

The Board of Regents, State of Iowa, met on Wednesday and Thursday, July 16 and 17, 2003, at the University of Northern Iowa, Cedar Falls. The following were in attendance:

	<u>July 16</u>	<u>July 17</u>
<u>Members of the Board of Regents, State of Iowa</u>		
Dr. Newlin, President	All sessions	All sessions
Dr. Arbisser	All sessions	All sessions
Ms. Arnold	All sessions	Excused at 2:00 p.m.
Dr. Becker	All sessions	All sessions
Mr. Downer	All sessions	All sessions
Mr. Forsyth	Excused	Excused
Mr. Neil	All sessions	All sessions
Ms. Nieland	All sessions	Excused at 12:00 p.m.
Dr. Turner	All sessions	All sessions
<u>Office of the Board of Regents, State of Iowa</u>		
Executive Director Nichols	All sessions	All sessions
Director Barak	All sessions	All sessions
Director Elliott	All sessions	All sessions
Director Wright	All sessions	All sessions
Assistant Director Anania	Excused	All sessions
Assistant Director Doyle	Excused	All sessions
Associate Director Hendrickson	All sessions	All sessions
Associate Director Racki	All sessions	All sessions
Assistant Director Stockdale	All sessions	All sessions
Communications Specialist Boose	All sessions	All sessions
Minutes Secretary Briggle	All sessions	All sessions
<u>State University of Iowa</u>		
President Skorton	All sessions	All sessions
Provost Whitmore	All sessions	All sessions
Vice President Jones	Excused	Arrived at 11:00 a.m.
Vice President True	All sessions	All sessions
Director Katen-Bahensky	Excused	All sessions
Director Parrott	Excused	All sessions
<u>Iowa State University</u>		
President Geoffroy	All sessions	All sessions
Provost Allen	All sessions	All sessions
Vice President Hill	All sessions	All sessions
Vice President Madden	All sessions	All sessions
Assistant to President Chidister	All sessions	All sessions
Director McCarroll	Excused	All sessions
Associate Director Baumert	Excused	All sessions
<u>University of Northern Iowa</u>		
President Koob	All sessions	All sessions
Provost Podolefsky	All sessions	All sessions
Vice President Romano	All sessions	All sessions
Vice President Schellhardt	All sessions	All sessions
Special Assistant to the President Gadelmann	All sessions	All sessions
<u>Iowa School for the Deaf</u>		
Superintendent Prickett	All sessions	All sessions
Director Heuer	All sessions	All sessions
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	All sessions	All sessions
Director Woodward	All sessions	All sessions

THE CORRESPONDING DOCKET MEMORANDUM FOR
EACH AGENDA ITEM IS AVAILABLE ON THE
BOARD OF REGENTS WEBSITE AT:

www.state.ia.us/educate/regents

COPIES OF THESE MEMORANDA CAN ALSO BE
OBTAINED FROM THE BOARD OFFICE
BY CALLING 515/281-3934.

BOARD OF REGENTS, STATE OF IOWA

The following business was transacted on Wednesday, July 16, 2003, beginning at 1:35 p.m.

EXECUTIVE SESSION. President Newlin requested that the Board meet in closed session pursuant to Iowa Code §21.5(1)(i) upon the requests of employees whose performance was being considered; and, to discuss a matter with counsel which is either in litigation or where litigation is imminent, pursuant to Iowa Code §21.5(1)(c).

MOTION: Regent Neil moved to enter into closed session.
Regent Arbisser seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Downer, Neil, Newlin, Nieland.
NAY: None.
ABSENT: Forsyth, Turner.

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 1:39 p.m. on July 16, 2003, and adjourned therefrom at 4:28 p.m. on that same date.

The following business was transacted on Thursday, July 17, 2003, beginning at 9:18 a.m.

President Newlin welcomed everyone to the July meeting of the Board of Regents, State of Iowa. He then recognized Provost Podolefsky.

Provost Podolefsky introduced Dr. Jeffrey W. Cornett, newly-appointed Dean of the University of Northern Iowa's College of Education, effective July 1, 2003. He stressed the importance of the dean search because of the University's mission of training teachers. He stated that Dr. Cornett joined the University of Northern Iowa from the University of Central Florida and he presented information on Dr. Cornett's background.

