

The Board of Regents, State of Iowa, met on February 3, 2005) at the University of Iowa, Iowa City, Iowa

Members of the Board of Regents, State of Iowa

Robert Downer, President Pro Tem	All sessions
Amir Arbisser	All sessions
Mary Ellen Becker	All sessions
Owen Newlin	All sessions
Jenny Rokes	All sessions
Rose Vasquez	All sessions
Michael Gartner (Regent-designee)	All sessions

Representing the Regent Institutions

SUI: David Skorton, Doug True, Dr. Meredith Hay, Bob Bowsby, John Staley

ISU: Gregory Geoffroy, Warren Madden

UNI: Robert Koob, Morris Mikkelson

ISD: Jeanne Prickett

IBS: Dennis Thurman

Student Leaders:

Lindsay Schutte, SUI

Sophia Magill, ISU

Brandon Moe, UNI

Board Office:

Gregory Nichols, Gary Steinke, Pam Elliott, Tom Evans, Carol Bradley, Joan Racki, Deb Hendrickson, Susan Anderson, Marcia Brunson, Tony Girardi, Diana Gonzalez, Barb Boose, Dianna Baker,

Others:

Ed Bittle, Mark LeMay

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Board of Regents, State of Iowa

The following business was transacted on Thursday, February 3, 2005, beginning at 9:30 a.m.

PUBLIC SESSION

Regent Downer convened the meeting and made the following opening comments:

“Before we start the scheduled portion of today’s agenda, I would ask your permission for me to make a few comments.

We are missing three of our Board members who were present with us when we last met in regular session, but whose contributions will continue to benefit Iowans. Since January 1, President Forsyth and two of our senior members, David Neil and Sue Nieland, have resigned from the Board. Governor Vilsack has proposed two highly qualified Iowans as the successors to John and Dave, and I am confident that he will nominate an equally outstanding replacement for Sue. Dave had served on our Board for nearly six years, and effectively brought to us a point of view which is not often present on higher education Boards. He is a highly effective representative of workers and we shall miss him. Sue had provided good leadership in the Human Resources area and her particular contributions in that field will be remembered, as well as her advocacy for the interests of Western Iowa. I had the privilege of working closely with John Forsyth as a part of the leadership team since last May and much has been accomplished as a result of John’s vision and management skills. The positive change that John brought to the Board will continue.

Numerous people have been quoted in the media over the past 10 days speculating about the Board of Regents. Do the membership changes signal a different direction or an abandonment of the partnership for transformation? Do these resignations mean that the conditional commitments to restrict tuition increases are gone? As the process for evaluating and consolidating business processes at the institutions stall, the answer to each and all of these questions is an emphatic no.

Our Board office staff, institution heads and numerous Board members have been meeting with key legislators for months. The message concerning and the commitment to the transformation plan has not changed one bit. We are continuing and accelerating our efforts with these legislative contacts and are hopeful that our goal will be reached. Regarding both the additional appropriation of \$40 million and the internal institutional reallocations, nothing is substantively different in this regard. Some spokespersons may have changed, but the plan, the message and the commitment have not.

The same is true regarding the combination of business functions. Implementation is moving forward on motor pool, internal audit and risk management. The transformation of Iowa Public Radio is continuing as I speak. There are a number of other non-academic

areas being studied, including human resources and employee benefits. Exploration and study will continue and the Iowa Business Council is expected to provide assistance to the business offices and each of the Regent institutions, as these plans move toward becoming a reality.

Do these departures of Board members mean that there will be stagnation and inaction? Mostly certainly they do not. Our remaining Board membership, as augmented by Teresa Wahlert and Michael Gartner is committed and effective. We have an outstanding and engaged staff in the Board Office. Most significantly, from the standpoint of service to the state, we have innovative, energetic dynamic and thoroughly honorable leaders at each and all, each and all, of the institutions under our governance.

When we have all of our new Board members in place, there will be an election of a new President. In the meantime, I will be doing my very best as your acting President to provide the leadership that this great enterprise needs and deserves.

As I've indicated, I will be only an interim President. It is important to note, however, that the words "interim" and "caretaker" are not synonymous. While I have not particularly studied interim leadership, I do have an excellent model to follow; one established by one of my former professors. Sandy Boyd, President-emeritus of the University of Iowa has been a role model for me since I was an undergraduate 45 years ago. Later, I had the good fortune of having Sandy as a law school professor. He then went on to become President of the University of Iowa and of the Field Museum in Chicago. In 1996, he returned to the Iowa Law School, where he still teaches full time at the age of 77.

These accomplishments are not why I mentioned him at this time, however. In 2002, he was tapped to again return to the U of I presidency on an interim basis and he served in that capacity until March 1, 2003. Upon his appointment, he immediately established himself as the same strong, innovative leader that he had been when he left the U of I presidency more than two decades earlier.

Sandy accomplished much in the nine months or so that he resumed the U of I President's office. Although I will not be serving as interim President for nearly that long, I will be striving, as Sandy did, to move forward with the needed initiatives during this period.

It is great pleasure for me to have with us today two people who are very special in my life. My wife, Jane, is a volunteer par excellence; having put in more than 800 hours a year on behalf of Hancher Auditorium Gift Shop for quite a few years. Her work is helping Hancher to meet the challenges of funding cut-backs, just as other volunteers at all of the Universities and special schools are providing a particularly valuable service in these times of financial strain. To me, Jane exemplifies the important role filled by volunteers in enhancing the effectiveness of all five Regent institutions.

While I am very interested in protecting the interests of all of the more than 67,000 students at the Regent institutions, I feel a special responsibility to one. She's the one that calls me dad, our daughter, Elise. Elise has just passed the half way point in her studies

at the Iowa Law School. It is my fond hope that after 40 years, Elise will be as proud of having graduated from an Iowa Regent University as I am now. Much as I appreciate your coming here, Elise, it's my understanding that you have class at 10:20 and I expect you to be there.

Thank you for having entrusted this position to me. I promise you that I will give it my best effort in the hope that we can together fulfill our responsibilities to all who depend upon us and on whose lives we have a capacity to make a difference.

Now we have important business to do and let's get to work!"

President Downer discussed the new recording system being used and how he would address individuals. On roll call votes, there will be a formal calling of the roll. Gary Steinke asked that individuals speaking identify themselves by name for the recording.

ITEM 1. MINUTES OF DECEMBER 15-16, 2004 BOARD MEETING

President Downer recognized Greg Nichols, Executive Director to comment on a revision to the minutes.

Comments by Greg Nichols, Executive Director

There are revised processes not only on taping and transcribing minutes, but also preparing final drafts. Replacement page 131 includes a change specifically requested by Regent Neiland relating to her comments during her discussion on Public Radio. Mr. Nichols and Regent Neiland had agreed the revisions more completely reflect her remarks than what was in the previous draft.

President Downer added one additional correction in the December 15-16 minutes. Vice Provost Bloedel of Iowa State University was referred to as Vice President Bloedel, and the correct title should be reflected in the minutes.

President Downer asked for a motion that the December 15-16, 2004 minutes be approved as corrected.

MOTION	Regent Arbisser moved to approve the minutes of December 15-16, 2004, as corrected. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.
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Regent-designee Gartner commented that he did not vote on the previous motion and that he would not be voting on any issue at today's meeting.

MINUTES OF DECEMBER 29, 2004 SPECIAL MEETING

President Downer said the Board members just received copies of these minutes for review and that they would not be voted on until the March meeting.

Comments of Greg Nichols, Executive Director

Several unusual circumstances of the last few weeks for the Board Office complicated this process. These are the proposed minutes for review, not for a final vote today.

The personnel and process changes that were planned for the minutes was scheduled for some time to be begun on December 30, 2004 and it was executed. This special meeting was held the night before. It has taken the staff longer than it will in the future to get these to you. The minutes are available today and if there are comments, corrections or questions, we will address those so that at your next meeting you can provide approval in whatever form you choose.

ITEM 2. INSTITUTIONAL AND BOARD OFFICE PERSONNEL TRANSACTIONS

Marcia Brunson said the Registers from the five institutions were in order. Dianna Baker was appointed as Executive Assistant in the Board Office as one of the items.

Greg Nichols introduced Dianna Baker to the Board and discussed the skills she brings to the job.

MOTION	Regent Arbisser moved to approve the personnel registers as presented. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 3a. FISCAL YEAR 2006 CAPITAL REQUEST PLANNED DISTRIBUTION

Comments from Gary Steinke, Deputy Executive Director

This item is an affirmation of what the Board approved in September, 2004, which is the plan focusing on capital reinvestment at the institutions. The plan is a five year plan, calling for \$15 million each year to correct deferred maintenance and fire safety deficiencies at the institutions. In addition, the other part of the plan says that for every \$2 of new state capital appropriations for deferred maintenance and fire safety, the institutions would provide at least \$1 in internally allocated, building repair funds.

Mr. Steinke said that he and the state relations officers are pursuing this in a very preliminary way in the Legislature with the chairpersons of the Capitals Transportation Appropriations Sub-Committee. Now that the Governor's budget has been released, there will be more substantial information about this progress at next month's meeting.

President Downer commented there was a new article in the last week where a national organization was grading the effectiveness of various state governments. Iowa was in a middle group under that report of roughly half the states. One of the areas that Iowa was graded down was deferred maintenance on state property. President Downer said it is important that progress be made in this area of deferred maintenance.

MOTION	Regent Vasquez moved to reaffirm support for the planned distribution of FY 2006 state appropriations for capitals. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.
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MOTION	Regent Newlin moved to approve that the Board support Regent Downer's opening statement. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.
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Regent Downer abstained from voting on the above motion.

ITEM 3b. LEGISLATIVE UPDATE AND GOVERNOR'S FY 2006 RECOMMENDATIONS

Comments by Gary Steinke, Deputy Executive Director

While there has been a series of distractions in the Legislature recently, the Board of Regents direction to him and to the three state relations officers has been very specific and is being followed to the letter. They are focusing on the partnership for transformation and excellence plan.

Mr. Steinke said he has been talking to and providing information to Legislative leaders and committee chairs. The three state relations officers have been sitting one-on-one with many Legislators over the last three weeks.

What is being talked about and focused on are the benefits of this plan to the people of Iowa, to the quality of education at the institutions and to the students in the state. This plan:

- assists in achieving national competitive salaries, to allow the universities to recruit and retain faculty members who are among the very best in their fields of study, which is what the people of Iowa expect;
- focuses resources and areas that are critically important to the future of Iowa; increasing class offerings in areas of high student demand, strengthening academic areas negatively impacted by the budget cuts over the last few years;
- helps the development of new academic programs, vital to the economic and growth needs of Iowa, further enriching the educational experience for all students at these institutions;
- improving student progress toward graduation;
- managing class sizes very effectively;
- preserving the excellence of the outreach and the inherent missions of the three Regent institutions;
- providing moderate tuition increases

This is what the people of Iowa expect, this is what the students expect and this is the outcome of what this Transformational Plan does.

