition of its lands, subject to Board of Regents' approval.

As of the date of the submittal of this agenda item, several ancillary issues remain unresolved (e.g., signage, driveways, final legal description). The administration will continue to work with DOTPF in an effort to finalize a settlement agreement

for the acquisition of the Trunk Road right-of-way on University lands. DOTPF has indicated that it will begin eminent domain proceedings to acquire the University's lands, if this transaction has not closed by November 15, 2008.

X. Approval of Honorary Degrees and Meritorious Service Awards for Spring 2009 and Beyond

The President recommends that:

MOTION

"The Board of Regents approves the list of nominees for honorary doctoral degrees as proposed for commencement exercises in the spring of 2009 and beyond, and authorizes Chancellors Pugh, Rogers and Ulmer to invite the approved nominees and announce their acceptance. This motion is effective October 31, 2008."

POLICY CITATION

Regents' Policy 10.03.020 states "The Board of Regents will approve individuals to receive honorary degrees and meritorious service awards and confer these degrees and awards."

RATIONALE AND RECOMMENDATION

Recommendations submitted by the University of Alaska Anchorage, University of Alaska Fairbanks, and University of Alaska Southeast for recipients of honorary degrees were sent under separate cover for Board of Regents' review prior to the October 31, 2008 board meeting.

XI. Board of Regents' Comments

XII. Adjourn