

UNIVERSITY OF MISSOURI  
Columbia . Kansas City . Rolla . St. Louis



BOARD OF CURATORS

Minutes of the Board of Curators Meeting  
February 2-3, 2012  
Student Union, University of Missouri-Kansas City  
Kansas City, Missouri

**BOARD OF CURATORS MEETING – PUBLIC SESSION**

A meeting of the University of Missouri Board of Curators was convened in public session at 11:40 A.M., on Thursday, February 2, 2012, in Multipurpose Room 401 of the Student Union on the University of Missouri-Kansas City campus, Kansas City, Missouri, pursuant to public notice given of said meeting. Curator David R. Bradley, Chairman of the Board of Curators, presided over the meeting.

Present

The Honorable David R. Bradley  
The Honorable Donald L. Cupps  
The Honorable Don M. Downing  
The Honorable Warren K. Erdman  
The Honorable Wayne Goode  
The Honorable Pamela Q. Henrickson  
The Honorable David L. Steward

Also Present

Mr. Stephen J. Owens, Interim President  
Mr. Phillip J. Hoskins, Acting General Counsel  
Ms. Cindy Harmon, Secretary of the Board of Curators  
Miss Amy Johnson, Student Representative to the Board of Curators  
Dr. Gary Allen, Vice President for Information Technology  
Dr. Brady J. Deaton, Chancellor for University of Missouri  
Dr. Thomas F. George, Chancellor for University of Missouri – St. Louis  
Dr. Steven Graham, Senior Associate Vice President for Academic Affairs  
Mr. Stephen C. Knorr, Vice President for Government Relations  
Ms. Natalie "Nikki" Krawitz, Vice President for Finance and Administration

Mr. Leo E. Morton, Chancellor of University of Missouri – Kansas City  
Dr. Michael F. Nichols, Vice President for Research and Economic Development  
Dr. Betsy Rodriguez, Vice President for Human Resources  
Dr. W. Kent Wray, Interim Chancellor for Missouri University of Science and Technology  
Ms. Kathleen Miller, Chief of Staff  
Ms. Cindy Pollard, Associate Vice President of Strategic Communications  
Mr. Timothy M. Wolfe, President Designate, University of Missouri System  
Media representatives

Administered the oath of office for Amy G. Johnson as the new Student Representative to the Board of Curators.

## **General Business**

Review of Consent Agenda – no discussion

Approval of Board of Curators Executive Committee and Board Standing Committee Appointments, 2012

It was recommended by Chairman Bradley, moved by Curator Steward and seconded by Curator Cupps, that the following Board of Curators Executive Committee and Standing Committees appointments be approved for 2012:

### **Executive Committee**

David R. Bradley, Chairman  
Don M. Downing  
Wayne Goode

### **Academic, Student and External Affairs Committee**

David L. Steward, Chairman  
Warren K. Erdman  
Pamela Q. Henrickson  
David R. Bradley, ex officio  
Amy Johnson, ex officio  
Stephen J. Owens, ex officio

### **Audit Committee**

Pamela Q. Henrickson, Chairwoman  
Donald L. Cupps

Don M. Downing

**Compensation and Human Resources Committee**

Donald L. Cupps, Chairman

Warren K. Erdman

Wayne Goode

**Finance Committee**

Don M. Downing, Chairman

Wayne Goode

David L. Steward

Amy Johnson, ex officio

**Governance, Resources and Planning Committee**

Warren K. Erdman, Chairman

Donald L. Cupps

Pamela Q. Henrickson

David R. Bradley, ex officio

Stephen J. Owens, ex officio

Roll call vote:

Curator Bradley voted yes.

Curator Cupps voted yes.

Curator Downing voted yes.

Curator Erdman voted yes.

Curator Goode voted yes.

Curator Henrickson voted yes.

Curator Steward voted yes.

The motion carried.

Resolution for Executive Session of the Board of Curators Meeting

It was moved by Curator Downing and seconded by Curator Steward, that there shall be an executive session with a closed record and closed vote of the Board of Curators meeting, on February 2-3, 2012 for consideration of:

- **Section 610.021(1), RSMo**, relating to matters identified in that provision, which include legal actions, causes of action or litigation, and confidential or privileged communications with counsel; and
- **Section 610.021(2), RSMo**, relating to matters identified in that provision, which include leasing, purchase, or sale of real estate; and
- **Section 610.021(3), RSMo**, relating to matters identified in that provision, which include hiring, firing, disciplining, or promoting of particular employees; and
- **Section 610.021(12), RSMo**, relating to matters identified in that provision, which include sealed bids and related documents and sealed proposals and related documents or documents related to a negotiated contract; and
- **Section 610.021 (13), RSMo**, relating to matters identified in that provision, which include individually identifiable personnel records, performance ratings, or records pertaining to employees or applicants for employment; and
- **Section 610.021 (17), RSMo**, relating to matters identified in that provision, which include confidential or privileged communications between a public governmental body and its auditor.

Roll call vote:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

Board of Curators standing committee meetings were convened at 11:50 am and concluded at 4:35 pm.

The public session of the Board of Curators meeting was recessed.

## **BOARD OF CURATORS MEETING – EXECUTIVE SESSION**

A meeting of the University of Missouri Board of Curators was convened in executive session at 4:40 P.M., on Thursday, February 2, 2012, in Room 402 of the Student Union

on the University of Missouri-Kansas City campus, Kansas City, Missouri, pursuant to public notice given of said meeting. Curator David R. Bradley, Chairman of the Board of Curators, presided over the meeting.