Almost every Legislator they have talked to has expressed strong support for this concept. Before the Governor's budget was released on Monday, there were many questions, not about the concept or outcomes of this plan, but questions about funding.

Mr. Steinke said that the Governor recommended full funding for the entire request that was made by this Board to the Governor for the Transformational Plan. The Governor recommended \$40 million in support of the Transformational Plan. Mr. Steinke said this was the best recommendation from the Executive branch he had witnessed in the 11 years he had been working with the Regents institutions. He felt it shows that in a very tight budget year where everything and everybody is going to be stretched, that the Governor supported the Regents' plan.

The Governor's recommendations also include an appropriations increase for the Regents' special schools, equivalent to the 4% allowable growth increase for other K-12 schools that the Governor signed yesterday. The Governor's budget also fully funded the requested tuition replacement appropriation outside of the Transformational Plan.

The Governor additionally recommended \$500,000 for special schools maintenance from the proposed Iowa Values Bridge Funding Fund.

The Governor's budget includes a five year Iowa Values Fund. Of those funds, \$60 million for research and development at the Universities included. For FY 2006, \$21.9 million is designated for the Bioscience Initiative, as was outlined in the Battelle Report.

These are recommendations that the Regents and the people of Iowa can be very proud of. The Governor recognizes the importance and the commitment that this Board has to the students and the parents of Iowa, the accountability this Board expects from the institutions to itself and to the Legislature and to the people of Iowa and to the important

role that the Universities play in economic development and growth in the state's economy.

Regent Downer said that the Governor has stated that he is supportive of the full \$40 million request, but in the budget message, there was only a \$20 million figure that was identified for this. Regent Downer asked if Mr. Steinke could explain the apparent discrepancy.

Mr. Steinke said the Governor recommended \$40 million in two different places in the budget; a \$20 million operating increase to the Board of Regents and also a \$20 million designated in the Salary Adjustment Fund, a \$20 million figure for salaries at the Regents' institutions. Add those two together, it's \$40 million. He said they would be talking to the Legislative leaders about that \$40 million and exactly what they're willing to do about possibly moving some of the \$20 million or helping create more in line with the recommendation that the Regents made for the Transformational Fund. Regardless of where the money is in the budget, the Governor has designated for the Regents' institutions \$40 million, the figure requested.

Regent Rokes commented that as a student and a member of the Board, she has a unique position and understands rising costs in tuition affects thousands of students. As a Board member, I see the hard choices in allocating funds. To know that we have a Board staff and Board members and University leaders that have full faith in this plan, makes students feel better. Students don't understand all the numbers, but they understand there are people that are higher up that do care about them. If we can get that message to Legislators, there are thousands of students that want to give back to the State of Iowa. When you invest in us, we invest back. You will see a couple of examples today of those leaders and there are thousands all over the state of Iowa.

Regent Vasquez asked about timing of legislative budget processes. She asked if Mr. Steinke could help her understand throughout the Legislative session if different budget elements are acted upon at different times. For example, did the salary one come later.

Mr. Steinke said yes. The operating appropriations typically are acted upon the appropriate subcommittees of the Legislature start dealing with hearings in their committees and start looking at numbers soon after the Governor's budget is released. He expected the subcommittees will discussions about the operating budget for the Regents institutions as early as next week or the week after.

He said the salary adjustment funding, if that's where the money actually stays, is usually at the end of the session. There could be a big delay between success in both places. Again, it depends on where the other \$20 million might flow.

Regent Becker said this was her fourth year on the Board and commented that she found this to be an exciting time for the Regents institutions and the Board. There was a fantastic plan with great potential for finding efficiencies and moving forward with some very exciting initiatives. She was very pleased that the Governor saw the potential in what

was being done. She felt confident that Mr. Steinke and others were helping the Legislators see what's also there in the benefits for Iowa. Ultimately the improved quality and work the students get a chance to experience and also in the many ways that the Regents' institutions touch all of the people in Iowa.

President Downer commented that as everyone has seen, there has appeared in some circles to be questioning of the Board's resolve with respect to the Transformational Plan in light of the changes. He felt that Board members have made comments with respect to that. Just for purposes of having this on the record once and for all and then moving ahead, he asked if there was anyone at this point who has changed his or her mind with respect to the Transformational Plan, who is no longer supportive of it, or who suggests the Board change direction. There were not comments in response from the Board.

President Downer asked the Presidents of the Universities and the Superintendents of the special schools if there was any change in their positions in this regard. He asked if they felt another approach should be taken on this.

Comments from University Presidents

President Geoffroy said they were definitely not recommending a change in approach. At Iowa State, they are fully committed to this Transformational Plan. They are actively underway on campus in developing implementation plans for re-allocation and investment of the new resources. For example, they are jumping ahead a little bit because of an important problem in Iowa, the Asian soybean rust problem. They are going forward and creating two new faculty positions at the University to address that serious problem. Those funds will come from re-allocation or from the new funds, depending on how they have to do it.

He continued by saying he has been communicating this plan very widely. As he travels around Iowa, speaking to various organizations, and on various campus groups, describing the plan and advocating for it, he said he has received very, very strong support from all groups; from campus groups, from alumni, reaction of service clubs to the plan that has been presented. He feels it is an outstanding plan and the University is looking forward to its full implementation on campus.

President Skorton said the comments from individuals and groups he has spoken with are equally as strong. He reminded the Board of the work the University Presidents to move ahead with the plan, in addition to vocal support to tell the Board what has been happening. Last week at the University, they cut an additional \$2 million off of the General Education Fund. That is tightly linked with that aspect of the Transformational Plan that calls for \$20 million to be re-allocated toward strategic priorities within the enterprise.

In terms of that aspect of the plan that has to do with reduction of duplication and increased efficiencies, right now on a business function side, the three University Presidents and Vice Presidents for Finance have developed consolidation agreements

that the Board has already approved for the internal audit function, for risk management and for fleet services. This week, he named a chair for the committee that will search for the new internal auditor. He believes this will be the first position that will be created, enterprise-wide, to actually implement this strong vision that the University totally endorses of consolidation and reduction of duplication of business function. In the other two areas, risk management and fleet services will follow.

He commended Iowa State University and the University of Northern Iowa on helping move towards consolidation and implementation of the radio station functions. He commented on Iowa State University moving forward with the consultant for the search function of the executive director of the new consolidated radio entity. In addition to the very strong rhetorical and philosophical support, the three Presidents of the Universities are moving forward with implementation of the plan. He hopes to have more concrete progress to report by the March meeting.

President Koob remarked that the Iowa Business Council held its annual meeting this past week. If you had been at that meeting, you would have heard that the new President of the Iowa Business Council publicly committed to working with the Regents in process improvement. The University's Chief Financial Officers have submitted a set of papers of six different areas where they are committed to work on process improvement with the Iowa Business Council. The staff of the Iowa Business Council has assured him that the communication would continue.

They are very excited about the opportunity of working with those who have already experienced significant process improvement in their own businesses and will be sharing their expertise with the University. The more resources that can be put into serving students and the fewer into business processes, the better. This is felt throughout the campus. Every manager is on Board with this, no reservations.

With respect to the re-allocations and potential new operating funds from the Legislature, the University of Northern Iowa has proposed three new programs, two the Board has already approved in response to the needs of the people of the state. The first in response to the response to growing enrollments in the community colleges, as a part of the continuing effort to articulate technical programs to the University level, established a program in computer Network Administration. This is one of the fastest growing majors in the community colleges and they have developed an opportunity for those to articulate. They have reached to the community college system and try to make that transition more smooth.

Secondly, they have proposed and been approved for a program in Bioinformatics. This is in response to the growing bio-economy of the state, but also as a way to provide a feeder program for the excellent program that preceded it at the graduate level at Iowa State University.

Finally, UNI is proposing a new set of programs at the Masters level in direct response to the Battelle Report, suggesting a more educated work force. In effect, the principal

behind the practical science masters are that their graduates at that level need to speak at least two languages: the language of technology, whether it be biotechnology, information technology or manufacturing technology, and the other, the language of business. The University is re-allocating resources and looking forward to new operating budgets in order to continue to serve providing a high level work force to the State of Iowa.

The University of Northern Iowa is absolutely and completely committed to the plan. They have taken significant actions on all levels on both the business side and on the economic side to show their response.

Regent Downer asked if the student body presidents from the Universities that were present to come forward and make any comments they might have regarding the Transformational Plan.

Comments by Lindsay Schutte, President, University of Iowa Student Government

Ms. Schutte stated they absolutely support the Transformational Plan for Excellence. This is by far the best deal students have gotten in years. Everyone working together, it doesn't get much better than that.

The students at the Universities and of the state who are planning to go those state schools, deserve the efficiency and accountability that underpins the entire plan. The Iowa families have every right to be able to plan for stable and predictable tuition increases. They want to send their kids to state schools and this is a really great way for them to be able to plan for the future and be able to afford the tuition.

She expressed support specifically on behalf of the University of Iowa students for the decisions that have been made by the President and central administration. They don't always agree on everything, but they definitely do support the decisions they make, because they believe in the principles of shared governance and the fact that they do have a say in what goes on at the University.

Through this entire process, the students ask that politics not become the main thrust of the conversation. It's important that responsible, clear-sighted, forward thinking is the focus and not the politics of the situation. The tax payers of Iowa and the students of Iowa deserve it.

Comments from Sophia Magill, President of Iowa State University Student Body

Ms. Magill pointed out the three Regent Universities from the student standpoint have been working together this year and they have a collaborative effort. She felt that was important to understand. In her history, she thought this was the first time that everyone came together as a united front.

She said that when looking at the proposal on the table, the key word is "partnership". That is what everyone needs to keep in mind as it moves forward. She is looking to the Iowa Legislature to continue this partnership in order to make all accountable.

Ms. Magill indicates that her purpose today is to provide an invitation to the future and to look forward in this legislative season ahead. Plans have been made to organize some great events, as referenced in the last Board of Regents meeting.

First, there was a great turnout for the student state capitol orientation recently held. Many different students attended from all the universities to better understand the student viewpoint, regarding the proposal for the transformation and excellence.

Looking forward a few weeks, the Regents Day will be held at the Capitol, on February 15th. Students, alumni, parents, Regents, and administration will all be meeting at the Capitol. This is the understanding that this is a partnership for all these groups. This is a student led event. It's important to understand that this is coming from the student standpoint and to understand that there needs to be an interaction between the Iowa Legislature and the students.

Also, the 2nd annual "Meet the Future of Iowa" will be held March 2nd. Students, alumni, parents, Regents, and administration from all three universities will be present at this event. This should be a great event, both formally and informally, to get to know each other.

The ISU Ambassador's Program is in its second year. There are currently 70 members representing the counties and surrounding states. They are connected to the hometowns, government and media. An ISU update is provided to inform the hometown communities about what is happening at Iowa State University and to also let them know about any legislation that is of great concern to the students. Iowa State University continues to support the proposal on the table and look forward to working with the Iowa Legislature.

