

MINUTES OF THE BOARD OF REGENTS
OF HIGHER EDUCATION
MONTANA UNIVERSITY SYSTEM

DATE: November 2, 1984
LOCATION: Montana Rooms, University Center
University of Montana
Missoula, Montana
REGENTS PRESENT: Morrison, Pace, Keck, McCarthy, Hurwitz, Lind
Commissioner of Higher Education Irving E. Dayton
REGENTS ABSENT: Redlin
PRESIDENTS ATTENDING: Bucklew, Carpenter, DeMoney, Tietz, Thomas
PRESIDENTS ABSENT: Erickson

The Board of Regents of Higher Education met in executive session from 9:30 a.m. to 10:55 a.m. on matters of collective bargaining and litigation.

The regular meeting of the Board of Regents was called to order by Chairman Morrison at 11:07 a.m. Roll call was taken and it was determined that a quorum was present.

Chairman Morrison called for additions or corrections to the minutes of the previous meeting. None were stated, and the minutes of the September 13-14, 1984 meeting were ordered approved.

Chairman Morrison stated that because of time constraints all matters on the committee agenda would be acted on by the full Board. Separate committee meetings would not be held.

Budget Committee

Jack Noble, Deputy Commissioner for Management and Fiscal Affairs, distributed and reviewed copies of his memorandum to Commissioner Dayton dated October 31, 1984 titled "Summary Explanation of University

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System Bond Refinances for 1984" (on file). The memorandum presented a simplified explanation for the four bond refinance issues the System has completed this year. Mr. Noble reviewed the one page summary for each campus that has completed a bond refinance. The summary provided the following information for each campus: amount of bonds issued - 1984; interest rate of new issue; amount of previous bond indentures defeased and interest rates; amount of escrow required to defease outstanding bonds; amount available for new projects and remodeling; estimated cash flow advantage over life of issue; cost of issuance. Mr. Noble noted that if the two bond issues before the Board today are approved and successfully completed, Eastern Montana College, Montana State University and the University of Montana will have defeased their previous indentures, and refinanced their bonded indebtedness with 1984 Series indentures. These provide increased bonding capabilities for the campuses with lower reserve and earnings requirements, and provide needed funds for remodel and improvement of facilities. Mr. Noble explained that defeasing the 1954 Indenture at Montana State University was particularly beneficial in that the legislature has had serious concerns relating to the issuance of serial bonds under that indenture, and with the amount of reserves required. Montana State University is anticipating bringing another refinance issue to the December meeting which will defease funds related to building fees.

Mr. Ron Kaiser, Municipal Underwriter with Boettcher and Company was also present, and responded to Regents' questions concerning the refinance issues.

Item 45-203-R1184, Preliminary Bond Resolution; Montana State University was then reviewed by the Board. Mr. Noble explained that this was part of the bond defeasance discussed earlier, and would authorize Montana State University to issue up to \$10 million of revenue bonds for facility improvement, primarily student housing. The amount of the issuance would be sized

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as they get closer to sale of the bonds. Chairman Morrison asked specifically what projects would be funded from this issuance. President Tietz distributed copies of a report titled "Montana State University On-Campus Living Planning" dated November 2, 1984 (on file) which documented Montana State University's need for renovation of existing single student housing to meet the needs of today's students, and the construction of additional family housing units. The report included a list of projects and estimated project costs. President Tietz urged the Board's favorable consideration of the preliminary bond resolution noting the favorable economic climate and the student housing occupancy rate which would maintain a cash flow sufficient to handle the bond sale. On motion of Regent Pace, Item 45-203-R1184 was approved.

Mr. Noble next reviewed Item 45-504-R1184, Final Bond Resolution for \$7,145,000; State of Montana, The Board of Regents of Higher Education, Montana College of Mineral Science and Technology facilities improvement and refunding revenue bonds, Series A, 1984, an addition to the agenda. The preliminary authorization on this item was approved by the Regents at the September 1984 meeting. The final resolution now before the Board has been revised to provide that the Chairman and the Secretary of the Board are authorized to confirm any change in the net effective interest that may occur in the offering, so long as the maximum net effective interest rate of the prior resolution is not exceeded. This amendment was proposed because the issue is anticipated to be offered before the next regular meeting of the Board and if approved, will prevent a special call meeting of the Board to approve the sale. Page 6 of the item has been amended to include the interest rates. Sale of the bonds is planned for November 19 or 20, 1984.