Present

The Honorable David R. Bradley  
The Honorable Donald L. Cupps  
The Honorable Don M. Downing  
The Honorable Warren K. Erdman  
The Honorable Wayne Goode  
The Honorable Pamela Q. Henrickson  
The Honorable David L. Steward

Also Present

Mr. Stephen J. Owens, Interim President  
Mr. Phillip J. Hoskins, Acting General Counsel  
Ms. Cindy Harmon, Secretary of the Board of Curators  
Mr. Timothy M. Wolfe, President Designate, University of Missouri System  
Miss Amy G. Johnson, Student Representative to the Board of Curators  
Ms. Natalie “Nikki” Krawitz, Vice President of Finance and Administration  
Mr. John Tvrdik, PricewaterhouseCoopers, LLP  
Mr. Chris Lydon, PricewaterhouseCoopers, LLP

**Audit Committee Meeting – Executive Session**

Interim President Owens and Vice President Krawitz excused themselves from the meeting.

Report from Internal Auditor – presented by Mr. John Tvrdik and Mr. Chris Lydon with PricewaterhouseCoopers, LLP.

The internal audit annual report was presented to the Board of Curators. No action was taken.

Mr. Tvrdik and Mr. Lydon excused themselves from the meeting. Interim President Owens and Vice President Krawitz rejoined the meeting.

Performance of internal auditors discussed – No action was taken.

It was moved by Curator Cupps and seconded by Curator Downing, that the Board of Curators Audit Committee Meeting, February 2-3, 2012, be adjourned.

Roll call vote of Committee:

Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Henrickson voted yes.

The motion carried.

There being no other business to come before the Audit Committee the meeting was adjourned at 4:55 PM.

### **General Business – Executive Session**

Curators' Professorship, Mary Lacity, UMSL – presented by Senior Associate Vice President Graham

It was recommended by Chancellor Thomas F. George, endorsed by Interim President Stephen J. Owens, recommended by the Academic, Student and External Affairs Committee, moved by Curator Cupps, and seconded by Curator Erdman, that the following action be approved:

that upon the recommendation of Chancellor George, the Provost, and the College of Business, it is recommended that Professor Mary C. Lacity be named to the position University of Missouri Curators' Professor, effective September 1, 2012. Professor Lacity will receive a \$10,000 annual stipend as long as she holds this position. \$5,000 will go to increased compensation (salary and benefits less applicable taxes) with the remaining \$5,000 available for professional expenses associated with her teaching, research, or creative activities. In accordance with Collected Rules and Regulations, 320.070, this appointment is for a period of five years which may be renewed at the discretion of the Chancellor.

Roll call vote of Board:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.

Curator Steward voted yes.

The motion carried.

Campus recommendation materials on file in the office of Academic and Student Affairs, UM System.

Curators' Professorship, Joyce Mushaben, UMSL – presented by Senior Associate Vice President Graham

It was recommended by Chancellor Thomas F. George, endorsed by Interim President Stephen J. Owens, recommended by the Academic, Student and External Affairs Committee, moved by Curator Cupps, and seconded by Curator Erdman, that the following action be approved:

that upon the recommendation of Chancellor George, the Provost, and the Department of Political Science, it is recommended that Professor Joyce M. Mushaben be named to the position University of Missouri Curators' Professor, effective September 1, 2012. Professor Mushaben will receive a \$10,000 annual stipend as long as she holds this position. \$5,000 will go to increased compensation (salary and benefits less applicable taxes) with the remaining \$5,000 available for professional expenses associated with her teaching, research, or creative activities. In accordance with Collected Rules and Regulations, 320.070, this appointment is for a period of five years which may be renewed at the discretion of the Chancellor.

Roll call vote of Board:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

Campus recommendation materials on file in the office of Academic and Student Affairs, UM System.

<sup>229</sup>Property Purchase, MU – this item is excluded from the minutes and will be given public notice upon completion of the matter.

Property Purchase, Missouri S&T – presented by Vice President Krawitz (information on file)

It was recommended by Interim Chancellor Wray, endorsed by Interim President Owens, moved by Curator Steward and seconded by Curator Cupps, that the following action be approved:

that the Vice President for Finance and Administration be authorized to purchase 900 Collegiate Boulevard, Rolla, Missouri, from Pinnacle Bank, an FDIC Commercial Bank, Fort Worth, Texas, for a negotiated price of \$7,750,000, with partial debt financing, for Missouri University of Science and Technology.

The legal description is as follows:

Lot 1 of Final Plat at Collegiate Station at Rolla, a replat of Western Ridge; as filed July 21, 2006, Document Number 2006-4672, filed in Cabinet D, Slide 191 in Phelps County Deed of Records.

Funding is from:

Residential Life Reserves	\$1,500,000
Debt Financing	<u>\$6,250,000</u>
Total Funding	<u>\$7,750,000</u>

Roll call vote:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.



The motion carried.

This transaction was completed on February 23, 2012.

<sup>230</sup>Property Lease, UMKC – this item is excluded from the minutes and will be given public notice upon completion of the matter.

Report on personnel and audit matters – presented by Acting General Counsel Hoskins, Vice President Krawitz and Vice President Rodriguez. No action taken by the Board.

The executive session of the Board of Curators meeting recessed at 5:40 PM on Thursday, February 2, 2012.