Comments from Brandon Moe, President of University of Northern Iowa Student Body

Mr. Moe indicated that the previous speakers had already covered most points. One point to note was to emphasize that the students of the University of Northern Iowa fully support the Regents Transformation for Excellence Plan. This plan addresses some of the most important issues to students, outside of grades. It also promises to keep tuition increases low and predictable while maintaining quality at the University of Northern Iowa, and therefore the students feel this is a great plan.

With regard to legislative efforts, participation will include the February 15th Regents Day at the Capitol. A bus will be rented for transportation of the students for this event. Additional student organizations will be speaking and informing others of the learning opportunities outside of the classroom that are available at the University of Northern Iowa.

UNI students will also participate in the "Meet the Future of Iowa" event.

With regard to the NISG, individually efforts are underway for a fairly aggressive campaign to encourage students to simply write a post card to their legislatures. This effort will be going on for the next few days. Additionally, students will be encouraged to send a basic form letter home to encourage parents to write letters, or e-mails to the legislatures, as well.

Regent Rokes recognized that the three student body presidents are leaders, and not only leaders, but students. It was encouraged to remember that these are full time students who probably work and don't sleep much, but are working very hard. There are thousands of students like this and they should be given a round of applause.

Regent Downer stated that he recognizes that it is around this time of year that student elections take place and some students may not be able to attend the March meeting. He also emphasized the terrific job done by the three student body presidents over the past year. All are to be saluted for their commitment.

Regent Downer indicates that the Legislative report was received by general consent, and noted all comments were reaffirmation of support and strong commitment to the partnership for transformation and excellence. The Board, the administration at the universities and our student governments are united in the support of this partnership in transformation and excellence.

Comments from Special Schools Superintendents

Superintendent Dennis Thurman, commented that while the Iowa Braille and Sight Saving School is not part of the same Regent transformation plan, that doesn't mean the school isn't involved in a major transformation of the school.

The Board appointed a task force to look at the future of Iowa Braille and the future services of the visually impaired and blind. The task force has now had three meetings.

Superintendent Thurman said he felt that two "shining lights" have been the appointment of the task force and the continued support to the Legislature in the form of the budget. He thanked the Governor for what he had done and thanked the Board for its support and direction.

Superintendent Prickett echoed Superintendent's Thurman's sentiments. She said they deeply appreciate the centralized support for the facilities and for fleet management from Iowa State University. They could not afford to do those things at the School for the Deaf, as they are a small institution. The internal audit functions are performed by the University of Iowa. The school has always been a part of services that are shared and combined. To that end, they get outstanding services and look forward to continuing that as the Universities proceed with the transformational process.

MOTION	Regent Newlin moved to support and endorse the Regent transformation plan. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 4. Facilities Governance Report

Comments by Joan Racki, Regents Facilities Officer

Ms. Racki stated that this is the first annual Facilities Governance Report. The report is designed to provide a more comprehensive review of facilities than what was provided in the past reports while also attempting to retain the continuity of past reports on fire and environmental safety and deferred maintenance.

She indicated that quality facilities are an integral part of the academic enterprise. They are needed to compete for faculty and staff, improve the research productivity of the faculty and compete for students. The report includes an overview of facilities, including three attachments.

The first attachment is the University Master Plans and Planning Process. Upon the completion of today's remarks the universities will provide Power Point presentations. The second attachment is Facility Organizations and Operation, and the third is Fire and Environmental Safety and Deferred Maintenance.

Attention was also called to the section on Institutional Cooperation and Coordination beginning on Page 9. This section details the number of ways in which the regent institutions are working together in the facilities arena.

Ms. Racki stated that comments and suggestions would be welcome with regard to items to be included or changed in future reports to be presented to the Board.

Comments by Doug True, Vice President and Don Guckert, Director of Facilities Management, University of Iowa

Vice President True indicated that seven years ago the university completed a master plan, a copy of which is included on the first page. This past plan helped in defining certain objectives. The past plan helped to identify some green spaces that are permanently designed in this regard. One such space is south of the library. There are some functions to take place at the far west campus. Hawkeye Campus, for student recreation and some joint athletic and recreations activities.

Business service functions have been identified that could take place outside the confines of the university campus where student functions come first. This area is south of Burlington Street. Therefore, the university will make better use of the valuable land.

Since 1998, several things have changed and driven the need to change. The university is a different place today. The College of Public Health is the first new college of the university for decades with a thousand more students. There is a 54% increase in sponsored research, and much of that is laboratory research that requires space on the campus and interaction with students and faculty, etc. Additionally, UIHC has a critical presence on the campus and is growing.

Efforts are underway, and are being led by Provost Mike Hogan, in order to be responsive to the strategic plan. These efforts are nearing completion and it was determined that nothing should go in front of this completion.

Vice President True indicated that efforts are to create a campus identity. An important note is that people make decisions to come to the university as students, patients, or visitors for many reasons. One reason is the capability of the faculty and the reputation. However, much of the decision is based on appearance, natural heritage, the architecture and how responsive the university is to students and visitors. The campus is urban and many changes have already been made, but more are needed for a pedestrian-friendly campus and easy for visitors and friends to get in and out of the campus with convenient parking.

The last point is about celebrating the Iowa River, which is very important. It is necessary to take full advantage of this in every instance possible.

National Consulting assisting is something that Don has helped to emphasize. It's a benefit to be able to bring in this type of assistance, such as Joe Hibbard with Sasaki Associates. The consultants are not making decisions but to help in creative thinking. An example would be the recent efforts in deciding where to provide additional recreation center space for students on the campus. This was a difficult decision process which was helped by experience at other campuses. The provided documents indicate in brown areas on the map were what was considered for the purpose. The space indicated by "7" was the ultimate site selected. This was done after months of work, consultation with faculty, student groups, and especially student government. This is a good example of the communication effort before a commitment was made on a multi-million dollar recreation site for students.

Vice President True explained program-driven planning deals with the strategic plan and programs. The university does not want to be driven by only facility needs but rather by the programs. The university is fortunate to have a Provost with a vision such as Mike Hogan, as well as the new incoming Research V.P. Efforts are important to work with the Health Sciences. A critical area is lab space to be able to meet the best needs of medicine, nursing, dentistry, pharmacy, etc.

A recent example of a program driven effort involving the UIHC was the nursing education center approved in December. This effort combines UIHC nurses with College of Nursing needs and is being built collectively within UIHC and jointly financed.

One issue that has stepped up is our location to neighborhoods in the community. The university is pushed up against the community, being located right in the middle of downtown. It is recognized that the university needs to listen closely to the neighborhood issues and remain engaged by using the campus planning committee, consisting of faculty, students and staff.

Since the university is so urbanized in parts of the campus, it is important to think about all areas, including parking and circulation, in fill, property acquisition, UIHC facility planning coordination and the university's concentrated underground utilities.

With regard to project planning framework there are two things to note. We are 1/3 done and will be fully done this academic year with a facilities condition audit; done by a firm called Isis, out of Atlanta, Georgia. Isis has done work for Michigan, Minnesota, Texas, North Carolina and a number of universities, enabling them to make better choices. There is not enough money to cure all the problems and efforts are being made to make decisions correctly and in a prioritized way, so that nothing is missed with regard to condition assessments that should be known about.

It was mentioned earlier the criticality of deferred maintenance. This is a piece of that, although the groups looking at the facilities is also looking at other aspects of making sure facilities are not only up to date, but up to date in terms of the programs that take place in them.

The second item to highlight is integrating with financial analysis. Progress has been made in the last year and a half is the integration of facilities in a financial analysis. It is not possible to do what you cannot pay for. The university must be mindful of the bond rating. The bond rating is a nice benchmark. It is hoped to be able to present a double A credit bond rating. That is the current rating and it is the hope to remain there. The rating agencies look to the university for a number of standpoints in our credit, even if funds are not borrowed for a project. Sound financing is a must, as well as a well-defined plan, along with balance sheet and income statements.

There is a great deal happening with the current project planning for the campus as indicated in the monthly meetings. The east campus recreation center is the biggest profile. The university is currently behind its peers, and Northern Iowa and Iowa State in our own state in recreational opportunities for the students, both indoor and outdoor. The university is committed to catch up and to provide the kind of recreation that students are increasingly demanding.

Parking and transportation will always be at the center of thinking; and again the concentration utility issue. As a highlight on utilities, especially with a hospital, reliability of

utilities has to be paramount. Reliability costs money, and wise choices must be made and presented for options.

In regard to timeline, the strategic plan for the university will be presented in a couple months, with completion in March. It is important to be able to react to that plan in this campus planning process. The ability to react to the university hospitals and clinic strategic planning process is also very important, as described in yesterday's meeting. Additionally, a response is needed for the UIAC's facility plan and planning work that John Staley spoke about. It is hoped to have this campus plan revisited entirely, and presented in December, but it is hoped to be presented this fall in order to receive reactions to the view for the next five years.

Regent-designee Gartner requested additional information on the planning of a new building. Does the decision process include the additional finances required for utility costs, so much more in maintenance costs, so much more in people costs, and is that calculated out on an annual basis? Is that information included in a separate line item, with the additional costs, when presented to the regents?

Vice President True indicated that this is exactly the case. Efforts also include the possibility of debt involvement, the effects on the balance sheet, etc. Costs are not limited to just the bricks and mortar, but the costs of the utilities, the costs of the programs, and this must be integrated. The Board in the last two years has put in place a number of procedures that includes the submission of timely information for review.

Regent-designee Gartner asked if money is every set aside, as if an endowment or a specific fund, to fund the extra maintenance or the extra utilities.

Vice President True replied that it is dependent upon each project. Each case requires a decision as to where these funds must come from. It is in contrast to what is seen in many private universities where new projects are occasionally endowed in terms of the operations. That is not as frequent as the public universities. For the university, as an example, currently a research building is now being completed, Carver Biomedical Research building, and when that process began, it is probably about a \$50 million dollar building. Decisions were made and the Board knows exactly how we are going to pay for the costs to support that building. The basis was also presented for what the investigators are doing and how we can actually use that space, and in turn, how the university would pay for the operation of that space, which is about \$1.8 million annually in incremental operative expense. It must be demonstrated to the university first, in this case the College of Medicine demonstrates, and in turn demonstrates to the Board that the generation of sufficient overhead recoveries from the indirect costs from the research that goes on there can pay that marginal cost. This is the team's obligation and commitment to work with the individual units on campus to make sure that is demonstrated. Seldom is it the case where money is actually set-aside during the construction project for that, in the endowment type of instance, but in every instance it must be projected as to the payment. A building has never been completed but then not opened. This would be a travesty and an instance of very poor planning and this must be avoided. The Board's current

procedures drive the decision process through a gauntlet to make sure that all are satisfied as to the voracity of the information in each and every instance on major projects.

