

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

DATE: July 26, 1985

LOCATION: Conference Room
Montana University System
33 South Last Chance Gulch
Helena, Montana

REGENTS PRESENT: Morrison, Hurwitz, McCarthy, Paoli, Redlin
Scully

REGENTS ABSENT: Lind

PRESIDENTS PRESENT: Bucklew, Erickson, Tietz, Treadway;
Vice President Roy Turley attending
for President DeMoney;
Vice President Samuel Rankin attending
for President Carpenter

PRESIDENTS ABSENT: Carpenter; DeMoney

The Board of Regents met in executive session from 9:30 a.m to 11:05 a.m.

The Board convened in open session at 11:15 a.m. at the conclusion of the executive session. Roll call was taken and it was determined that a quorum was present.

The Chairman called for additions or corrections to the minutes of the previous meeting. None were stated, and the minutes of the June 20-21, 1985 meeting were ordered approved.

Chairman Morrison stated an Acting President had been selected for Montana Tech. At his request, Regent McCarthy read the following resolution into the record, and moved its approval:

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Dr. Irving E. Dayton is appointed acting president of Montana College of Mineral Science and Technology for the period of August 16, 1985 through June 30, 1986. His current salary of \$71,700 for fiscal year 1985-86 shall be maintained, with the office of Commissioner of Higher Education being responsible for \$14,825 of the total, and Montana Tech being responsible for the remaining \$56,875. Annual leave and accrual shall continue to follow the procedures of the office of the Commissioner of Higher Education. The Board of Regents continues to recognize Dr. Dayton's right to reassume a tenured faculty position at Montana State University at the completion of the assignment at Montana Tech. Montana Tech will assume the expenses of moving personal and household belongings from Helena to Butte, and a move from Butte to Bozeman, if necessary to assume a position at Montana State University, will be paid by the office of the Commissioner of Higher Education. While serving as acting president, Dr. Dayton will be required to reside in the presidential home and will be entitled to all other perquisites of the office of the president. If Dr. Dayton chooses to retire at the completion of his term as acting president any accrual of payments due him under law shall be shared as follows: one-half by the office of the Commissioner of Higher Education, one-third by Montana State University, and one-sixth by Montana Tech.

The motion carried unanimously.

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Chairman Morrison congratulated Dr. Dayton on his new assignment, one of many in his long career with the Montana System. He stated the Regents' belief this will be beneficial both for the System and for Montana Tech. Dr. Dayton will bring unique insights to the presidency at Tech, and is extremely well-qualified for the position.

Regent Hurwitz moved that Dr. Carrol Krause, Deputy Commissioner for Academic Affairs, be appointed Acting Commissioner of Higher Education effective August 16, 1985, at an annual salary of \$68,000. The motion carried unanimously.

Capital Construction Committee

Item 48-101-R0785, Resolution Authorizing the President of the University of Montana to Negotiate and Execute on Behalf of the Board of Regents, Subject to Review and Approval by the Commissioner of Higher Education, a Lease of a Portion of its Property to the University of Montana Foundation for the Construction of a New Stadium, was reviewed by Bill Lannan. Mr. Lannan recommended the item be amended on page 2, section 3, to provide that the Foundation obtain a performance bond for all work in the amount of the total dollar value of the project. After discussion of whether it was the obligation of the Foundation to obtain the bond, or the general contractor when that person was selected, it was agreed to amend the item to state the Foundation will receive such a bond or require it is provided some other like assurance of performance. On motion of Regent Hurwitz, the item was approved as amended.

President Bucklew also responded to questions of Regent Paoli regarding use and management of the two new practice fields adjacent to the river. He explained those are separate from the resolution before the

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Board. The University has just received approval from the City of Missoula to vacate 4th Street so construction of the fields can begin. Funds are available. Three fields are anticipated to be constructed for multiple uses such as recreation, intra-murals, and football practice. They will not be owned by the Athletic Department, but will be scheduled through the Recreation Department.