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Dr. Cornett stated that it was an honor to be in Iowa. He said he applied for the position because of the University of Northern Iowa's international reputation for excellence. As he traveled around Iowa in June, he became aware of Iowans' civility and commitment to education.

On behalf of the Board of Regents, President Newlin welcomed Dr. Cornett and said they looked forward to his contributions to the University of Northern Iowa and to the state of Iowa.

Provost Podolefsky introduced the new dean of the University of Northern Iowa's College of Business Administration, Dr. Farzad Moussavi. He stated that University officials are proud of the College of Business Administration, and noted that a number of the business programs are nationally recognized as being among the finest. He said Dr. Moussavi was asked to serve as interim dean two years ago, a time when the "bottom fell out" of the University's budget. Dr. Moussavi's appointment was the unanimous recommendation of the search committee following a national search. Dr. Moussavi has been at the University of Northern Iowa since 1985.

Dr. Moussavi stated that he understands the sense of community referenced by Dr. Cornett, which was why he has stayed in Iowa. He said he looked forward to more opportunities and to less challenges.

President Newlin thanked Dr. Moussavi for accepting the challenge of the deanship, and wished him the best in his endeavors.

President Newlin stated that a long-time president of Iowa State University passed away the previous Sunday. He offered the following comments as a salute to Dr. Robert Parks and in honor of his memory as the longest-serving president of Iowa State University.

President Parks was Iowa State University's 11th president, serving from 1965 to 1986. During his 21 years of leadership, Iowa State University experienced the most dramatic growth in its history, adding three new colleges – namely, the Colleges of Education, Design and Business – approximately 40 undergraduate and 30 graduate majors to the curriculum, and 37 new buildings. Also during President Parks' tenure, enrollment increased 90 percent and Iowa State University's research budget increased by 300 percent. New research and technology transfer programs were begun and approximately 88,000 degrees were awarded during his presidency. He transformed an excellent land grant university into an exceptional one. Everyone in the Regent community and in the ISU family is deeply saddened by the loss of President Parks. He expressed gratitude for President Parks' leadership, his integrity, and the great and lasting impact he had on the University, the state of Iowa, and the nation.

A moment of silence was then observed.

President Newlin stated that, earlier in the morning, the Regents had attended a brunch for participants of NATO's XXXII International Youth Camp. University of Northern Iowa's Camp Adventure program is hosting the camp. Two hundred teenagers from 14 countries are on campus for a two-week program of activities that encourage mutual understanding and tolerance. He said the brunch had been very enjoyable, and that the youth would likely have life-changing experiences at the University of Northern Iowa.

APPROVAL OF MINUTES OF BOARD MEETING OF JUNE 18-19, 2003.

President Newlin asked if there were any additions or corrections to the minutes. There were none.

ACTION: President Newlin stated the Board approved the minutes of the June 18-19, 2003, meeting, as written, by general consent.

CONSENT ITEMS. (a) Board Meetings Schedule. Approval of the Board meetings schedule was requested.

(b) Institutional and Board Office Personnel Transactions, including Promotion and Tenure Recommendations. Ratification of the following personnel transactions was requested. *University of Iowa:* Register of Personnel Changes for May 2003 including an additional faculty tenure action. *Iowa State University:* Register of Personnel Changes for June 2003. *University of Northern Iowa:* The register had not been received and would be reported in September. *Iowa School for the Deaf:* Register of Personnel Changes for June 2003. *Iowa Braille and Sight Saving School:* Register of Personnel Changes for May 2003. There were no personnel transactions presented this month for the Board Office.

(c) Regent Merit System Classification Revisions. Approval was requested of the Regent Merit System Classification System revisions, as presented.

(d) P&S Classification Revisions, University of Iowa. Approval was requested of the Professional and Scientific Classification System revisions at the University of Iowa, as presented.