Regent-designee Gartner stated he is astounded at the amount of deferred maintenance, and wonders if a building is opened and plans are not in place to handle it, that the money would actually end up in deferred maintenance.

Vice President True agrees that this is a valid point. There is ultimately only one source of money, and if there is more in new construction this direction then there is less for taking care of existing buildings. The university is absolutely committed to what the Board described earlier, deferred maintenance is the number one capital priority. An example would be what is being done on campus now with the renovation of the chemistry building and renovation of the art building. The focus is on making sure the stewardship of the existing space is fulfilled. At the same time, everything possible is being done to raise money, not just from the state, but to raise money from private sources to do that very same thing. It was mentioned that an assessment or survey has been done of all of the buildings.

Vice President True goes on to state that he is proud of this and that it reflects what has been done in the last 10 or 15 years in fixing roofs and the like. The relative position is not as important as what needs to be accomplished. What is desired is to make accomplishments and be better stewards.

Comments by President Skorton

President Skorton wanted to make an additional answer to Regent-designee Gartner's question. He feels it is very important that they strive to do better, not only in the deferred maintenance but also in the identification in the source for funds to do maintenance. This has also been a casualty during the years of budget cuts in the general fund; this was coupled with the pressure for growth on the campus in both enrollments and in research activities. President Skorton indicated that Vice President True has a plan for advancing, every year, the percentage of deferred maintenance "backlog" to be retired in that year. This effort got derailed during the times of budgetary prosperity, but it remains a very important point to get back on track with, and the Board has encouraged this. He then asked Vice President True to refresh this point.

Vice President True continues to state that the numbers are typical and are 1% of replacement value which is thought to be needed to invest. At one time the university was at a point of .75% or .80%, not quite 1%. Since then it has deteriorated over the last four years to about .60%. It is the goal to get back to the objective to enable the university to not incur additional deferred maintenance.

Comments by Warren Madden, Vice President of Business & Finance, Iowa State University

The Iowa State master plan is one component of the planning process. There is a strategic plan that is being developed and will be presented to the Board in March. All of the planning processes need to be integrated. This morning's focus is the physical campus master plan.

In the case of Iowa State, the last major update of this plan, in terms of working with outside consultants, Sasaki and Associates was the firm we worked with, was done in 1991. It is believed that plan continues to be applicable today in terms of the general planning framework. That plan indicated the campus could accommodate about 2.9 million growth square feet of space. This is being looked at for over a 25 to 30-year period. This does not mean that this much square footage would be added to the campus, but it is believed that there is the ability to accommodate it if the programmatic needs are required, and if the funding sources would permit the construction. This is a guide, and is intended to have some flexibility. Land use program locations have been addressed, as well as transportation systems, and then maintaining open space.

The first planning process at Iowa State University started more than 100 years ago. The Olmstead Architectural firm, involved in the design of the New York Central Park, was the first planning organization that worked with Iowa State University. Some of those trees and plantings in the central court campus open spaces were actually laid out in that point in time.

The goals outlined are to create an environment that will support the mission, integrate with the campus strategic planning process and attempt to maintain the image that Iowa State University possesses. This is important, from a historical context, and plays a role in the future development, the attraction of students and the kinds of activity that go on at the University.

The campus, in general, is in concentric circle kinds of structures. There is a central core open green space, and the academic and student service areas surround that. Out in the next ring you will find research facilities. Beyond that you will find administrative services and there has been a movement of a number of support activities to the north of the railroad tracks that run through the north edge of the campus.

Finally, south of Lincoln Way, you will find the basic public event facilities; the Iowa State Center, the football facilities and the major entryway to the campus.

The plan organization tries to address transportation needs. During the daytime, vehicular access has been restricted. In cooperation with the students a major bus system has been developed, called "Cy Ride" The students have committed substantial student fees to make that service free for students. It circulates the campus and brings people there from a number of directions. Attempts have been made to reduce traffic congestion and to clarify the way individuals approach the campus. The main entryway is from the south,

off of US Highway 30 and Elwood Drive. Parking facilities are being continually developed. Iowa State University does not have the kind of concentration that the University of Iowa has. The Board previously approved a parking structure at Iowa State University that is now in operation on the east side of the campus. The University is considering the development of another parking structure on the west side of the campus.

The plan organization is to maintain the open lawn space on the National Register. The Gerdin College of Business building probably utilized the last major building site on the central core, and there will be no new proposals for buildings to enter into that green space.

There are some opportunities for growth at Iowa State University as pedestrian corridors are connected; there is a new north quadrangle area. There is also the opportunity to continue to develop courtyards. It is believed these are opportunities to seek outside private funding.

A tree, shrub and landscape replacement program has been started. The University has been fortunate to have good landscaping, both from the facility perspective and working with the College of Design people. Trees do get old and need to be replaced and a landscape replacement program has been started.

Vice President Madden presented the map of the campus master plan which showed a high, elevated view, going from Highway 30 to the south to 24th Street on the north. These are the boundaries of the core campus area. This plan does not include all of the outlying agricultural areas. That is included in another master plan, which was presented to the Board in the past. This map shows, and is believed to be, an effective organization of the campus in these major land use areas, in terms of the kinds of functional activities, bringing people on to the campus, and the various college activities.

The next focus is on the core central campus area. It shows existing buildings and potential building sites. These sites should be viewed as just that, the shapes that are reflected are not necessarily what will be done, but show what could be developed in the future.

Vice President Madden directed the Board's attention to the northwest campus area. There is the opportunity to develop several large facilities in this area of campus. Whether this will happen is dependant upon funding, and the funding will depend upon the programmatic direction of the University and identifying the full costs. Any buildings that are constructed in this area will have to be able to be cost justified, including the operating costs. South of what is labeled Pammel Drive shows some potential buildings. The Regent's five-year capital plan includes the need to develop chemistry facilities as a high priority for Iowa State University and that's likely the area for this to occur. This future growth area should accommodate the University over the next 20 to 25 years.

Finally, Vice President Madden discussed what has happened over the last period of years and the location of some of the building sites. Iowa State University has wisely

used its land resources plan, but the rate of growth and development remains to be seen. By plotting the growth of Iowa State University from its founding, on average, 100k square feet of space has been added, per year. Not every year, but if this is done, it's almost a straight line over the time period. It is speculation as to if this will continue in the future. Structures have also been removed. Various buildings have reached the end of their useful lives. The University will be taking down two of the Towers dormitories that were constructed in the 1960's, this coming summer. This has already been approved. The new Environmental Health and Safety building that is currently under construction will permit the closing and probably the removal of some other facilities.

The University is looking at the renovation of buildings and the replacement of buildings. The renovation of Morrill Hall is a project that has been approved and the University is moving ahead in historic renovation. There is a balance between retention, preservation and the replacement, and to also keep the historic character of the campus, while developing facilities to meet the programmatic needs as Iowa State University looks to the future.

The University believes this master plan is a sound plan, outlining sound principles and will continue to follow it.

Morris Mikkelson, Associate Vice President for Facilities Management, indicated the University of northern Iowa's approach is slightly different. In 2000, the campus master plan was presented to the Board.

Today's discussion represents an update of the major elements of that master plan. This master plan has been used, and is being followed and the University is comfortable with it. It is a wonderful tool, a framework for the institutional planning.

The University, uses a collaborative and an inclusive approach to the campus planning. UNI has a broad based facilities planning advisory committee that is made up of 15 members, two each from the Dean's Council, the Department Head's Council, the Faculty Senate, the Student Government, and each division of the University. It is through the oversight of this committee that recommendations are made to the cabinet on all issues relating to campus planning issues, capital project priorities for the institution and all space issues. The committee oversight ensures that the environment provided for the institution will follow the mission and vision of the University.

Additionally, since 2000, the University has had extended collaborative efforts with the cities of Cedar Falls, Waterloo, and the Metropolitan Transit Administration.

Campus planning creates a sense of place. The campus plan and the capital plan must work together and they both support the strategic plan of the institution. The campus plan must maximize the effective and efficient use of the resources available to the University, prescribe lasting design principles for the institution and delineate clear, expandable circulation patterns for the land use and for the special order of the campus.

The following strategic goals are supported by the campus plan: fostering a supporting living and learning environment with well-maintained and safe conditions and equipment; continuing to improve the capital, physical and informational resources at the institution; promoting a university culture of diversity, collegiality, mutual respect organizational effectiveness and shared responsibility by supporting safe and supportive working and living environments; and providing and maintaining appropriate resources for effective and efficient operations by upgrading, constructing and maintaining the buildings, grounds and equipment.

The firm of Collier, Rolet & Scott, a planning firm out of Houston, Texas, developed the comprehensive campus plan for the University of Northern Iowa in 1968. The basis of that original plan was concentric campus zones around a compact unified campus center. That plan has been followed since 1968. At the very center of this plan is the Library and the Student Union, which speaks to the values of the institution to students, knowledge and research. Surrounding that zone is the academic college zone and the administration. Next are the residents, the physical education and recreational facilities, followed by the support facilities, residences, the play fields, parking, physical plant, and public-oriented facilities, and the last zone, which is 1968, was titled "married student residences, preserves, arboretum and golf course.

The UNI campus has contiguous 934 acres. The updating of the master plan to 2004 has not changed any of the land of interest to the institution since the 2000 plan.

In 1991 the institution conducted a space needs analysis to develop all space needs for the institution, and in 1998 a land use study of all the University land was conducted. Both of these studies have been the foundation upon which further planning has been done.

Since 2000 there has been two major land use studies conducted, one in the south for is a residential community to build around the UNI preserves, providing educational opportunities for both the residents of the community and for the University residents themselves.

The second land use study completed since 2000 is the west campus development. This was a conceptual arrangement of all future athletic facilities envisioned; the recreation and wellness fields, for the new McCleod Center Arena, and for the Human Performance Center planning.

Potential building sites, have not changed from 2000.

The long range pedestrian circulation plan remains the same as it was in 2000, except for the addition of the portion on the west side and the pedestrian circulation on the south side.

The long-range vehicular circulation plan presented in 2000 remains the same except for the additions to the south and to the west.

Currently, the University is actively working with the City of Cedar Falls, the City of Waterloo, the Metropolitan Transit Administration and the Federal Transit Administration on a multi-module transit facility for transit in the entire area. The University hopes to bring that information to the Board in the near future.

Regarding long-range utilities, additional electrical distribution plan has been added for the west portion of the campus.

Quite a bit of progress has been made on this long-range plan for the steam distribution system.

In addition to the major capital projects, the institution places a great deal of emphasis on repairs.

Since 2000, the University has had major projects of a smaller nature that affected particularly the envelope of the buildings, which is considered the roof, the walls, and the windows. The Library has had extensive renovations on the exterior to prevent water penetration.

In all, it is believed that UNI has a wonderful campus. The physical characteristics reflect the institution's values and all want the campus plan and the capital plan to work together to provide this physical environment that is well maintained, safe and one that supports and enhances the learning and working environment.