Item 48-203-R0785, Authorization to Remodel Hedges Dormitory Complex Food Center and Proceed to Obtain an Architect for the Project; Montana State University, was reviewed by Mr. Lannan. The authorization would allow MSU to make necessary changes to the food center in accordance with MSU's on-campus living improvement program reported to the Regents on November 2, 1984 and the related bond sale. The changes that will be accomplished are set out on the item. On motion of Regent Hurwitz, the item was approved.

Mr. Lannan reviewed Item 48-204-R0785, Langford Lot Maintenance; Montana State University, noting as set out on the item, the existing gravel lot is inefficient, and in addition this authorization will allow MSU to eliminate an unsafe entrance which is located adjacent to the busy intersection of College Street and 11th Avenue. On motion of Regent Hurwitz, the item was approved.

Item 48-205-R0785, Reroofing of H&PE Pool; Montana State University, was reviewed by Mr. Lannan and President Tietz. The roof was originally constructed in 1973, and over the years exterior moisture and interior condensation have caused the plywood deck, which is the supporting structure, to rot. Necessary provisions for controlling interior condensation have been made, and it is essential to replace the roof deck and not subject the structure to another winter. Thomas Robinson, Dean of

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Student Affairs, was present and spoke to the emergency nature of the project. On motion of Regent Hurwitz, the item was approved

Additions to the Capital Construction Committee Agenda

Item 48-104-R0785, Authorization to Plan and Complete Parking Lots; Unviversity of Montana, was presented by President Bucklew. He spoke to the parking fee increase approved by the Regents at the June meeting. At that meeting he indicated that the University was anxious to improve the last of the dirt and gravel parking lots, and planned to use some of the income generated by the fee increase to do so. The estimated cost of the project is \$60,000, and funds are available from the vehicle registration fees. On motion of Regent Hurwitz, the item was approved.

President Bucklew explained Item 48-105-R0785, Restore Ballroom Ceiling at the University Center; University of Montana, has been bid, and was originally estimated to be below \$25,000 and would not require Regent authorization. The bids were higher than anticipated, and in addition it was discovered asbestos abatement work needs to be done on the ballroom ceiling to eliminate a potential health hazard to users of the facility. The estimated cost of the project is now \$65,000, and will be funded from Auxiliary Services funds allocated for that purpose. On motion of Regent Hurwitz, the item was approved.

President Tietz spoke briefly on the plan for the issuance of bonds for construction at the Museum of the Rockies at Montana State University. At his request, Vice President Nopper explained the details of the proposal as set out on the "Proposed Financing of Museum Addition" and accompanying brochure (on file). Regent concurrence was requested for the proposal, but no action was required.

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Chairman Morrison stated that without objection the regular order of the agenda would be interrupted to allow members of the National Guard to present a special award to Dr. Carrol Krause. The Adjutant General's Resolution was read stating the Guard's appreciation to Dr. Krause for his assistance in instigating an educational training program for guardsmen that is unique in the United States. At the conclusion of the reading of the resolution, Adjutant General James W. Duffy presented a plaque to Dr. Krause conferring on him the National Guard Bureau Guardsman Award in recognition of patriotic service to the National Guard. Dr. Krause stated his appreciation for the award, and accepted on behalf of himself and the Continuing Education Directors and Academic Officers of the University System without whose participation the program would not have been developed.

Budget Committee

Bill Lannan, Community College Coordinator, reviewed Items 48-2001-R0785, Operating Budget, 1985-1986; Dawson Community College, Item 48-4001-R0785, Operating Budgets, 1985-1986; Miles Community College, and the revised Item 48-3001-R0785, Operating Budgets, 1985-1986; Flathead Valley Community College replacing the original item submitted with the agenda. He also distributed and reviewed copies of a spread sheet on community college funding and budget allocations. After discussion, Regent Scully asked Mr. Lannan to provide a similar analysis of the three to four years previous to the years covered on the spread sheet. On motion of Regent Hurwitz, Items 48-2001-R0785, 48-4001-R0785, and the revised Item 48-3001-R0785 were approved.