**Board of Curators, President and General Officers Working Dinner** was held at the Ewing Marion Kauffman Foundation, Kansas City, Missouri.  
Topic: Celebrating the Spirit of Entrepreneurship with Special Recognition of Former UM System President Gary Forsee

## **BOARD OF CURATORS MEETING – PUBLIC SESSION**

### **UMKC Faculty Senate Breakfast with the Board of Curators**

Administrative Center Conference Facilities, Plaza Room, University of Missouri-Kansas City campus, Kansas City, Missouri.

Topic: Community Outreach and Engagement Activities

A meeting of the University of Missouri Board of Curators reconvened in public session at 9:30 A.M., on Friday, February 3, 2012, in Multipurpose Room 401 of the Student Union on the University of Missouri-Kansas City campus, Kansas City, Missouri, pursuant to public notice given of said meeting. Curator David R. Bradley, Chairman of the Board of Curators, presided over the meeting.

### Present

The Honorable David R. Bradley  
The Honorable Donald L. Cupps  
The Honorable Don M. Downing  
The Honorable Warren K. Erdman  
The Honorable Wayne Goode  
The Honorable Pamela Q. Henrickson

The Honorable David L. Steward

Also Present

Mr. Stephen J. Owens, Interim President  
Mr. Phillip J. Hoskins, Acting General Counsel  
Ms. Cindy Harmon, Secretary of the Board of Curators  
Miss Amy G. Johnson, Student Representative to the Board of Curators  
Dr. Gary Allen, Vice President for Information Technology  
Dr. Brady J. Deaton, Chancellor for University of Missouri  
Dr. Thomas F. George, Chancellor for University of Missouri – St. Louis  
Dr. Steven Graham, Senior Associate Vice President for Academic Affairs  
Mr. Stephen C. Knorr, Vice President for Government Relations  
Ms. Natalie "Nikki" Krawitz, Vice President for Finance and Administration  
Mr. Leo E. Morton, Chancellor of University of Missouri – Kansas City  
Dr. Michael F. Nichols, Vice President for Research and Economic Development  
Dr. Betsy Rodriguez, Vice President for Human Resources  
Dr. W. Kent Wray, Interim Chancellor for Missouri University of Science and Technology  
Mr. Timothy M. Wolfe, President Designate, University of Missouri System  
Ms. Kathleen Miller, Chief of Staff  
Ms. Cindy Pollard, Associate Vice President of Strategic Communications  
Media representatives

**General Business**

Board Chairman's Report – presented by Chairman Bradley (recording on file)

Topic: Advancing Missouri – Northwest Communities

State of the University Report – presented by Interim President Owens (recording and slides on file)

Doing more with less – how long can the University do it:

- Ongoing commitment to stewardship
- Improving effectiveness and efficiencies
- Creating more opportunities for students
- Advocating for the University of Missouri System
- Making strides in shared services
- Creating economic opportunities
- Sharing news with Missourians and beyond
- Review of campus and MU Health Care accomplishments

- Facing the challenge – doing more with less
  - A time for bold new ideas and thinking about new revenue sources
  - Change in a University environment

Research and Economic Development Annual Report, 2011 – presented by Vice President Nichols (recording and slides on file)

The research and economic development program provides a good retention method for faculty. It is also investing in Missouri by creating jobs.

- Investment
- Innovation
- Infrastructure
- Impact

Chancellors' Panel Discussion – Research and Economic Development (recording on file)

Participants included:

- Missouri S & T – Interim Chancellor Wray
- University of Missouri – Kansas City – Chancellor Morton
- University of Missouri – St. Louis – Chancellor George
- University of Missouri – Columbia – Chancellor Deaton

Discussion moderated by Interim President Owens.

### **Consent Agenda**

It was endorsed by Interim President Owens, moved by Curator Erdman and seconded by Curator Goode, that the following items be approved by consent agenda:

#### **CONSENT AGENDA**

1. Minutes, December 8-9, 2011 Board of Curators Meeting
2. Minutes, December 8-9, 2011 Board of Curators Committee Meetings
3. Minutes, December 2 and 8, 2011 Presidential Search Committee Meetings
4. Minutes, December 21, 2011 Executive Committee Meeting

5. Energize Missouri Schools and Local Governments Loan Program of the Missouri Department of Natural Resources, UMKC
6. Energize Missouri Schools and Local Governments Loan Program of the Missouri Department of Natural Resources, Missouri S&T
7. Cooperative Doctor of Pharmacy program at Missouri State University, UMKC

Roll call vote:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

1. Minutes, December 8-9, 2011 Board of Curators Meeting – as provided to the curators for review and approval.
2. Minutes, December 8-9, 2011 Board of Curators Committee Meetings – as provided to the curators for review and approval.
3. Minutes, December 2 and 8, 2011 Presidential Search Committee Meetings – as provided to the curators for review and approval.
4. Minutes, December 21, 2011 Executive Committee Meeting – as provided to the curators for review and approval.
5. Energize Missouri Schools and Local Governments Loan Program of the Missouri Department of Natural Resources, UMKC –

Vice President Krawitz noted one correction to Exhibit A, Loan Agreement, Energize Missouri Schools and Local Governments page 5-7 (as on file with Board materials) as follows:

Add to beginning of Exhibit A, #18 – “To the extent permitted by Missouri law and without waiving its sovereign immunity, the borrower agrees to indemnify...”