Regent Downer questioned an indication in the report that there has been no formal energy audit since 1989 due to funding constraints. Will there be any efforts pursued to change this and search out any possible savings in utility costs?

Associate Vice President Mikkelsen replied that the University is going to do some energy audits.

Projects with payback periods of less than 5-6 years identified in the 1989 study have been completed. Efforts are currently underway with an emphasis on this issue, forming a new committee on campus, which will look into the sustainability areas of all the campus and the new buildings.

Regent Downer thanked each of the institutions for their thorough and informative presentations. The Board is improving its oversight over the facilities. The presentations were excellent in all cases and the Board continues to encourage the collaboration among the institutions; the sharing of the good ideas that each has as to how the institutions might help each other learn about accomplishments. With respect to both fire safety and deferred maintenance issues, the Board appreciates the diligence and encourages the continued attention to these issues.

Regent Downer noted the Board received the reports by general consent.

ITEM 5. INSTITUTIONAL AGREEMENTS, LEASES & EASMENTS

MOTION	Regent Becker moved to approve the following leases: <u>University of Iowa</u> – Lease agreement and lease amendment with Myriad Developers L.C. , lease renewals with Pharmacom Corporation, Innovative Software Engineering, Market Technology Systems, and American Institute of Sustainable Science and Technology, and farm lease renewals with Tom Williams and Scott Odgen. <u>Iowa State University</u> – Lease renewal with Epsilon Investment L.L.C. Regent Rokes seconded the motion. AYE: Arbisser, Becker, Downer, Newlin, Rokes, Vasquez NAY: None ABSTAIN: Gartner MOTION CARRIED UNANIMOUSLY.
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ITEM 6a. REVISIONS TO THE BOARD OF REGENTS POLICY MANUAL

Executive Director Nichols stated today’s presentation is consistent with the Board’s direction for continuous process improvement and transformation.

Revisions to both Chapter 1 and Chapter 6 of the Regents Policy Manual relate to the oversight of academic activities on the campuses. The changes represented in Items 6a and 6b represent the most significant revision of academic affairs oversight and policy by the Board in decades. The revisions contain delegation of significant authority to a new Regents’ enterprise-wide council of provosts working with the Board Office and under the oversight of the Board Committee of Education and Student Affairs. Also significant are changes in the current academic program review processes which currently encompass up to the 13 different steps for approval, review and oversight and which will, with these changes, be reduced to about seven steps; consistent with the Board’s direction to review with an eye for lean processes and streamlined procedures.

These changes also allow staff to work more collaboratively with provosts on higher level state-wide policy matters and exceptional program reviews where there are issues, rather than focusing time and attention on routine paperwork and merely mechanical processes as in the past. There is a very strong consensus of support from institutions and the Board Office based on the shared view that these changes will serve the board and the enterprise well in the future.

It is recommended today to waive the first reading of these changes and vote to give final approval today to begin immediate implementation in concert with Regent Becker and others in preparation for the March meeting of the Education and Student Affairs Committee. It may be necessary to amend the details of the language at a later time as implementation proceeds, but approval today is critical to begin the process. Each member of the Board and the institution heads need to know that the Executive Director will be directly involved, on the Board's behalf, in working through the transition with the provosts and the Board Office staff in the weeks to come.

It is necessary to acknowledge the vital role that Carol Bradley, a senior consultant to the Board, played in bringing forth both the substance of the changes and the consensus necessary with the institutional staff for implementation. It was fortunate to have Carol's counsel and even though her participation was to be completed at the end of January, she has agreed to assist for the next few months during initial implementation.

Approval is now sought by the Board of revisions to Chapter 1 in Item 6a as presented and upon conclusion of this action there are two additional minor revisions to 6b before final approval.

Regent-designee Gartner questioned if it would be a subject for discussion, before today's approval, as to the Iowa Public Radio Executive Counsel. With the way the Board is set up, Regent-designee Gartner is not sure if it's the best form of governance. A five person Board is right, however he is questioned whether the new executive director, whoever he/she should be a member of the Board. It is his belief that this person, as an employee, reporting to the Board, probably shouldn't be a member of the Board. He also questioned the value of having a non-voting member on the Board, sort of a second-class citizen. He wonders if the Regents would consider an amendment to simply have a five-member voting Board, one member appointed by each university president and two members appointed by the Board of Regents, all of who have voting power.

Regent Downer replied that he made these exact suggestions to Vice President Madden with respect to this structure. They had a discussion regarding this exact issue yesterday and it is believed that the group that is involved with implementation of this is looking at a governance structure at least substantially along the lines mentioned, with the executive director not being a member of the Board and with a 5-voting person Board. In the implementation of this, it is proposed that Regent-designee Gartner's suggestion be considered in the subject to final refinement pursuant to recommendations that come out of Vice President Madden's group.

Regent Newlin suggested that one of the two, appointed by the Regents, might be a representative of the Board Office.

Regent Downer agrees that this might be a possibility. It is thought that with having a representative of the Friend's group may well make sense, but there is only one of the three stations that has such a group at this time, so it would seem that if this is desired, it should only be effective at such time and as all three of the stations are a part of that

group also. It would also seem that as far as the designation of those slots, that this might be something that the group that is looking at implementation, the three university representatives, would look at this and report back to the Board with specifics for a final recommendation as to the structure of those two posts.

Regent-designee Gartner stated that it is his understanding that this will be voted on today.

Executive Director Nichols indicated that the references in today's materials states that when the executive council is created that it reports to the Board, through the counsel of provosts and the Education and Student Affairs Committee.

Regent-designee Gartner stated that the reference to the IPR board is on Page 17, top paragraph, which was the reason for his concern. He stated that he would like to incorporate Regent Newlin's suggestion for a 5-member voting Board, one member appointed by each of the three university presidents, two members appointed by the Board of Regents and one of those two could include a Regent or a member of the Regent staff.

President Skorton stated that he agrees with Regent-designee Gartner's points, and referred to a previous reaction to the "Bornstein Report" and how delegation was made to the representatives to the universities to implement it.

Vice President Madden stated that the executive council and the three on the council from the three institutions met yesterday. They indicated to the search firm that the executive director would not be a voting member of the Board, and all were in concurrence. The council is waiting for the Board's guidance about who the other two members of the Council should be. The discussions today are certainly consistent with the councils discussions. The Board needs to indicate the kinds of people they believe are appropriate to represent the Regents' interest.

Regent Becker suggested that the board just change the paragraph since there does seem to be quite a bit of consensus. If the board needs to make modifications they can be done the next time this issue is revisited. Other sections may need to be refined as well.

Regent Downer stated that Executive Director Nichols had developed specific language on this issue.

Mr. Nichols read: "Membership: The Iowa Public Radio Executive Council shall consist of five voting members, including an appointee of the president of each of the Regent universities, and two members appointed by the Board of Regents."

Regent Newlin and Regent Downer stated the sense of the board, additionally, was that the Executive Director of IPR not be a voting member of the IPR Executive Council.

MOTION	Regent Becker moved to modify proposed policy section 1.06c to read: Membership: The Iowa Public Radio Executive Council shall consist of five voting members, including an appointee of the president of each Regent university and two members appointed by the Board of Regents. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.
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MOTION	Regent Newlin moved to approve the policy in item 6A as amended, and waive the second reading for policy section 1.06c and approve the section as amended. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 6b. REVISIONS TO THE BOARD OF REGENTS POLICY MANUAL

Executive Director Greg Nichols stated that Iowa State University had pointed out that when Chapter 6 was re-drafted, two items earlier removed were accidentally re-printed on page 71 in Attachment B, section 6.17 entitled "Faculty Consulting Analysis" which was printed inadvertently. This is a report that is no longer prepared. This will be stricken from the proposal and redrafted, with the Board's approval.

Likewise, on page 75, Chapter 6.23 on International Agreement is also a former report that was stricken earlier and was mistakenly re-printed.

Regent-designee Gartner stated that attention should be drawn to Pages 8 & 9, 2b and 2d, will not be considered. To clarify, 2b should state "subject to the restriction in 2d, otherwise there would be two contradictory points. He also adds to the discussion to note on Page 66, #6.11 which currently reads "It is the policy of the Board, expressly the institutions of higher education under its control to permit students and staff to hear diverse points of view." He proposed that it may be nicer to read, "encourage" rather than "hear".

MOTION	Regent Becker moved to adopt the proposed changes in Item 6b, waiving final reading. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 7. FINAL APPROVAL OF THE CHANGE IN INVESTMENT POLICY

Director Elliott noted at the December meeting of the Board, its Investment Committee discussed changes to the Investment policy. The December presentation was the first reading of the proposal. The policy change is brought to the Board today for final approval.

The changes to the investment policy reflect the verbiage regarding “soft dollars”, which allow Regent fund managers to exercise best execution in prices when using soft dollars; but also requires them to report the soft dollars to the Board’s investment advisor. The Board’s investment advisor is to monitor those uses of soft dollar and report to the Investment Committee.

Regent-designee Gartner requested that a spelling correction be made which changes “manger” to “manager” in the last paragraph.

Regent Newlin requested to know how much, in terms of gross dollars, do fund managers spend on soft dollars per year?

Director Elliott replied that, at this point in time, it is unknown. When a change in fund managers was made in the latter part of the year, one fund manager requested specific soft dollar language in the contract. The proposed policy change would authorize the fund manager to use soft dollars with certain guidelines.

MOTION	Regent Arbisser moved to give final approval to revisions to Chapter 7 for soft dollars. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 8. FINAL APPROVAL OF TUITION AND MANDATORY FEE CHANGES

Associate Director Hendrickson commented that, in December, the Board approved the majority of the tuition and mandatory fees. However, between the November and the December Board meetings there were three changes that resulted in increases. These changes were brought to the Board today for approval. The University of Iowa’s MBA full time in resident and non-resident tuition, as a result of the Board’s request, was adjusted, and the University of Northern Iowa had two mandatory fees, the health fee and student services fee, were changes requested by the students and 30-day notification was given to the students, as required by Iowa Code.

Regent Rokes stated that while this isn’t a huge increase, students work extra hours or take out loans to pay for these increases.

MOTION	Regent Arbisser moved to approve: a) University of Iowa's 2005-06 tuition for MBA full-time resident students of \$1,470 and non-resident students of \$2,698; b) University of Northern Iowa 2005-06 mandatory health fees of \$144 and student services fees of \$222. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 10. COMMITTEE REPORT – ECONOMIC DEVELOPMENT COMMITTEE

Regent Downer noted at yesterday's meeting, there was a comprehensive report given with respect to the Bioscience Alliance created as a result of the Battelle Report. The Regent institutions have participation in each of the committees that have been formed. As a part of that endeavor, they have a meeting of the Commercialization Committee tomorrow, on which he is serving. That is the last one to move forward. The committee also had a review by Vice President Decker, Vice Provost Bloedel and Director Pilkington, with respect to their involvement, all of which has been substantial. There have been some information with respect to the Governor's recommendations on funding of that.