(e) Proposal for M.S. and Ph.D. Program in Biomedical Sciences, Iowa State University. Referral to the Board Office and the Interinstitutional Committee on Educational

Coordination for review and recommendation was requested of Iowa State University's proposal for an M.S. and Ph.D. program in Biomedical Sciences.

MOTION: Regent Arbisser moved to approve the consent docket, as presented. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION.

(a) Establish M.S. Degree in Athletic Training, University of Northern Iowa.

Provost Allen presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve the University of Northern Iowa's request to establish an M.S. degree in Athletic Training. The proposed program, which is outcomes-focused and clinically-based, is designed for certified athletic trainers who want to further their education in the treatment and rehabilitation of the physically active.

Regent Neil asked how the new program interfaces with the Board's and with the University's strategic plans. He also asked for the budget implications for the College of Education.

Provost Podolefsky first addressed the question regarding budget implications. He said University officials have been building toward the Master's degree program for several years, since coming forward with the Bachelor's degree program. The five faculty positions for the undergraduate and graduate programs are already in place. In terms of the strategic plan, he stated that the University of Northern Iowa's mission is to develop programs that focus on areas of need in the community. University officials believe the program can make a national impact and that it will be one of the finest programs of its kind in the nation. He expressed his full support for the program's strategic direction.

Provost Podolefsky introduced the Director of the School of Health, Physical Education and Leisure Services, Chris Edgington.

Dr. Edgington stated that the University's goal is to build America's premier program in athletic training. The proposed graduate program will focus on the applied element as opposed to the research element of athletic training. He noted that there are very few opportunities for students to seek graduate-level experiences in Iowa. Accreditation standards have changed dramatically in the last several years. By adopting this program, the Board of Regents will afford Iowa students an opportunity to remain in the state to study in the area of athletic training. For most athletic training positions, especially in colleges and universities, the Master's degree is the required degree.

Regent Turner asked if there would be a connection between the University of Northern Iowa's Master's degree program and the undergraduate programs offered at other universities. Dr. Edgington responded that University of Northern Iowa officials would be pleased to recruit the undergraduate students at Iowa State University and the University of Iowa. University officials are in communication with colleagues at Iowa State University and the University of Iowa regarding this program. A representative of the University of Iowa indicated that this program would be an excellent destination for the University's exercise science students upon graduation. He noted that very few universities have the required critical mass of instructors to provide graduate-level instruction.

Regent Downer said there were references in the meeting materials to the role of the Human Performance Center in this program. He asked, if the Human Performance Center project is delayed because of financial considerations, what impact would it have on this program?

Dr. Edgington responded that a delay in construction of the Human Performance Center would have a greater impact on the Camp Adventure program than on the Athletic Training program. The Camp Adventure program, as well as many other youth and human service programs of the University, is planned to be housed in the Human Performance Center. A small laboratory has been constructed for athletic training. Although the Human Performance Center would provide a value-added opportunity to enhance athletic training program offerings, there are satisfactory resources in place to handle the athletic training program as it currently is proposed (15 Master's degree students). Growth of the program is limited in the number of faculty members that can be brought on board. He said the accreditation standards are very precise in the ratio of faculty to students. The market demand is overwhelming. Although the Human Performance Center would be more convenient for students, he stated that relationships can still be built in the community.

Regent Neil asked if the Athletic Training Program can be sustained within the current facilities. Dr. Edgington responded affirmatively.

MOTION: Regent Neil moved to approve the University of Northern Iowa's proposal for a Master of Science in Athletic Training. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Master of Arts in Teaching – Science (M.A.T.), Iowa State University.

Provost Whitmore presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve Iowa State University's proposal for a Master of

Arts in Teaching – Science. He said there is a need for more and better-trained science teachers due to a high rate of teacher attrition. The primary goal of the program is to attract, prepare, and retain highly-qualified secondary science teachers who will be immediately compensated for their expertise. There are similar programs at the University of Northern Iowa, University of Iowa and Drake University that help supply Master's-trained science teachers but there remains a demand for more teachers. He noted there was some overlap with the University of Northern Iowa program which has been discussed among representatives of the two institutions. Agreement was reached that, if this program is successful, it will be a benefit for the state of Iowa.