WHEREAS, THE CURATORS OF THE UNIVERSITY OF MISSOURI ON BEHALF OF UNIVERSITY OF MISSOURI-KANSAS CITY, an authorized Borrower under the Energize Missouri Schools and Local Governments Loan Program (the "Public Entity"), through the preparation of Technical Assistance Report or equivalent ("TAR") work sheets, has identified certain energy conservation measures which would benefit the Public Entity by reducing future energy costs to the Public Entity and has applied to the Missouri Department of Natural Resources/Division of Energy ("MDNR") for a loan to implement such energy conservation measures (the "Project"); and

WHEREAS, at the Public Entity's request, MDNR has agreed to lend to the Public Entity certain funds pursuant to Sections 640.160 of the Missouri Revised Statutes, as amended, ("Energy Act") and the maximum loan is based on engineering estimates of savings to be generated from the Project; and

WHEREAS, in connection with its participation in the Energize Missouri Schools and Local Governments Loan Program, the Public Entity will be required to execute certain documents in connection with the Loan;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Public Entity as follows:

**Section 1:** The Governing Body of the Public Entity hereby finds and determines that it is in the best interests of the Public Entity to enter into the Loan Agreement and execute the Promissory Note in order to obtain funds for the purpose of installing energy conservation measures within the Public Entity. The total Loan amount is hereby authorized in the amount of **\$1,116,000**, which amount shall include (i) estimated maximum construction costs of **\$1,039,683**, plus (ii) interest on the Loan during the term of the Loan at a rate of **2%**. Under the Loan Agreement, the Public Entity agrees to make semiannual payments equal to one half of the annual energy savings until the promissory note is retired.

**Section 2:** That the Public Entity hereby approves the form of the Loan Agreement, which is attached to this Resolution as Exhibit A, the blank form of Promissory Note, attached hereto as Exhibit B, which would reflect the total amount of Project Cost disbursements and zero point origination fee and accrued interest as more fully described therein, and the form of Public Entity's Closing Certificate, attached hereto as Exhibit C.

**Section 3:** That the superintendent, city manager, chief administrative officer and/or chief financial officer of the Public Entity ("Public Entity Representative"), and each such person hereby is, authorized and empowered and directed to execute, enter into, deliver for and in the name of and on behalf of the Public Entity, under its corporate seal, the following documents (all of such documents, and such other documents,

certificates and instruments as may be necessary to carry out the intent of this Resolution, together with any other documents and instruments contemplated thereby, or otherwise necessary or appropriate to effectuate the transaction contemplated thereby, being the (“Program Documents”), the forms of which have been presented in draft to the Governing Body:

- A. Loan Agreement;
- B. Promissory Note;
- C. Public Entity’s Closing Certificate.

**Section 4:** That the governing Body of the Public Entity hereby approves the Project and authorizes the Public Entity Representative and such officers and employees as the Public Entity Representative may designate to proceed with arranging the financing for the Project, in furtherance of and subject to the requirements of this Resolution. The Public Entity Representative is hereby further authorized and empowered to execute the Program Documents with such additional modifications, corrections, amendments and deletions as shall, in the judgment of such Public Entity Representative, be necessary or appropriate, in the sole and absolute discretion of such officers, to effectuate the transactions contemplated by this Resolution, the execution of any such documents by any such Public Entity Representative constituting the conclusive evidence of his or her approval and the approval of the Public Entity to any such changes.

**Section 5:** That the amounts due under the Loan Agreement and the Promissory Note shall be limited obligations of the Public Entity payable solely from energy costs savings derived from the Project. Amounts due under the Loan Agreement and the Promissory Note shall not constitute a debt or liability of the Public Entity or of the State of Missouri or of any political subdivision thereof and such amounts shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

6. Energize Missouri Schools and Local Governments Loan Program of the Missouri Department of Natural Resources, Missouri S & T

Vice President Krawitz noted one correction to Exhibit A, Loan Agreement, Energize Missouri Schools and Local Governments page 6-7 (as on file with Board materials) as follows:

Add to beginning of Exhibit A, #18 – “To the extent permitted by Missouri law and without waiving its sovereign immunity, the borrower agrees to indemnify...”

WHEREAS, THE CURATORS OF THE UNIVERSITY OF MISSOURI ON BEHALF OF MISSOURI UNIVERSITY OF SCIENCE AND TECHNOLOGY, an authorized Borrower under the Energize Missouri Schools and Local Governments Loan Program (the “Public Entity”), through the

preparation of Technical Assistance Report or equivalent (“TAR”) work sheets, has identified certain energy conservation measures which would benefit the Public Entity by reducing future energy costs to the Public Entity and has applied to the Missouri Department of Natural Resources/Division of Energy (“MDNR”) for a loan to implement such energy conservation measures (the “Project”); and

WHEREAS, at the Public Entity’s request, MDNR has agreed to lend to the Public Entity certain funds pursuant to Sections 640.160 of the Missouri Revised Statutes, as amended, (“Energy Act”) and the maximum loan is based on engineering estimates of savings to be generated from the Project; and

WHEREAS, in connection with its participation in the Energize Missouri Schools and Local Governments Loan Program, the Public Entity will be required to execute certain documents in connection with the Loan;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Public Entity as follows:

**Section 1:** The Governing Body of the Public Entity hereby finds and determines that it is in the best interests of the Public Entity to enter into the Loan Agreement and execute the Promissory Note in order to obtain funds for the purpose of installing energy conservation measures within the Public Entity. The total Loan amount is hereby authorized in the amount of **\$2,656,100**, which amount shall include (i) estimated maximum construction costs of **\$2,480,549**, plus (ii) interest on the Loan during the term of the Loan at a rate of **2%**. Under the Loan Agreement, the Public Entity agrees to make semiannual payments equal to one half of the annual energy savings until the promissory note is retired.