Vice President Decker reported on the University of Iowa's Grow Iowa Values Fund Project, where it has been possible to acquire some existing facilities at lower price than was going to be involved with constructing a new facility. It has been possible to accomplish some of the same things with lesser dollars, because of being able to acquire an existing facility.

There was a report by Vice Provost Bloedel on the Biotechnology Risk Assessment Project. It was reported that they were going to have a Presidential initiative with respect to review of patent policies and exchange of these policies among the various Universities in an attempt to ascertain the best features of each, as well as to review areas where change might be appropriate to lead to the utilization and commercialization to the maximum extent previously thought possible.

Regent Downer asked the report be received by general consent.

ITEM 9. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

Regent Newlin stated the committee met on Wednesday and the minutes from the November, 2004 meeting were not available, but will be included at the next Board meeting, which will be in March.

The committee reviewed its activities since its inception and proposals through February, 2006. Summaries were presented of the first Semi-Annual Claims and impending litigation at each institution. The summaries addressed areas of strengths, areas needing improvement and trends. Initiatives the Institutions are taking to address these issues were outlined in the report.

Representatives from the State Auditor's Office were present for review of the University of Iowa's controls over the Accounts Receivable System. The University of Iowa reported that all of the auditor's recommendations have been accomplished.

The next item was the Revenue Bond Funds Audit Report. There were reports from 26 enterprises at the Regents' Universities that were presented. The Universities and their auditors were questioned regarding the audit reports. The University of Iowa audits were conducted by Deloitte and Touche; Iowa State University by State Auditors; and University of Northern Iowa by Carney, Alexander.

The Committee discussed the necessity of cash flow statements for bonded enterprise statements. The auditor for the University of Iowa bonded enterprises qualified its opinion for the lack of cash flow statements. Auditors for Iowa State University and the University of Northern Iowa did not qualify their opinions, even though the cash flow statements were not presented.

The Committee asked the State Auditor representative if they had discussed this issue with the Governmental Accounting Standards Board. The reply was that the cash flow statements were not required for these types of reports.

University of Iowa Hospitals and Clinics audit report and its auditor KPMG presented the 2004 audit report. No findings were reported. The management letter is in process and will be forwarded to the Committee upon completion. Regent Newlin hoped to have that letter before the next Board meeting.

The universities Internal Auditors gave a report and observations for each of the reports.

The Committee took action to change the definition of follow-up issues for the color green. It will be changed to include "follow-up report to be completed by or within three months of the original line and time frame". The Committee agreed to that.

The Internal Auditors also discussed the Risk Assessment and plans for the upcoming internal audit period. Plans are progressing for filling the Director of Internal Audit, which will be located at the University of Iowa and who will lead the Regents' internal audits

efforts in the future. The Committee working on that is hoping that that position will be selected in the near future.

Regent-designee Gartner asked about the one auditor. He noticed that certain things were up for bid again and if the Board wants one auditor, if there are expiration dates that differ at each institution, he wondered if the Audit Committee would want to consider, as each one comes up, set an expiration date that will coincide so that ultimately all expiration dates are the same, whether it's 1, 2, 3 years.

Regent Newlin said he thinks there are two that are being negotiated right now. There was one that was still in place. Those two could be done that way.

Regent Downer asked the Vice Presidents if the universities were on any fixed engagement for that five year period, or if they could rebid it in a shorter period of time.

Vice President True responded that the University of Iowa was in the process of bidding. They are one of those that are on the cusp of reconsidering their audit arrangements, both for the Hospitals and Clinics and other bonded audits. He said they could consider any length of time to make that work. The question wouldn't pertain to them, because they have infinite flexibility right now.

He added that in looking at audit firms, different firms provide a whole package, others provide parts, so they can take the best economic arrangement. Looking at capabilities, the Hospitals and Clinics, in the past, in the joint bidding that was done with them, have elected to make sure they had firms that had unique and special expertise in health care. That wasn't a critical factor with some of the other bonded enterprises.

Regent Becker said one of the things the Board might want to consider is the policy of individual institutions picking someone, or doing it as a group, is whether they want to wait until they have a new director of the centralized audit function. Maybe what should be thought about is doing a short term extension of those that are right in that bid process now, until the new director is on and then have that director look at that feasibility. Her question was whether one organization can conduct timely audits across three large institutions, including the Hospital.

Regent-designee Gartner said he thought the Hospital required specialized skills. He had one more item for discussion. The reporting relationship of the audit and auditors. If this were a for-profit enterprise, the auditors would report to the Board. It's very awkward for an auditor to report to management when he might want to criticizing management, but management is the one that determines his engagement. Maybe we need to look at the reporting relationship, especially as there's more and more focus on auditing, more rules on auditing and more liability for a Board on auditing.

Regent Downer said he thought any of these types of things that the Audit Committee is the appropriate venue for inquiry and should be looked into.

Regent Newlin said the Audit Committee in other types of organization do report to the Board. He asked whether Iowa State University was currently bidding.

Vice President Warren Madden, Iowa State University, responded affirmatively. The engagement letters are on a year-to-year basis, but normally there is an expectation that if they're performing satisfactorily, it would be a 3-5 year cycle. The audit firms incur some start-up costs when they come into a new organization. Contractually or legally, they are not obligated to go beyond each year at a time. Part of that is because if they don't perform at an appropriate level, you want the ability to make changes.

President Koob, University of Northern Iowa, said their audit cycle was similar to Iowa State University. Their five year contract expires at the end of this year. Iowa State had a year-to-year.

President Skorton, University of Iowa, said it was a timely question and felt it was important to get clear input from the Board. He suggested that maybe there were four procedural issues embedded. One is the organization of internal audit in the Universities. That's why they are doing the consolidation of internal audit functions. The second is the engagement with external private audit firms on behalf of the Universities in general. The third issue is the question that's been raised, which he thought was true, that the health care enterprise may need to have different auditor, who has expertise in that area. The fourth embedded issue is the interaction with the state auditor. As the person who will be responsible for hiring the first Regent internal auditor director, President Skorton thought that either the Audit Committee or a subset be available to advise the University. For example, to help develop the details of the job description and the advertisement for the internal auditor and scope of control, reporting relationships, etc.

President Skorton said they were within weeks of having it ready; the advertisement, the job descriptions for the internal audit person. Up to this point, they were planning on developing a consolidated internal audit function, reporting to one University, because that is how it was presented to the Board in earlier discussions. He did not feel that precluded coordinating the external bids for audit function, nor have the maximum coordination of the way they interact with the state auditor.

Regent-designee Gartner asked about the external audits. He asked that perhaps they should consider joint expiration dates, so that if the day comes when you want to hire one external auditor or two, that could be accomplished without having to wait for expirations. Secondly, looking at the reporting relationships when you do that, as to the state auditor, he thought the state auditor should be one of the places you go for bids. They have great competency in audits.

Regent Becker said in about thinking about the relationship of the internal audit person and whether that would be somebody that would be able to advise the Board on the external audits. It might be that isn't appropriate and the two things should be separate.

Regent Downer asked Regent Newlin if persons from the Committee be designated to follow up on the suggestions President Skorton made with respect to the internal audit selection that is upcoming.

Regent Newlin suggested that Regent Downer also be involved. He asked what they should talk about, a one year time frame or two year and then have the flexibility of deciding.

Vice President True, said one of the things the three Vice Presidents could do is get together and make some specific suggestions in a short time. If the universities are really close right now, they could run a one year extension and coordinate.

Vice President Madden said one of the transformation issues discussed in December for FY 2005 was the external audit. They have a draft of a white paper in process.

Regent Downer asked when that white paper would be available. Vice President Madden said it could be next week that the drafts are pretty much finalized.

Regent Downer said because of the proximity to June 30, that if the Board is planning to pursue that for the coming year, they probably should plan to have an Audit Committee meeting in March, so these things could be dealt with and they could determine a schedule. He said the Committee could look at the paper and be prepared to discuss and perhaps act on in March.

Executive Director Nichols said depending on when this is ready, they could decide if they wanted a telephone special meeting or wanted to meet at the time of the Board meeting in March. Either one would work.

President Downer accepted the report by general consent.

President Skorton introduced the newest member of the Central Administrative Team. Dr. Meredith Hay will be the new Vice President for Research at the University beginning June 1, 2005. She is currently assistant to the Vice President for Economic Affairs of the University of Missouri. She is also a professor in medical pharmacology and physiology and biomedical sciences. Dr. Hay is an internationally recognized biomedical scholar, a very experienced administrator. She has a lot of exciting, bold new ideas.

Dr. Hay said she was delighted to be part of the Iowa team. She said it was a tremendous opportunity for her and looked forward to coming back to the state to help drive the research for the university and the state.

ITEM 11. COSTS OF BOND ISSUANCE

Facilities Officer Racki stated that the Board had schedules of costs of issuance for the bonds that were issued between June and November, 2004.

Regent Downer said the report would be accepted by general consent.

ITEM 12. BOND REFUNDINGS

A. Preliminary Resolution for the Sale of up to \$16 million S.U.I Academic Building Revenue refunding Bonds, Series S.U.I 2005

Facilities Officer Racki said there was background information in the agenda item on how refundings of bonds are pursued with the Universities, Springstead and Ahlers. Some potential refunding opportunities have been discussed, assuming that interest rates remain as they currently are. The bonds to be refunded are callable on July 1, 2005.

The Board's materials include the preliminary resolutions. The refunding bonds would be sold at the March meeting and will close in April, which meets the requirements of the IRS for current refunding bonds. The two proposed refunding issues are Academic Building Revenue Bond refundings that impact future tuition replacement appropriations.

MOTION	Regent Arbisser moved to make a motion to adopt a resolution authorizing the Executive Director affix the date(s) for sale of up to \$16 million Academic Building Refunding Bond Series S.U.I 2005. Regent Becker seconded the motion and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Newlin, Rokes, Vasquez. NAY: None. ABSENT: None. MOTION CARRIED UNANIMOUSLY.
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Regent Downer referenced a previous discussion regarding the dollar amount of double tax exempt bonds that can be absorbed in the Iowa market. Regent Downer asked if Ed Bittle, Bond Counsel would outline the process.

Mr. Bittle of Ahlers & Cooney, the Board's bond counsel, said that two or three years ago there was a study done to see how many bonds could be offered at any one time to take maximum advantage of the double tax exempt status of the Board of Regents' bonds. That study indicated that about \$25 million is the maximum amount that the market will absorb and give the maximum advantage to the double exempt tax status for the bonds. Springstead, the Board's financial advisor, monitors and tests the market with underwriters to see how the proposed amount of bonds to be sold is going to be received at any given time.