President DeMoney responded to Regents' questions, stating that three projects on the agenda of the Capital Construction Committee are projected to be completed with funding from the sale of the bonds. Those are: (1) an entrance addition and improvements to the dormitory facility,

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(2) additions and improvements to the HPER facility which include office, classroom and activity space, and additional locker room space for women, and (3) an addition and improvements to the Student Union Building. On motion of Regent Hurwitz, Item 45-504-R1184 was approved, as amended to include the new page 6.

Mr. Noble next reviewed the System's budgeting methodology as set out in the booklet entitled "Budget Recommendations, 1987 Biennium, October 29, 1984" (on file). He explained that the book provides a summary of all the budgetary actions the Regents have taken to date. Mr. Noble noted that the budget requests were based on enrollment estimates adopted by the Regents last July. Now that the fall enrollments are known, the estimates this budget were built on have become obsolete. The enrollment booklet will have to be amended to take those adjustments into consideration. This budget request was also prepared with the Regents' recommendation that funding of the formula be at 100%, as opposed to the current level budget which funded the formula at 97% for instruction and 95% for other support.

Capital Construction Committee

Bill Lannan, Director of Special Projects, reviewed the following three items on the committee agenda:

- Item 45-501-R1184, Authorization to Proceed with Final Working Drawings, Bidding and Construction of Addition and Improvements to the Student Union Building at an Approximate Cost of \$2,600,000; Montana College of Mineral Science & Technology
- Item 45-502-R1184, Authorization to Proceed with Final Working Drawings, Bidding, and Construction of an Addition and Improvements to the HPER Facility at an Approximate Cost of \$2,100,000; Montana College of Mineral Science & Technology
- Item 45-503-R1184, Authorization to Proceed with Final Working Drawings, Bidding, and Construction of an Entrance Addition and Improvements to the Dormitory Facility at an Approximate Cost of \$1,400,000; Montana College of Mineral Science & Technology

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Mr. Lannan explained that authority to plan each of the above three projects was granted to Montana Tech by the Regents at the March 2, 1984 meeting. That planning has been completed, and authority is now requested to proceed with the projects. Mr. Lannan reported that Items 45-502-R1184 and 45-503-R1184 are close to the original amounts estimated for those two projects. Item 45-501-R1184 which authorizes an addition and improvements to the Student Union Building at Tech, is considerably higher than the original estimate. He explained that the higher figure is the result of a study of the project by students, staff and an architect which resulted in a consensus that an addition to the current structure would be required to meet the needs of today's student population. Mr. Lannan recommended approval of all three items.

On motion of Regent Hurwitz, Items 45-501-R1184, 45-502-1184, and 45-503-R1184 were approved.

Mr. Lannan next reviewed the situation which has arisen at Montana State University which impacts access to certain service facilities. When the family housing project currently under construction was planned, it was known that the concept of reducing vehicular traffic through the complex would create access problems to Hedges Food Service Building, The SOB Barn, and the Child Day Care Center. No attempt was made to address this problem in the item approving the construction because it was believed that funds would not be available. The bids for the family housing project came in slightly lower than anticipated, and funds are available to plan and construct the access road. The Department of Administration has requested Regents' approval to incorporate this project into the original item approving the family housing construction. The estimated cost of the access road is \$65,000. An engineer will be selected using established procedures.

Regent Hurwitz moved that Item 42-202-R1283, Authorization to proceed with construction of the Married Student Housing Units originally authorized in 1979 and increase the project cost to \$4,150,500; Montana State University, be amended to include the access road project as set out above. The motion carried.

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Mr. Lannan reported that a meeting had been held with the physical plant directors of the System to begin implementation of the Regents' recently passed policy on removal, demolition or substantial alteration of System buildings which included provisions for identifying system-owned heritage properties. He noted that the Historic Preservation Officer of the Montana Historical Society met with the group. There is some controversy between the historical society and the System as to who has the authority to designate properties as heritage properties. Mr. Lannan will keep the Board informed.

Mary Beth Kurz, Legal Counsel at the University of Montana, distributed and reviewed a report on the proposed nomination of Fort Missoula Property to the National Register of Historic Places (on file). The University has filed an objection to such designation for the reasons set out in the report.

Discussion centered around the precedent that would be set if, over a unit's objection, properties can be designated as heritage properties. Under state statutes, the state historic preservation officer is to adopt rules outlining procedures by which a state agency that has no rules shall systematically consider heritage property on state lands. No evidence can be found in the Administrative Rules of Montana that such rules have been adopted and promulgated as provided by section 2-4-312, MCA. The Regents, however, consulted with the Historical Society and adopted rules for use in identifying and preserving heritage properties owned by the University System.