**Section 2:** That the Public Entity hereby approves the form of the Loan Agreement, which is attached to this Resolution as Exhibit A, the blank form of Promissory Note, attached hereto as Exhibit B, which would reflect the total amount of Project Cost disbursements and zero point origination fee and accrued interest as more fully described therein, and the form of Public Entity’s Closing Certificate, attached hereto as Exhibit C.

**Section 3:** That the superintendent, city manager, chief administrative officer and/or chief financial officer of the Public Entity (“Public Entity Representative”), and each such person hereby is, authorized and empowered and directed to execute, enter into, deliver for and in the name of and on behalf of the Public Entity, under its corporate seal, the following documents (all of such documents, and such other documents, certificates and instruments as may be necessary to carry out the intent of this Resolution, together with any other documents and instruments contemplated thereby, or otherwise necessary or

appropriate to effectuate the transaction contemplated thereby, being the (“Program Documents”), the forms of which have been presented in draft to the Governing Body:

- D. Loan Agreement;
- E. Promissory Note;
- F. Public Entity’s Closing Certificate.

**Section 4:** That the governing Body of the Public Entity hereby approves the Project and authorizes the Public Entity Representative and such officers and employees as the Public Entity Representative may designate to proceed with arranging the financing for the Project, in furtherance of and subject to the requirements of this Resolution. The Public Entity Representative is hereby further authorized and empowered to execute the Program Documents with such additional modifications, corrections, amendments and deletions as shall, in the judgment of such Public Entity Representative, be necessary or appropriate, in the sole and absolute discretion of such officers, to effectuate the transactions contemplated by this Resolution, the execution of any such documents by any such Public Entity Representative constituting the conclusive evidence of his or her approval and the approval of the Public Entity to any such changes.

**Section 5:** That the amounts due under the Loan Agreement and the Promissory Note shall be limited obligations of the Public Entity payable solely from energy costs savings derived from the Project. Amounts due under the Loan Agreement and the Promissory Note shall not constitute a debt or liability of the Public Entity or of the State of Missouri or of any political subdivision thereof and such amounts shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

7. Cooperative Doctor of Pharmacy Program at Missouri State University, UMKC

Approve that the Memorandum of Understanding (MOU) between The Curators of the University of Missouri, on behalf of the University of Missouri-Kansas City, and Missouri State University as on file with the meeting minutes be approved and ratified for the purpose of authorizing cooperation between the UMKC Doctor of Pharmacy program and Missouri State University, as set forth in such MOU.

**Academic, Student and External Affairs**

Committee Chairman Steward provided a recap of the February 2, 2012 Academic, Student and External Affairs Committee meeting.



Information

1. eLearning Portal Live Demonstration
2. Government Relations Report

eLearning Portal Live Demonstration - Mr. Zac March from the University of Missouri System and Ms. Mary Lou Hines Fritts from the University of Missouri-Kansas City presented an update regarding the new eLearning portal and provided a live demonstration for the Board of Curators.

**Audit**

Committee Chairwoman Henrickson provided a recap of the February 2, 2012 Audit Committee meeting.

Information

1. Internal Audit Quarterly Report, UM
2. Review the University's Code of Conduct
3. Ethics and Compliance Hotline, Annual Report 2011, UM

Action

1. Engagement of Independent Auditors and Related Fees, UM

Engagement of Independent Auditors and Related Fees, UM

It was recommended by Vice President Krawitz, endorsed by Interim President Owens, recommended by the Audit Committee, moved by Curator Henrickson, seconded by Curator Cupps, that the following action be approved:

That the Vice President for Finance and Administration be authorized to employ the firm of KPMG LLP to provide audit services to the University of Missouri for fiscal year ending June 30, 2012 for fees of \$748,466 plus expenses not to exceed \$60,805.

Roll call vote of Board:

- Curator Bradley voted yes.
- Curator Cupps voted yes.
- Curator Downing voted yes.
- Curator Erdman voted yes.

Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

## **Compensation and Human Resources**

Committee Chairman Cupps provided a recap of the February 2, 2012 Compensation and Human Resources Committee meeting.

### Action

1. Extension of Transition Assistance Program

### Extension of Transition Assistance Program

It was recommended by Vice President Rodriguez, endorsed by Interim President Owens, recommended by the Compensation and Human Resources Committee, moved by Curator Cupps and seconded by Curator Erdman, that the Transition Assistance Program for Administrative, Service & Support Employees be extended through June 30, 2013. This program, originally approved by the Board of Curators in February 2009, was effective March 1, 2009 and was to remain in place until June 30, 2010. Due to the continued budget situation, the Board granted an extension of the program through June 30, 2011, and again through June 30, 2012. With further cuts from state funding, it is proposed that the program on file with the meeting minutes be extended through June 30, 2013, as reflected on the document.

Roll call vote of the Board:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

## **Finance**

Committee Chairman Downing provided a recap of the February 2, 2012 Finance Committee meeting.