Mr. Lannan then reviewed Item 48-4002-R0785, Authorization to Implement a Computer Fee; Miles Community College. He noted the Regents' concern on the previous

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two community college computer fee policies has been met, and provisions are made in the policy to provide for student in-put in the use of the funds. Mr. Lannan also noted copies of the Regents' policy on computer fees were sent to all the community college with the request they develop a trustees' policy that would closely parallel Regents' policy. On motion of Regent Hurwitz, the item was approved.

Jack Noble, Deputy Commissioner for Management and Fiscal Affairs, reviewed Item 48-103-R0785, Bond Resolution; University of Montana. The item authorizes the University to investigate the feasibility of issuing approximately \$15,500,000 of 1985 "Series A Refunding Bonds", and to explore the most cost effective method of acquiring computer hardware and software. Mr. Noble explained all the campuses are considering defeasing their 1984 issues because of the change in interest rate and in federal laws which prohibit advance refunding. Mr. Noble and President Bucklew responded to Regents' questions concerning revenue streams for the issue. These would consist of revenues pledged to the existing indentures with no additional revenue sources other than the ticket tax for athletic facilities. Regent building fees pledged to the 1984 indenture would be pledged to the new issue. The interest rate is more favorable than it has been in the last five years. The Univeristy will be working with Evenson Dodge in preparation of the issue. The University believes it is an appropriate time for this action. The proceeds of the bonds would be used to refund \$8,725,000 of the 1984 Auxiliary and Building Fee Bonds, and in addition the University would realize approximately \$6,775,000 in new money to be used as set out in the item. The item also provides authorization to explore the most cost effective method of acquiring computer hardware and software in the event the System's master

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indenture for those acquisitions is not realized, which Mr. Noble stated was not anticipated. On motion of Regent Hurwitz, Item 48-103-R0785 was approved.

Mr. Noble presented Item 48-603-R0785, Agreement between the Board of Regents of Higher Education and the Montana State Board of Examiners for financing a capital construction project consisting of the acquisition and construction of an indoor swimming pool and related improvements; Western Montana College. He cited the legislature's approval of the construction of the pool, and briefly reviewed the terms of the agreement. On motion of Regent Redlin, the item was approved.

Item 48-001-R0785, Inventory and Validation of Fees; Montana University System, was reviewed by Mr. Noble. He explained there are several different types of fees and charges authorized by the Regents, and this annual report serves as a quick reference for documenting the proper authorizations and provides the Commissioner's office with the accounting disposition of the revenue obtained from the fees.

As part of the report, Mr. Noble presented the estimated annual cost of attending a campus of the Montana University System compared with the previous year as set out in his memorandum to the Board dated July 26, 1985 (on file). Based on the assumptions used in Mr. Noble's memorandum, the percentage increase over the prior year is 9.9%. The estimated cost of four years of college (1985-89) in the Montana University System is \$15,424.25, which does not include incidentals. The item, presented in booklet form and separated by institution, provides the Board a listing of mandatory fees required for each institution for both in and out-of-state students. Mr. Noble responded to Regents' questions on specific fees.

On motion of Regent Redlin, Item 48-001-R0785 was approved.

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Item 48-002-R0785, Resolution Authorizing the Commissioner of Higher Education to proceed with the sale of up to \$9.1 million in bonds under Board of Regents authority to finance the acquisition of computer hardware, software, and other equipment for the campuses of the Montana University System was reviewed by Mr. Noble. He explained bond counsel has been retained and has prepared the preliminary authorizations needed to determine the feasibility of selling revenue bonds under the authority of the Regents to finance acquisition of computer hardware and software and other equipment needs for all six campuses of the University System. Only three campuses would participate in the original issue, UM, MSU, and EMC. An umbrella indenture would be created, however, which all units of the System could utilize as needs arise and revenues are available. The umbrella indenture would facilitate the smaller campuses getting to the bond market quickly when equipment needs arise. Each campus would generate its own revenue streams, and have an identified series of bonds. The interest rate is very favorable now for this type of venture, and changes in the federal regulations regarding tax exempt issues also favor acting at this time. Mr. Noble noted an investment banker will be selected next week, and it is anticipated that the issue could go to the market in late August.