President Tietz reported on similar problems encountered by Montana State University. Some heritage property designations affect use of the property. Montana State University has had on-going discussions on designation of properties at the Agricultural Experiment Station, Fort Assiniboine, and others.

It was agreed that the State Historic Preservation Review Board should be advised that the University continues to object to inclusion of its property in the National Register of Historic Places. The System

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will continue to vigorously object to outside agencies making these determinations on System-owned property, and will proceed with the listing of heritage properties under the procedures in Regents' Policy.

By-Laws and Policy Committee

Commissioner Dayton noted that there were no action items on the Policy Committee agenda. He briefly reviewed the two items on the submission agenda, stating that the revisions set up an evaluation process for the Commissioner and the presidents which follow closely what has been done in the past couple years. It is the belief of the presidents as well as the Commissioner that these draft policies would work well and have a positive effect. On motion of Regent Keck, the following items were received for consideration at a future meeting:

Item 26-002-R0180, Performance evaluation; presidents; Montana University System (REVISED)

Item 17-003-R0777, Performance evaluation; Commissioner of Higher Education; Montana University System (REVISED)

Mr. Lannan reviewed Items 45-901-R1184, Approval of the Respective Forms and Authorization of the Execution and Delivery of a Guarantee Reserve Agreement, a Depository Agreement and two Guarantee Agreements, and Approval of a Guaranteed Agreement; Montana Higher Education Student Assistance Corporation. The item authorizes approval of forms and execution and delivery of documents needed for MHESAC's issuance of Weekly Adjustable/Fixed Rate Student Loan Revenue Bonds, 1984A. Proceeds of that sale will be used to acquire student loan notes and to fund a reserve and pay costs of issuance of the Bonds. On motion of Regent Keck, the item was approved.

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Curriculum Committee

On motion of Regent Pace, the following items were received for consideration at a future meeting. There were no action items on the committee agenda.

Item 45-101-R1184, Name Change Within the School of Education; University of Montana

Item 45-202-R1184, Authorization to establish a Department of Entomology in the College of Agriculture; Montana State University

Collective Bargaining Committee

Dr. Schramm, Chief Legal Counsel, distributed copies of a joint letter to the Board signed by both Charles Davies, Business Manager, International Union of Operating Engineers and Dr. Schramm. The letter expressed the strong preference that System employees represented by that union feel for a two week payroll period instead of the monthly schedule in effect at some campuses. No substantive agreement could be reached on the matter of payroll periods, so rather than prolong negotiations the parties agreed to specifically inform the Board of the employees concern. Dr. Schramm noted that no action was requested of the Regents; the matter was informational at this time.

Regular Agenda

Residency Appeals

Chairman Morrison asked if either of the students with residency appeals before the Board were present or represented, and received no response. It was the consensus of the Board that both appeals would be heard.

Dr. Schramm outlined the facts in the residency appeal of Donald Callison, Montana State University as set out in the memorandum from the Commissioner to the Board dated October 22, 1984 (on file). Commissioner Dayton upheld the campus decision denying Mr. Callison in-state residency status for fee purposes.

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Next Dr. Schramm reviewed the residency appeal of Abool Hassan Mehrsadeh, Montana State University, as set out in the memorandum from the Commissioner to the Board dated October 22, 1984 (on file). Commissioner Dayton upheld the campus decision denying Mr. Mehrsadeh in-state residency status for fee purposes.

After discussion, Chairman Morrison called for a motion to uphold or reject the Commissioner's decision in the two residency appeals. On motion of Regent Hurwitz, the Commissioner's decision denying in-state status to Mr. Callison was upheld. On motion of Regent McCarthy, the Commissioner's decision denying in-state residency for fee purposes in the appeal of Mr. Mehrsadeh was upheld.

Commissioner's Report

Commissioner Dayton introduced President Thomas, who introduced Dr. Rex Myers, recently-appointed Acting Dean of Education and Continuing Education, Western Montana College. He noted that Dr. Myers received his Ph.D. from the University of Montana, and has been on the faculty at Western for six years. Commissioner Dayton stated that Dr. Myers has served Western well as an excellent teacher, and has served as Chairman of the Humanities, and Chairman of Liberal Studies in an acting capacity. The Board and the Commissioner welcomed Dr. Myers to his new responsibilities at Western.