### Action

1. Amendment Collected Rule and Regulation 140.011, Investment Policy for Endowment Fund, UM
2. Hiring of Fixed Income Manager, UM
3. Derivatives Policy, UM
4. A/E Approval, South Providence Medical Building, MU
5. FY 2013 Student Activity, Facility and Health Service Fees, UM
6. FY 2013 Residence Hall and Family Student Housing Rates, UM

### Information

1. Report on Deferred Facilities Needs, UM
2. FY2013 Budget
3. FY 2013 Tuition and Other Related Enrollment Fees, UM

### Action

7. Amendments, CRR230.050 Continuing Education Instruction Fee and CRR230.060 eLearning and Special Program Tuition and Fees, UM

### Amendment Collected Rule and Regulation 140.011, Investment Policy for Endowment Fund, UM

It was recommended by Vice President Krawitz, endorsed by Interim President Owens, recommended by the Finance Committee, moved by Curator Downing, and seconded by Curator Steward, that the following action be approved:

that the Collected Rules and Regulations, Section 140.011, Investment Policy for Endowment Fund, be amended to modify and streamline the University's approach to investing the Fixed Income Pool, as outlined below:

## **Collected Rules and Regulations Section 140.011**

### **Investment Policy for Endowment Fund**

Excerpt from 140.011 with all recommended changes incorporated:

**G. Fixed Income Pool** -- In addition to the University's main endowment fund, there is a fixed income fund, called the Fixed Income Pool, which, due to donor restrictions, can only be invested in fixed income securities. The spending policy of the pool is to distribute all income earned. The pool shall be invested in a U.S. core plus bond fund, actively managed by professionals with proven track records. The primary investment objectives of the Pool are: 1) capital preservation; and, 2) maximization of earned income. The investment results will be measured on a quarterly basis, with manager performance assessed over full economic/market cycles against an appropriate benchmark.

Roll call vote of Board:

Curator Bradley voted yes.

Curator Cupps was absent for vote.

Curator Downing voted yes.

Curator Erdman voted yes.

Curator Goode voted yes.

Curator Henrickson voted yes.

Curator Steward voted yes.

The motion carried.

### Hiring of Fixed Income Manager, UM

It was recommended by Vice President Krawitz, endorsed by Interim President Owens, recommended by the Finance Committee, moved by Curator Downing, and seconded by Curator Goode, that the following action be approved:

that the Vice President for Finance and Administration be authorized to hire investment firm Baird Advisors to invest funds of the University of Missouri Fixed Income Pool. Such investment will be funded from an internally managed investment account.

Agreements entered into by the University are subject to review and approval by the Vice President for Finance and Administration and General Counsel.

Roll call vote of the Board:

Curator Bradley voted yes.  
Curator Cupps was absent for vote.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

Derivatives Policy, UM

It was recommended by Vice President Krawitz, endorsed by Interim President Owens, recommended by the Finance Committee, moved by Curator Steward, and seconded by Curator Goode, that the following action be approved:

that the policy below (“Derivatives Policy – Debt”) be adopted to govern the management of risk associated with derivatives instruments and hedging activities in connection with debt transactions. Such policy is intended to satisfy the requirements of Section 108.170(7)(3) of the Revised Statutes of Missouri.

Roll call vote of Board:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

## **University of Missouri System Derivatives Policy - Debt**

### **1. Purpose**

The purpose of this document is to establish a policy for The Curators of the University of Missouri (the “University”) for the management of risk associated with derivative instruments and hedging activities in connection with debt transactions (the “Policy”). This Policy is adopted pursuant to and is intended to be compliant with Section 108.170(7)(3) of the Revised Statutes of Missouri, as the same may be amended from time to time, as well as the provisions of the Debt Policy adopted by the University regarding the use of derivatives, also as the same may be amended from time to time; provided, however, that in the event of any inconsistency as to the subject matter hereof between this Policy and such Debt Policy, the terms, provisions and conditions of this Policy shall govern and control.

This Policy shall be applicable to agreements providing for payments based upon levels of or changes in interest rates, including without limitation derivative agreements commonly referred to as interest rate swaps, hedges, caps, floors or collars, entered into in connection with bonds, notes or other obligations issued by or on behalf of the University, which bonds, notes or other obligations are either presently outstanding or to be issued, and bearing interest at fixed or variable rates of interest (individually a “Contract”, “Agreement” or “Derivative Transaction”, and collectively “Contracts”, “Agreements” or “Derivative Transactions”).

Nothing in this Policy shall be applied or interpreted to diminish or alter the special or general power the University may otherwise have under any other provisions of law to use derivative instruments and engage in hedging activities other than Derivative Transactions covered by this Policy as defined in this Section 1.

### **2. General Guidelines for Derivative Transactions**

The following non-exclusive list provides certain guidelines that the University will follow in the evaluation and recommendation of such Derivative Transactions:

#### **2.1 Legality**

Any proposed Contract must comply within the legal constraints imposed by state laws, University resolutions, and existing covenants, bond resolutions, indentures and other contracts.

## 2.2 Permitted Purposes and Financial Strategy

Derivative Transactions may be entered into for the purpose of hedging interest rate exposure. Derivative Transactions may also be entered into to manage the risk profile of the University's debt portfolio, such as achieving a targeted allocation of fixed and floating rate debt. The University will not enter into a Transaction for any speculative purpose.

## 2.3 Authorization Process

The Board of Curators of the University of Missouri (the "Board of Curators") or the Executive Committee of the Board of Curators (the "Executive Committee") must approve any Derivative Transaction. The authorizing resolution should clearly state the objective to be achieved by the Contract and the execution parameters should be consistent with the objective.

## 2.4 Mitigation of Risk Factors

The University recognizes that certain risks will be assumed if it enters into a Derivative Transaction. In order to mitigate the associated risks, the University will follow the guidelines described below:

*Counterparty Risk:* Counterparty risk is the risk that a counterparty fails to meet its obligations as described in the Contract. The University will seek to mitigate this risk by (i) executing Derivative Transactions with highly rated counterparties with ratings in the 'A' category or higher by at least two rating agencies, (ii) diversifying its counterparty exposure among different financial institutions and (iii) including swap collateralization requirements consistent with market norms.