Chairman Morrison asked how the amount of the issue had been determined. Mr. Noble explained in this preliminary authorization an estimate was made of the revenue flow that the indenture could sustain. The actual amount of the bonds might be slightly lower, and would depend on the size of the reserves.

Regent Paoli asked if the System was working toward compatibility of computer hardware between institutions. Mr. Noble explained that a separate committee

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has been established and met about ten days ago to address that problem. The recommendation is expected to be that the three campuses needing to purchase main-frames solicit a single bid for that purchase, which would have definite pricing advantages and would also address the inter-campus compatibility questions. Compatibility of software is a more difficult issue. It probably would not be possible to discard all the software the system now has. Differing campus needs also make that unlikely. That will also be addressed by the committee, and the committee's findings will be more specific.

Regent Scully expressed dissatisfaction with the wording of the preliminary authorization. He stated his reading of the item led him to believe that approval is being asked to "agree to agree later." Mr. Noble responded similar preliminary authorizations have been requested of and granted by the Regents on all previous indentures. Such authorizations are needed to proceed with the preparation of the indenture by the investment banker. Bond counsel is retained and determines if the issue is possible. Consent of the Regents to proceed is obtained. The investment banker is selected who then works with bond counsel in preparation of the final documents which are then returned to the Regents for final approval. The history of previous indentures would indicate that this procedure has not jeopardized the integrity of the Board. The Board's bond rating and performance is very good.

Regent Scully questioned how bond counsel is paid. Mr. Noble stated that counsel's rate of pay is based on the level of the final issue, and is taken as an issuance cost recovered through arbitrage.

There being no further discussion, Regent Hurwitz moved that Item 48-002-R0785 be approved. The motion carried.

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Additions to Budget Committee Agenda

Item 48-702-R0785, Bond Resolution; Eastern Montana College, was reviewed by Mr. Kenneth Heikes, Vice President for Administration, Eastern Montana College. The resolution requests authority for EMC to investigate the feasibility of issuing approximately \$10,000,000 in revenue bonds, the proceeds of which would be used to defease the Series 1984 bonds, and provide approximately \$2,620,000 in new funds to be used for land acquisition, parking and recreation field improvements, and auxiliary facility improvements. The favorable bond market was cited as one factor which prompted interest in the refinancing at this time. The new money realized through the issue would be useful particularly for Regent-authorized expenditures on the student union building, and other matters reported to the Board in the memorandum of December 1984.

Regent Scully questioned why Regent authorization was needed to investigate the feasibility of the issue. Mr. Noble responded that it has been customary to report to the Board as early as possible when any unit contemplates an action of this type. If it is decided to defease the 1984 Series bonds and reissue the new bonds it may be necessary to move very quickly. It has been beneficial to the Board to have as much background as possible on transactions of this nature in the past.

Fees pledged to the issue were discussed. In response to questions from Regent Paoli the restrictions on use of student building fees were reviewed. Those and other fees that are pledged to the 1984 Series would be pledged to the new issue, in addition to the interest and income monies freed by the legislature and land grant income.

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Chairman Morrison asked if there was further discussion on the item. Hearing none, he called the question. On motion of Regent Redlin, Item 48-702-R0785 was approved, with Regent Scully voting no.