MOTION	Regent Arbisser made a motion to adopt a resolution authorizing the Executive Director affix the date(s) for sale of up to \$5,500,000 Academic Building Refunding Bond Series UNI 2005. Regent Becker seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Newlin, Rokes, Vasquez NAY: None. ABSENT: None. MOTION CARRIED UNANIMOUSLY.
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ITEM 13A. UPDATE ON KINNICK STADIUM RENNOVATION

Vice President True said that by the time they were finished here, the hope is to be in a position to recommend to the Board an award for the sale of bonds for this project. There were some complications that are being worked on.

He talked briefly about the financing and said that the university was presenting an opportunity for a first sale of tax exempt bonds for this project, which would be \$25 million. Earlier, we had not anticipated doing an advanced refunding of outstanding athletic enterprise bonds, but because of interest rate reductions and the opportunity to retool the bond covenants, both the financial advisor and bond counsel recommended that we take the opportunity today to advance refund the current outstanding, roughly \$10 million of Athletic Enterprise Bonds and to issue an additional \$15 million in new money bonds that would go toward the Kinnick Stadium Renovation project.

Vice President True said there are also other activities that are occurring. They are working on the concessions aspects. Last meeting they talked about the scoreboard which will be financed out of a future taxable bond issue.

In the next couple of months, the university and the Board bond counsel and financial advisor will determine the mix of taxable and tax-exempt bonds for the 2005 sale in August. After that, there would be two additional sales to complete the project that would be next year.

Mr. Bowsby, Director of Athletics, said from an athletics perspective, they have been very pleased with what they have seen so far. From a financial standpoint, they have 43 of 46 boxes committed; 23 of those are under contract with deposits. They are working their way through the rest of them. It's a little bit of a linear process, but is going pretty well.

The conversion of Letters of Intent to contracts with deposits on the indoor club seats is up and running right now. They have commitments for 103 of the 130 seats, which is up from the low 90s at the last meeting. Director Bowsby said they could use a few more of the outdoor club seats, they have 1150 of 1150 seats committed. That is the last piece of the project in terms of the premium amenities. They have a web site where individuals can

come, go in, identify their seats, look at their perspective sidelines and make their selection. They have roughly 5-10 accounts per day that make their selections. The indoor club seat selection will play itself out within the next 30 days. After that, the outdoor club seat selection process will take place.

From a capital campaign standpoint, the last report showed \$7.9 million in gifts, and are about \$8.2 million now, with two additional seven figure gifts. There are many naming opportunities within the facility that are still available and the development staff continues to work on that aspect. In July, they will kick off a grass roots campaign they anticipate will yield \$2 million in additional contributions that will be pledged over the next five years.

Athletic Director Bowlsby said they are where they thought they would be. It's a \$10 million goal. They thought all along that \$12-13 million was not too much of a stretch.

Mr. Lehnertz, Director of Campus and Facilities Planning, said there has been a lot of progress on the project. The message that was delivered at the last Board of Regents meeting remains the same. They are hitting the target for both the budget and the construction phases of the project. Things are looking very good at this point.

At the last meeting, all the contracts had been awarded that had been bid, except one. They recommended rejecting the bids on the build-out of the south end zone. Since that time, they have repackaged that bid package into three smaller bid packages. Those bids were received last week and the results improved by roughly \$852,000. They increased the number of contractors from two to 10 with the three bid packages. The increased competition helped to save money.

On the construction side, at the last meeting, they were finishing up excavation and preparing for the form work on the project. When this report was submitted, they had started the form work. They are now about 70% finished with the concrete form work in the south end zone. In the next week and a half, they will be erecting steel. They are still ahead of the construction schedule.

Regent Downer asked how far in advance of the beginning of the 2005 football season was it anticipated that the south end zone would be completed. Director Lehnertz said the end zone will be substantially complete by the time the season begins. Undoubtedly there will be some punch list items and things that don't affect occupancy that will continue. They will have several weeks of cushion between the substantial completion and the beginning of the season. They have to allow the Athletic Department, Public Safety and others the opportunity to get in and make sure that not only is it safe, but that they've got their programming set up. The schedule takes into account being able to get in and prepare for the season.

Director Lehnertz said they have bid \$30,400,000 worth of work to this point. There are only two bid packages left, but those represent 17 individual contracts or bids. The largest bid package of the entire project, the build-out of the press box, is roughly \$30 million on its own. The two remaining bid packages, approximately one-half of the project, will be bid

at the end of this month. Based on the trend seen on the project so far and the interest they have seen from contractors to date on these final two packages, they're hopeful to continue the success.

The report was accepted by general consent.

ITEM 14. REPORT OF THE UNIVERSITY OF IOWA HOSPITALS AND CLINICS

Regent Arbisser said the minutes from the November, 2004 committee meeting were unavailable for approval. Approval of those minutes is expected in March.

He said the Committee received the Director's report, which included discussion on the University of Iowa Hospitals and Clinics strategic plan, JCAHO site visit, Medicaid issues, leadership development, workplace of choice.

UIHC presented an assessment of its strategic plan development. The Committee received an update on the Hospital's operation for the first two months of fiscal year 2005 and detailed information on UIHC plans for capital expenditures. UIHC provided details of explanation of various transactions that occurred between UIHC and Carver College of Medicine (CCOM) including the payment plans and off-site clinics.

They are continuing to review the work plan through February, 2005. No changes were made.

Regent Arbisser said the Committee resolved to commend UIHC leadership and Dr. Skorton for their responsiveness in evolving Regent governance, which included providing additional timely information and continual improvements.

Regent Downer accepted the report by general consent.

ITEM 15. RESIDENCY CLASSIFICATION APPEAL.

Regent Downer said there was an appeal filed before the Board with respect to a residency classification.

Associate Counsel Anderson said Inter-Institutional Committee's decision on residency classification was before the Board. The recommendation is that the Board affirm the Committee's decision.

MOTION	Regent Rokes moved to affirm the Committee's decision on residency classification and deny the appeal. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 16A. NAMING PHYSICS ADDITION AT IOWA STATE UNIVERSITY

President Geoffroy said that a 1968 addition to the Physics building has been called the Physics Addition. The Physics Department has proposed to name that addition in honor of Dr. Daniel J. Zaffarano, who had recently passed away. Dr. Zaffarano had a profound impact on the Physics Department as a faculty member and on research at the University in his administrative capacities.

They reviewed the naming proposal in the Naming Committee and President Geoffroy said he endorses renaming the addition The Daniel J. Zaffarano Physics Addition at Iowa State University.

MOTION	Regent Becker moved to approve the naming. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 17. INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

A. Iowa State University

MOTION	Regent Becker moved to approve the following major capital projects, as defined by Board policy; (1) College of Veterinary Medicine-Teaching Hospital and Diagnostics Laboratory Renovation project (\$51,050,000); (2) Coover Hall Addition and Renovation project (\$16,500,000); (3) Dairy/Animal Science Education and Discovery Facility project (\$15,350,000) and (4) Memorial Union Parking Facility – Structural Repairs project (\$3,400,000). Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY
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B. University of Iowa

Regent Downer asked that the Dey House Addition-Glenn Schaeffer Library project be acted on separately because he has a conflict of interest and would not be able to vote.

Vice President True said there were three items to be presented. The first will be UIHC's Patient and Visitor Services Center project.

Mr. Staley, Senior Associate Director of UIHC, introduced William Schuster, who is principal with Design Professionals Collaborative of Cedar Rapids, to present the schematic design for the Patients and Visitor Services Center project.

As was noted in the Request for Permission to Proceed with planning for this project, the UIHC has faced a significant bottle-neck and crowded conditions in terms of both vehicular traffic and patients, visitors, students and staff members, coming and going from the UIHC's main entrance and main entrance lobby.

Because of the high volume of traffic, a plan was devised in the early 1990s to restructure the UIHC's roadway system, develop a weather-protected canopy for arriving patients and visitors, with links to the hospital parking ramps and to establish separate locations for patient and visitor arrival and departure. The first floor of the Carver Pavilion was designated as the site for arriving patients and visitors, through development of the new Patient and Visitor Services Center. The present main lobby was designated for subsequent redevelopment as a discharge center.

Completion of this project will make it possible to separate locations for incoming and outgoing traffic and avoid congestion. The new Patient and Visitor Services Center will provide numerous service enhancements, which will include overcoming crowded conditions in the current main lobby. This will provide privacy for patients during the registration process and expand the volunteer gift shop, which serves the needs of some 14,000 patients, visitors, students and staff on a daily basis.

These features of the Patient and Visitor Services Center will provide several significant benefits.

Mr. Schuster of Design Professionals Collaborative of Cedar Rapids showed various slides showing the Patient and Visitor Services Center and suggested the Board look at the project as if they were a patient. He took the members through the design.

There are ample restrooms available, which now includes a family restroom.

Regent Becker asked how wheelchairs could work easily with the revolving doors and Mr. Schuster said the Hospital had discussed that in terms of energy efficiency. The space did not lend itself to sliding doors. There are automatic doorways available for individuals who prefer not to use the revolving doors. Regent Becker said having the additional option eased her concern.

Mr. Schuster said another option available is an individual could press a button that would cause the revolving door to rotate at half speed.

Regent Rokes asked if there would be valets sitting outside. Mr. Schuster said this will be more of an admission lobby. Valets will be outside in an area that is heated. He said there will also be a small place to the north behind the information area, for valet services.

Mr. Staley said they have that service available now at the main entrance, with a weather protected area. There will be radiant heat available.

In showing the corridor areas, Mr. Schuster said the Board member would not see many doors, because they were trying to enhance accessibility.

They anticipate the project to start this summer and take approximately 12-14 months to complete.

Regent Downer said he thought from reading the item in the agenda that there was a longer time line. The materials state the construction will commence in spring of 2005, with completion anticipated in the summer of 2007. He wondered why a project of this size would take that long. Mr. Schuster said the most critical item in this project is making sure that as they renovate this area, they are still providing north/south circulation through this space, preserving the fire separations. And there must always be one access for staff, patients and visitors to the Emergency Treatment Center (ETC). He said he didn't see the phasing part as being a major issue. Mr. Schuster said the intent was to complete construction by the calendar year end 2006 and open in December, 2006.

Vice President True said that Sandy Boyd, who was not present, is leading the effort to complete the Old Capitol fire restoration and building improvements. Pam Trippe, Mr. Boyd's associate, discussed the details.

The university proposed to convert the area to storage and office space, but more importantly, for educational space. The cost is shown at \$1 million. Mr. Boyd is leading a fund raising campaign that deals with two aspects of this: first to raise \$1 million in bricks and mortar towards the project and secondly, to raise \$1 million of endowment to support the programs. The day the program was announced by Sandy Boyd, there were pledges of \$600,000.

This is the last of three phases for the Old Capitol. With the Board's permission, the university would be prepared in over a year to celebrate the re-opening of the Old Capitol.

DEY HOUSE ADDITION – GLEN SCHAEFFER LIBRARY

Vice President True said this is a project that has been underway for some time. The Dey House is on Clinton Street, not far from the President's home. It dates from 1850 and was converted a number of years ago into the home of the Writers' Workshop, which is certainly the most well-known program at the University of Iowa, and well respected.