*Termination Risk:* (i) Optional termination risk is the risk that the counterparty may terminate the swap at its option. While the University will retain this elective right in any transaction, the University's counterparty will not have this right, except when a termination option has been priced into the terms of the swap at inception. (ii) Mandatory termination risk is the risk that a counterparty default or ratings downgrade below a set threshold triggers an automatic termination event. It is the intent of the University not to make a termination payment to a counterparty that has failed to meet its contractual obligations. At a minimum, prior to making any termination payment, the University will determine whether it is financially advantageous to obtain a replacement counterparty.

*Basis Risk:* Basis risk is the risk that the index chosen as the basis for floating rate payments in the Derivative Transaction does not match the floating rate of the underlying liability. The University will mitigate this risk by requiring that any index chosen as part of a Derivative Transaction must be a recognized market

index, including but not limited to Securities Industry and Financial Markets Association (“SIFMA”) or London Interbank Offering Rate (“LIBOR”). The University will not enter into a Derivative Transaction without considering the potential incremental cost and risk to the University of basis risk.

*Tax Risk:* Tax risk is the risk that tax-exempt bond rates may unexpectedly increase or fluctuate due to changes in the tax code. Tax risk is present in all tax-exempt debt issuances. When entering into Derivative Transactions associated with tax-exempt bonds, tax risk involves tax exempt bond rates consequently diverging from the specified swap index (a form of basis risk), resulting in a reduction in the derivative’s effectiveness as a hedge or as a risk management financial product. The University will mitigate this risk by managing the total tax risk that the University assumes in its overall debt portfolio.

*Bankruptcy Risk:* Bankruptcy risk is the risk that the University may fail to recover any amount due, potentially including collateral that has been posted, due to bankruptcy proceedings. The University will mitigate this risk by: (i) executing transactions with highly rated counterparties with ratings in the ‘A’ category or higher by at least two rating agencies, (ii) diversifying its counterparty exposure among different financial institutions and (iii) including swap collateralization requirements consistent with market norms.

As part of its efforts to mitigate risk, the University will also require the counterparty to disclose in writing the potential costs and risks associated with any Derivative Transaction.

In addition, in its consideration of whether or not to enter into a Derivative Transaction, and in the actual entrance into such a Derivative Transaction if so determined, the University shall consider the recommended practices with respect to the use of debt-related derivative products and derivatives checklist for governmental issuers published by the Government Finance Officers Association.

### **3. Ongoing Oversight Responsibilities**

The Treasurer of the University will establish procedures to monitor the financial exposure and other risks associated with any Derivative Transaction. The results will be reported to University management and the Board of Curators on a periodic basis, but no less than on an annual basis. This Policy will be implemented, reviewed and monitored by the University Vice President for Finance and Administration and the Office of the Treasurer.

### **4. Market Disclosure**



The Treasurer will establish procedures to provide timely disclosure of material information related to executed Derivative Transactions to rating agencies and investors. Audited financial statements will include disclosure of any Derivative Transactions, consistent with market practice. Official statements in connection with new bond issues will include disclosure of any material information related to Derivative Transactions expected or anticipated at the time of issuance of the obligations.

## 5. Financial Strategy

As described in section 2.2, Derivative Transactions may be entered into only for the purpose of hedging interest rate exposure or more efficiently managing the risk profile of the University's debt portfolio. Derivative Transactions may not be used for speculative purposes.

### A/E Approval, South Providence Medical Building, MU

It was recommended by Chancellor Deaton, endorsed by Interim President Owens, recommended by the Finance Committee, moved by Curator Downing and seconded by Curator Goode, that the following action be approved:

that the Vice President for Finance and Administration be authorized to employ the firm of Simon Oswald Associates, Inc., Columbia, Missouri, for design services for the new South Providence Medical Building for the University of Missouri-Columbia for a lump sum fee of \$1,020,625.

Funding of the project budget is from:

MU Health Care Revenue Bonds	\$ 30,000,000
Health Care Capital Reserves	<u>2,500,000</u>
Total Funding	\$32,500,000

Roll call vote of Board:

- Curator Bradley voted yes.
- Curator Cupps voted yes.
- Curator Downing voted yes.
- Curator Erdman voted yes.
- Curator Goode voted yes.
- Curator Henrickson voted yes.
- Curator Steward voted yes.

The motion carried.

FY2013 Student Activity, Facility and Health Service Fees, UM

It was recommended by the respective Chancellors, endorsed by Interim President Owens, recommended by the Finance Committee, moved by Curator Downing and seconded by Curator Steward, that the attached schedule of rates (on file with the meeting minutes) for the Student Activity, Facility, and Health Service fees are approved, effective beginning with the 2012 Summer Session.

Roll call vote of the Board:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

FY2013 Residence Hall and Family Student Housing Rates, UM

It was recommended by the respective Chancellors, endorsed by Interim President Owens, recommended by the Finance Committee, moved by Curator Steward and seconded by Curator Goode, that the schedule of rates (on file with the meeting minutes) for the Residence Halls and Family Student Housing at Columbia, Kansas City, Missouri S&T, and St. Louis effective beginning with the 2012 Summer Session to the Board of Curators are approved:

Roll call vote of the Board:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

Amendments, CRR 230.050 Continuing Education Instruction Fee and CRR 230.060 eLearning and Special Program Tuition and Fees, UM

It was recommended by Senior Associate Vice President Graham, endorsed by Interim President Owens, recommended by the Finance Committee, moved by Curator Downing, seconded by Curator Steward, that the following action be approved:

that the Collected Rules and Regulations CRR 230.050 Continuing Education Instruction Fee be amended and that the Collected Rules and Regulations CRR 230.060 eLearning and Special Program Tuition and Fees be adopted.