Mr. Noble reviewed Item 48-003-R0785, Agreement relating to the Destruction and Cremation of Bonds and Coupons between First National Montana Bank, Missoula; First Bank Minneapolis, Chase Manhattan, the Montana Board of Regents of Higher Education, and the Montana State Treasurer; Montana University System. The State Treasurer's Office wants to streamline the function of handling bond coupons by authorizing the paying agents to destroy cancelled bonds and coupons and issue a cremation certificate as required by the indenture. The majority of the issues are university system bonds. The two agreements presented in this item relate to the bond series that have First Bank of Missoula as trustee. Similar agreements for the other three trustee banks will be submitted for Regent approval at a later date. Karen Munro, Administrator of the state Treasury and Central Services Division, asked Regent approval of the agreements be submitted as an addition to the agenda so the simplified procedure can be put in place as quickly as possible. On motion of Regent Redlin, the item was approved, with Regent Scully voting no.

Regent Scully stated for the record that his vote on the previous two items was not related to the substance of the items, but as a member of the Budget Committee he did not wish to vote on matters he had no opportunity to read and consider.

By-Laws and Policy Committee

President Treadway reviewed Item 48-601-R0785, Authorization to Change the Administrative Structure; Western Monana College. He stated that the

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changes are straightforward. The reorganization were made in part to streamline communications and efficiency, and redeploy resources from the administrative to the instructional area. The reorganization has undergone extensive campus review. On motion of Regent McCarthy, the item was approved.

Commissioner Dayton explained that Item 3-016-R0174, Local Executive Boards; Montana University System (REVISED), has been discussed in previous meetings. The changes are proposed to conform practice with state statute. On motion of Regent McCarthy, the item was approved.

Addition to By-Laws and Policy Committee Agenda

President Tietz explained that Item 48-203-R0785, Redesignation of Water Resource Research Centers in response to PL-98-242 administered by U.S.G.S.; Montana State University is brought forward at this time in response to rules and regulations promulgated by the U.S.G.S. which require redesignation of MSU as the site of the Water Center, and require the Water Center Director to prepare changes in the charter for approval at the September Regents' meeting. Completion of the redesignation of the centers and the accompanying requirements must be accomplished by September 30, 1985. On motion of Regent McCarthy, the item was approved.

Collective Bargaining Committee

On motion of Regent McCarthy, the following collective bargaining agreements were ratified:

1. Tentative agreement with AFSCME Local 2235 at Northern Montana College
2. Tentative agreements with International Typographical Union at University of Montana and The Graphic Communication International Union Local 242-C

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3. Tentative agreement with AFSCME Local 441 at Montana State University Livestock and Range Research Station
4. Tentative agreement with the International Brotherhood of Painters and Allied Trades
5. Tentative agreement with the Montana Public Employees Association
6. Tentative agreement with United Food and Commercial Workers' International Union Local Number 1981 and the Butte Teamsters' Union Local Number 2

Curriculum Committee

Dr. Krause proposed that the format for future discussions of role and scope include the opportunity for the campuses to present their academic planning reports to the Board. He suggested that three campuses make those presentations at the October meeting, and the remaining three campuses make presentations at the December meeting. Each campus should be allowed up to one hour for the presentation. At the January meeting, specific recommendations on particular issues would be brought by the campuses to the Board for its reaction. It is important to bring the role and scope discussion to some sort of culmination so that action can be resumed on programs being developed on the campuses, but not being brought forward until the role and scope discussions are completed.

Dr. Krause also stated that the Board needs to provide assurance that a campus will not be penalized for efficiency. A method should be devised to reward an institution's efficiency in building quality into the remainder of the programs it has.

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The Board concurred with the recommended format. Dr. Krause was instructed to work with the Council of Presidents to schedule the presentations.

Commissioner's Report

Dr. Dayton reported that at the last Council of Presidents' meeting a good discussion was held with student government representatives on the item the students brought forward on student participation in fee decisions. The students are preparing another draft as a result of those discussions. Students will meet with the Council in September on that and other matters.

Dr. Dayton asked if the Regents wished to hold a fall workshop, and if they felt one was needed, when they would like it scheduled. The fall workshop has been scheduled in conjunction with the October meeting in the last few years. Several agenda items have been suggested by Regents and the presidents for discussion in such a setting. After discussion, the Regents instructed the Commissioner to schedule a one-day workshop just prior to the October meeting, and to select a location.