Their needs greatly exceed the available space at this location. With the initial gift of Glen Schaeffer, they were able to begin a process to build an addition that would complement the Dey House, be along the Iowa River, and be a great place for the Iowa Writers' Workshop to thrive in the future.

The program was presented but the university has struggled with budget issues. The university recommends the award of the contract for construction to McComas-Lacina, based on its earlier bidding and the negotiated change orders. The university worked closely with the Board Office to come up with a conclusion they could support.

Brad Brown is the architect that led the last stages in trying to get the project within budget. They feel this represents value and is certainly an important project for the Writers' Workshop.

Regent Becker said she liked the original design of the Dey House. The second view wasn't quite as spectacular but in a time with tight money, she felt it was a reasonable modification.

Vice President True said they were most interested at first to save the program and work through that. He said he still feels it's a lovely view, but they did have to sacrifice some elements to preserve the program.

Regent-designee Gartner said he agreed with Regent Becker. He thought the original design was spectacular and wondered if it was more prudent to try and raise the extra money to stay with the spectacular original plan, rather than cut back to something that's nice, but not great. He thought there was a wide array of people the university could have gone to for funding.

Vice President True said this is one of the things the university struggles with, doing it the best they can and compromising on price. They've had a lot of experience in the last four years in making compromises.

He said the University of Iowa Foundation is working very diligently to raise the \$2 million. The university had a program that the Writer's Workshop embraced, that they could afford without taking away from anything else and without the risk of fund raising that may or may not be successful.

President Skorton said they all agreed with the characterizations of the view and the initial thought they would be able to fund it. As a contingency, they wanted to find some way to allow the programmatic aspects to go forward.

President Skorton said he supported the concept and details of the contingency plan; however, they are still willing to "put their shoulder back to the wheel" and do the fund raising to finish it up.

Regent-designee Gartner said it seemed like a huge trade-off for the building the way it is for the difference of \$390,000. He said if it were Vision Iowa, they would say, let's do it the original way and find another pot of money elsewhere.

Regent Becker said she didn't want to hold things up for the group and didn't know if they wanted the Board to move forward and approve the contingency and say no, give it a little

bit of extra time to see if the additional funds can be found. In the big picture, it doesn't sound like a huge amount of money.

Vice President True said what they'd like to withdraw the university's requests related to the Dey House Addition, take a look at this, bring it back in March, see how much they could bring back to original vision and present that alternative. There are a lot of things they may choose not to put back, like the wood clad windows, or similar elements and compromise there and not on the overall feel of the addition. They would be pleased to do that in consultation with the Board Office

MOTION	Regent Arbisser moved to approve the following items of the University of Iowa Capital Registry: (1) Schematic design and project description and budget (\$4,406,500) for the University Hospitals and Clinics—Patient and Visitor Services Center; (2) Program statement, schematic design, and project description and budget (\$1,350,000) for the Old Capitol—Fire Restoration and Building Improvements/Phase 3. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.
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ITEM 13A and B. KINNICK STADIUM BONDS

Mr. Bittle of Ahlers & Cooney, the Regent's bond counsel, reported that there were substantial irregularities because of a malfunctioning clock on the fax machine, which irregularities have cast doubt on the integrity of the bidding process. He reported that Iowa Code Section 75.4 and the Official Terms of Offering authorize the rejection of all bids. Section 75.4 authorizes the Bonds to be sold at private sale following such rejection on terms not less favorable to the public than the most favorable bid made by a bona fide and responsible bidder at the last advertised sale. He further reported that it had been determined after a full investigation that the most favorable bidder in fact did submit its fax bid on time and has resubmitted its bid for consideration in the event the Board rejects all bids. He reported the next lowest bidder has stated no objection to such an award.

MOTION	Regent Arbisser moved to reject all bids received at public sale, due to substantial irregularities, as recommended by Bond Counsel. Regent Becker seconded the motion and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Newlin, Rokes, Vasquez. NAY: None. ABSENT: None. MOTION CARRIED UNANIMOUSLY.
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Regent Downer asked whether the terms used in the agenda were sufficiently broad to permit the type of action that he was proposing. Mr. Bittle said it was within statutory authority for a public bond sale.

Mr. LeMay of Springsted presented the results of the sale. There were initially four bidders signed up and they all submitted bids. The firms were:

- AG Edwards
- JP Morgan Securities
- UBS Financial Services
- Prager, Sealy and Company

These bonds were rated by S&P and Moody's. They have identical ratings, AA- for S&P and AA3 from Moody's. The low bid was from Edward D. Jones for a true interest cost of 4.04678%. The second best bid was approximately 17 basis points more than of that.

What they typically do on these issues is to compare the rates (yields) against the national index, the Delta Scale. In this case, the yields the Board received on the bonds exceeded the AAA bond level on the Delta Scale by 20 basis points in the earlier years, up to 30 basis points at the far end of the scale. The bonds performed extremely well, especially considering the market conditions at the present time.

There were two elements to the bond financing. One was a new money piece for the stadium and another was approximately \$10 million of refunding. The refunding was done, not necessarily for purposes of savings, but to consolidate debt and allow the bond covenants to be rewritten. They expected moderate savings. With the yields they received on the bonds today, the net present value savings from this approximately \$10 million refinancing, was \$268,000. That amounts to a 2.6% savings, based on refunded debt service. The results of the sale were extremely favorable.

Regent-designee Gartner asked if the winning bid was a bid that was a bad bid. Mr. LeMay said yes, had the bid from Edward D. Jones not been the low bid, there would have been no issue. Regent-designee Gartner asked if they were absolutely convinced it was a malfunction in the clock. Mr. LeMay said they know it was a problem with the fax clocks, both of them, theirs and ours.

Mr. Bittle said they have confirmed the date the bid was submitted and when it was received, with MCI. Mr. Bittle said it was received before 10:00 am. He said the biggest concern they and Springstead had is that they made sure they honored the integrity of the process and that everyone was satisfied. He said they have talked with everyone and everyone is satisfied, including the other bidder.

MOTION	<p>Regent Arbisser made a motion to approve A Resolution providing for the sale and award of \$25,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2005, and approving and authorizing the agreement of such sale and award upon terms not less favorable to the public than the most favorable bid made by a bona fide and responsible bidder at the last advertised sale bid. Regent Rokes seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Newlin, Rokes, Vasquez NAY: None. ABSENT: none</p> <p>MOTION CARRIED UNANIMOUSLY.</p>
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Mr. Bittle said there was another matter, which is to approve the resolution authorizing the issuance. As a result of the discussion at the December 2004 Board meeting and questions that were raised they reviewed whether it was possible to refund the Athletic Bonds that were outstanding.

Mr. Bittle said that working with the University and Springsted, they were able to put together a bond resolution that accomplished a lot of the things that they thought should be accomplished. He thought it met a number of the concerns the Board had raised over a period of time including a redefinition of the enterprise, and how the funds flowed as well as putting in the kinds of protections the Board desired. He feels that the revised bond resolution will satisfy a lot of concerns that the Athletic Department and University were glad to have satisfied.

He said it also approves a refunding trust agreement, about \$10 million of these proceeds will go into the trust agreement with Wells Fargo and be held until 2011, when the outstanding bonds can be redeemed. They will be invested in direct government obligations that will secure that payment. This is different from the ordinary bond resolution that you see, but it has all the elements needed to do this transaction.

MOTION	<p>Regent Arbisser moved for A Resolution authorizing the issuance of not to exceed \$120,000,000 Athletic Facilities Revenue Bonds to be issued in more than one series to finance the costs of the Project including refunding outstanding bonds, funding a reserve fund and paying costs of issuance and providing for the issuance and securing the payment of \$25,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2005, for the purpose of refunding outstanding bonds and defraying costs of improving, remodeling, repairing, furnishing, equipping, and building additions to Kinnick Stadium and related facilities located on the campus of The State University of Iowa, funding a Reserve Fund and paying the costs of issuance and approving a Refunding Trust Agreement. Regent Rokes seconded the motion, and upon the roll being called, the following voted:</p>
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	<p>AYE: Arbisser, Becker, Downer, Newlin, Rokes, Vasquez. NAY: None. ABSENT: None.</p> <p>MOTION CARRIED UNANIMOUSLY.</p>
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ITEM 18A. PURCHASE AND LEASE OF PROPERTY LOCATED AT 8 TRIANGLE PLACE, IOWA CITY, IOWA

Vice President True said this property is located south of Kinnick Stadium and is consistent with the campus plan that was described earlier. The university would make this property part of the tenant rental pool, if acquired.

MOTION	<p>Regent Newlin made a motion to approve the purchase of the property at 8 Triangle Place, Iowa City, Iowa. Regent Becker seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Newlin, Rokes, Vasquez NAY: None. ABSENT: None.</p> <p>MOTION CARRIED UNANIMOUSLY.</p>
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Regent Downer said the second part was to authorize the University of Iowa to add the dwelling to its Tenant Property Inventory.

MOTION	<p>Regent Arbisser made a motion to authorize the University of Iowa to add the dwelling to its Tenant Property Inventory, to be leased at a rate of \$900 per month from the University, until July 31, 2005. Regent Rokes seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Newlin, Rokes, Vasquez NAY: None. ABSENT: None.</p> <p>MOTION CARRIED UNANIMOUSLY.</p>
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Regent Downer had one other item to take up at the meeting and to end the meeting on a positive note. This item recognizes exemplary volunteer activities on the part of students at two of the Universities. Board Members will recall that for a number of years, students at Iowa State University and the University of Iowa had sponsored dance marathons, the proceeds which have gone for the Children's Miracle Network to support the Children's Hospital of Iowa at the University of Iowa Hospitals and Clinics.

He said this event originated at the University of Iowa, some 11 years ago. The students at the University of Iowa, through last year, had raised a total of more than \$3.4 million for this activity. The 2005 edition of the Dance Marathon is coming this weekend in this building.

Equally commendable is that the students at Iowa State University have taken this up, even though this did not benefit a part of their University. They have participated in this for eight years. On January 22, they had a 15 hour dance marathon and raised a record \$137,500 for the Children's Miracle Network. More than 530 students registered to participate in that marathon. He said that shows the kind of young people attending these institutions and he wanted to request a resolution to commend them for these wonderful endeavors and that this commendation be communicated to the appropriate persons on each of those campuses.

MOTION	Regent Rokes made a motion to commend the students of the University of Iowa and Iowa State University for their continuing efforts in sponsoring the Dance Marathon supporting the Children's Miracle Network. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.
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Regent Rokes said the University of Northern Iowa holds a large Relay for Life event. She said this shows what these students are all about. The students are here to study, learn and also give back to the community.

Regent Downer adjourned the meeting at 3:03 p.m.

ADJOURNMENT

The meeting of the Board of Regents, State of Iowa, adjourned at 3:03 p.m. on February 3, 2005.



Gregory S. Nichols
Executive Director