**Collected Rules and Regulations**

**230.050 Instructional Fee**

Bd. Min. 12-17-82; Amended Bd. Min. 7-22-83 & 7-27-84; Amended Bd. Min. 1-27-95, Amended Bd. Min. 6-11-10, Amended Bd. Min. 2-3-12.

- A. An instructional fee may be charged for off-campus and special course offerings that are not delivered using eLearning technologies as the primary method, when established within a range approved by the Board of Curators. The Chancellor is delegated the authority to determine the applicability of such fees and to approve individual instructional fee rates consistent with the approved range for such fees.
- B. When the instructional fee is assessed, the standard tuition will not be assessed.

**230.060 eLearning and Special Program Tuition and Fees**

- A. Courses delivered primarily using eLearning technologies will use the following fee structure:
1. For undergraduate courses and programs the standard undergraduate tuition for resident and non-resident students as appropriate will apply. In some cases the courses or programs may require additional expenses and a supplemental fee may be charged with Board approval using the procedures outlined in Collected Rules and Regulations Section 230.010 - Tuition and Supplemental Course Fees. Exceptions in the form of a special tuition rate may be proposed to the Board for approval.
  2. For graduate and professional programs the tuition structure will be limited to a range approved by the Board of Curators. Each campus will submit a separate range for its tuition. The Chancellor is delegated the authority to determine the applicability of such tuition and to approve individual tuition rates consistent with the approved range for such tuition.
- B. When a complete self-contained graduate or professional degree program is designed as one curriculum entity and the complete program involves charges for such items as course materials, travel, lodging, meal expenses, technology equipment and/or charges for other components of the program in addition to the standard tuition and fees, a comprehensive program fee may be utilized that is market-driven, provided that such comprehensive program fee is approved by the chancellor and reported to the Board of Curators annually.
- C. Annually the campuses will provide detailed information to the Office of the Vice President for Academic Affairs who will provide a report to the Board outlining the instructional fees charged for such eLearning and Special Programs.

Roll call vote of the Board:

Curator Bradley voted yes.

Curator Cupps voted yes.

Curator Downing voted yes.

Curator Erdman voted yes.

Curator Goode voted yes.

Curator Henrickson voted yes.

Curator Steward voted yes.

The motion carried.

## **Governance, Resources and Planning**

Committee Chairman Erdman provided a recap of the February 2, 2012 Governance, Resources and Planning Committee meeting.

Information

1. System Accountability Measures Annual Report
2. Effectiveness and Efficiency Annual Report

**General Business**

Good and Welfare

Draft April 2012 Board of Curators meeting agenda – no discussion (on file)

It was moved by Curator Steward and seconded by Curator Downing, that the public session of the Board of Curators meeting, February 2-3, 2012, be adjourned.

Roll call vote:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

The public session of the Board of Curators meeting adjourned at 11:22 AM on Friday, February 3, 2012.

**BOARD OF CURATORS MEETING – EXECUTIVE SESSION**

A meeting of the University of Missouri Board of Curators was reconvened in executive session at 11:35 A.M., on Friday, February 3, 2012, in Room 402, of the Student Union on the University of Missouri – Kansas City campus, Kansas City, Missouri. Curator David R. Bradley, Chairman of the Board of Curators, presided over the meeting.

Present

The Honorable David R. Bradley  
The Honorable Donald L. Cupps  
The Honorable Don M. Downing  
The Honorable Warren K. Erdman  
The Honorable Wayne Goode  
The Honorable Pamela Q. Henrickson  
The Honorable David L. Steward

Also Present

Mr. Stephen J. Owens, Interim President  
Mr. Phillip J. Hoskins, Acting General Counsel  
Ms. Cindy S. Harmon, Secretary of the Board of Curators  
Miss Amy G. Johnson, Student Representative to the Board of Curators  
Dr. Thomas F. George, Chancellor for University of Missouri – St. Louis  
Ms. Natalie “Nikki” Krawitz, Vice President of Finance and Administration  
Mr. Timothy M. Wolfe, President Designate, University of Missouri System

**General Business**

Acting General Counsel’s Report – presented by Acting General Counsel Hoskins.

Litigation Report – presented by Acting General Counsel Hoskins (report on file in General Counsel’s Office)

Chancellor George and Vice President Krawitz joined the meeting.

University President’s Report to the Board of Curators on contracts, property and personnel – presented by Interim President Owens

It was moved by Curator Steward and seconded by Curator Cupps, that the meeting of the Board of Curators, February 2-3, 2012, be adjourned.

Roll call vote:

Curator Bradley voted yes.  
Curator Cupps voted yes.  
Curator Downing voted yes.  
Curator Erdman voted yes.  
Curator Goode voted yes.  
Curator Henrickson voted yes.  
Curator Steward voted yes.

The motion carried.

There being no further business to come before the Board of Curators, the meeting was adjourned at 12:55 P.M., on Friday, February 3, 2012.

Respectfully submitted,

A handwritten signature in cursive script that reads "Cindy S. Harmon".

Cindy S. Harmon  
Secretary of the Board of Curators  
University of Missouri

Approved by the Board of Curators on April 6, 2012.