Chairman Morrison spoke to his concern that Regent meetings have been too abbreviated in the past, and that a commitment should be made by the Board to extend the time spent in meetings to at last one and one-half days. This would allow more time for discussion and deliberation. He suggested that a return to separate committee meetings would probably be helpful, and asked that the Board members consider that recommendation in planning their calendars for the coming months.

Dr. Dayton concluded the Commissioner's Report with an expression of appreciation to the Board for their support during his term as Commissioner. He stated he is looking forward eagerly to the challenge of his new assignment at Montana Tech.

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Council of Presidents

Dr. Dayton reported on discussions held in the July meeting of the Council of Presidents on a proposed policy on civic duty leave. The Council recommended no action on the policy, and would respond to questions. Chairman Morrison requested that the proposal be placed on the By-Laws and Policy Committee Submission Agenda at the September meeting for discussion at that time.

President Bucklew stated he had been asked to extend Carroll O'Connor's thanks to the Board for his honorary degree. Mr. O'Connor wanted the Regents to be aware of how pleased he was.

The Board of Public Education, Office of Public Instruction, Faculty Association, and Montana Associated Students had no report.

Chairman Morrison stated the Board would like Commissioner Dayton to read two retirement resolutions which were passed at the last meeting. The resolutions are in recognition of the years of service to the System of retiring presidents Erickson and DeMoney. Because this is the last meeting where each of them will carry their title of President, the Board would like to have public recognition made at this time of their many accomplishments.

Dr. Dayton read Item 47-002-R0685, Resolution on the Appointment of James H.M. Erickson as President Emeritus and Professor of Education Emeritus; Northern Montana College. The Board then expressed its appreciation to Dr. Erickson, and wished he and Mrs. Erickson well in their new role as retirees in Arizona.

Next Chairman Morrison expressed his regret that he had not been aware President DeMoney would not be present at this meeting. Commissioner Dayton then read Item 47-001-R0685, President and Professor Emeritus Status

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for President Fred W. DeMoney; Montana College of Mineral Science and Technology, noting a correction should be made on page two of the item in the second paragraph to include the information that his daughter Sarah Jane graduated from Montana Tech in 1981 with a B.S. in Society and Technology. The Board expressed its appreciation to Dr. DeMoney for his many years of service to Montana Tech and to the System, and wished he and Mrs. DeMoney all the best in their future endeavors.

Regular Agenda

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

- Item 48-100-R0785, Staff, University of Monana, (WITH ADDENDUM)
- Item 48-102-R0785, Resolution Concerning the Retirement of Robert Banaugh, Professor of Computer Science, College of Arts and Sciences; University of Montana
- Item 48-200-R0785, Staff; Montana State University, (Includes 2 post-retirement contracts) (WITH ADDENDUM)
- Item 48-201-R0785, Retirement of Richard B. Roeder; Montana State University
- Item 48-202-R0785, Retirement of John H. Rumely; Montana State University
- Item 48-208-R0785, Post Retirement Contract; Montana State University
- Item 48-300-R0785, Staff; Agricultural Experiment Station
- Item 48-400-R0785, Staff; Cooperative Experiment Station
- Item 48-500-R0785, Staff; Montana College of Mineral Science and Technology
- Item 48-500A-R0785, Staff; Montana Bureau of Mines and Geology
- Item 48-600-R0785, Staff; Western Montana College

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Item 48-602-R0785, Post-Retirement Contract;
Western Montana College
Item 48-700-R0785, Staff; Eastern Montana
College
Item 48-701-R0785, Degrees; Eastern Montana
College
Item 48-800-R0785, Staff; Northern Montana
College (WITH ADDENDUM)
Item 48-810-R0785, Certificates and Degrees;
Northern Montana College

The meeting adjourned at 1:12 p.m. The next regularly scheduled meeting of the Board of Regents is September 12-13, 1985, in Helena, Montana.

APPROVED:

Chairman, Montana Board of
Regents of Higher Education

Secretary