Mr. Chuck Brooke, Vice President of the Missoula Area Chamber of Commerce, was recognized by the Chairman. Mr. Brooke stated that it was his pleasure to inform the Board that this year's Champion Award which is the corporate good citizen award designed to recognize an organization which has contributed in a meaningful way to the improvement of the community, is being presented to the University of Montana for its contributions to Missoula by many of its faculty members, administrative officers and President. President Bucklew accepted the award on behalf of the University. He thanked the Chamber for the award, and also expressed his thanks to the Board of Regents who support the University's activities across the state.

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President Bucklew also introduced James Lopach, Acting Director of the Mansfield Center at the University of Montana. He stated that Dr. Lopach and other faculty at the University have been key contributors in the development of the Center. President Bucklew noted that the Mansfield Center is moving from its location on-campus. It is hoped the Center will be in place at its new location next fall. The Center is also involved in a search for two major professors and a Director.

Commissioner Dayton reported that in accordance with authorization granted him at the last Board meeting to formulate search committees for the office of president at Western Montana College, Northern Montana College and Montana Tech, he had solicited candidates for the committees from each of the units. He then read his recommendations for membership for each committee into the record (on file). On motion of Regent Pace, the membership of the three search committees recommended by the Commissioner was concurred in by the Board.

Copies of the "Montana University System Student Guide to Montana's Residency Policy" were distributed to the Regents for their information. The booklet will be distributed to students who have questions concerning in-state residency status for fee purposes.

Copies of the college preparatory program poster/brochure which will be sent to all the high schools in the state were also distributed to the Regents. The brochure provides a college preparatory planning guide, with additional course suggestions for students who have decided upon a specific career field.

Commissioner Dayton reported on activities of the Hazardous Waste Task Force. A marker to be displayed on the door of any room containing hazardous wastes has been designed by the Task Force. The objective is for each campus to start labeling rooms containing such wastes so that in the event of an emergency, or for informational purposes, people will be informed of the types of hazardous wastes located on the campuses. The identification system devised by the Task Force has received enthusiastic support from the legislative committee dealing with the subject.

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In response to a question raised by Regent Pace, discussion was held on the Regents' Computer Fee. Under that policy, ten percent of all collections are reserved on-campus for system-wide projects for the benefit of all units. Those funds may be released by the Commissioner to the individual campuses upon yearly review. After brief discussion on appropriate use of that portion of the fee revenues, Chairman Morrison stated the matter would be discussed further at the Regents' workshop.

The Council of Presidents, Superintendent of Public Instruction, Board of Public Education, and Faculty Association had no reports.

The Montana Associated Students distributed copies of the program from the 3rd Annual MAS Conference held at the University of Montana on October 26-28, 1984. The conference was considered a great success by those participating.

On motion of Regent Keck, the following items were approved:

- Item 45-100-R1184, Staff, University of Montana
- Item 45-200-R1184, Staff, Montana State University
- Item 45-201-R1184, Retirement of Lucille Thompson;
Montana State University
- Item 45-300-R1184, Staff, Agricultural Experiment Station
- Item 45-400-R1184, Staff, Cooperative Extension Service
- Item 45-500-R1184, Staff, Montana College of Mineral Science
and Technology
- Item 45-500A-1184, Staff, Montana Bureau of Mines and Geology
with Addendum
- Item 45-600-R1184, Staff, Western Montana College
- Item 45-700-R1184, Staff, Eastern Montana College
- Item 45-800-R1184, Staff, Northern Montana College

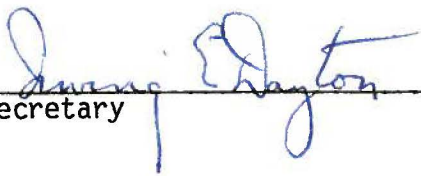
The meeting adjourned at 12:40 p.m. Following lunch with faculty, students and staff, the Regents toured the Performing Arts Radio/TV Building and attended a briefing on the University of Montana--Economic Development. At the conclusion of the briefing, an open forum was held for Regents, faculty, students, staff and interested persons.

The next regularly scheduled meeting of the Board will be held on December 13-14, 1984, in Havre, Montana.

SIGNATURE PAGE
BOARD OF REGENTS OF HIGHER EDUCATION
MINUTES OF NOVEMBER 2, 1984

APPROVED:

Chairman, Board of Regents of Higher
Education, Montana University System


Secretary