Regent Becker expressed her support for the proposed program which she said should attract a cohort that might not otherwise consider the education field.

Regent Turner said the program proposal also shows the Regents' efforts to respond to issues in the state. She stressed the importance of continuing to promote and encourage current teachers to avail themselves of the Master's programs.

Regent Arnold asked if teachers who have graduated from the programs at the University of Iowa and the University of Northern Iowa have found jobs in the state.

Provost Podolefsky introduced the University of Northern Iowa's Director of Teacher Education, Rori Carson, to answer the question.

Associate Dean Carson stated there is a tremendous need for science educators in the state and across the nation. She said it is a particularly difficult field to fill because scientists have many opportunities and teaching is oftentimes not the most high-paying opportunity. In terms of placement, she said 100 percent of graduates who seek employment attain employment, and most of those stay in Iowa.

Provost Allen introduced an expert from Iowa State University's College of Education, Joanne Olson, Assistant Professor of Curriculum & Instruction, to address the question.

Assistant Professor Olson stated there is competition among districts to hire graduates of science teaching programs. She knows of first-year graduates who have been hired at fourth- and fifth-year salaries. Some school districts in western Iowa are filling shortages by hiring retired non-science teachers who teach by providing students with the textbooks from which to read.

MOTION: Regent Becker moved to approve Iowa State University's proposal for a Master of Arts in Teaching – Science. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Interdepartmental Graduate Program in Human Computer Interaction, Iowa State University.

Provost Whitmore presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve Iowa State University's proposal for an Interdepartmental Graduate Program in Human Computer Interaction. He said the program is associated with Iowa State University's Virtual Reality Applications Center which is a great source of pride for the University. Human-computer interaction is a strong area of need. There is no similar program in the state. The two other Regent universities offer courses in human-computer interaction but no degree programs.

Regent Becker acknowledged the importance of this program to the creation of new knowledge. The Virtual Reality Applications Center has a great track record for innovation. She said this proposal corresponds with the intent of the Board of Regents in directing the institutions to reallocate resources. She stated that the universities must continue to invest in great ideas, and that it would be interesting to learn of some of the findings in the future.

President Newlin noted that initial funding for the program would be provided through reallocation. He asked how the program would be funded in the future.

President Geoffroy responded that some of the reallocated funds were directed toward new faculty positions. Three new faculty members, hired for various colleges of the University, will participate in this program. He noted that this will be the first Ph.D. program in the nation in this field.

MOTION: Regent Downer moved to approve Iowa State University's proposal for an interdepartmental graduate program in Human Computer Interaction. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Approve Course Changes, University of Iowa.

Provost Podolefsky presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve the University of Iowa's proposed course changes. He noted there was a net decrease of 92 courses.

Regent Neil asked how decisions are made to add and drop courses. Also, what is the effect on students?

Provost Whitmore responded that course approval and removal is a complex issue, and one that is usually performed at the departmental level. In the past, the University of Iowa has added courses because of the addition of faculty. University officials were now deleting courses because of the loss of faculty. The advanced or specialty courses tend to experience the most changes. He said courses are continually added because of the changing world. Annual reviews of offerings take place in each department.

Regent Neil asked if the primary reason for dropping courses is the loss of faculty. Provost Whitmore responded that the loss of faculty has a significant impact on the dropping of courses. He said the University of Iowa is enrolling more students with less variety of courses and less expertise, in some instances.

MOTION: Regent Nieland moved to approve the University of Iowa's proposed course changes. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin introduced Ervin Dennis of the Iowa House of Representatives from Cedar Falls.

Representative Dennis stated that the Board of Regents meeting was being held in his district. He discussed the difficulty of the most-recent legislative session for the educational sectors of state government. He noted that he had spoken out strongly in support of the Regent institutions, in opposition to his caucus. He retired from a faculty position at the University of Northern Iowa five years ago and was one of the oldest freshman legislators this year. He expressed his belief that he will be much more prepared in the future and will speak even more favorably for higher education and for all education.

President Newlin expressed appreciation for Representative Dennis' efforts on behalf of Iowa higher education. He stated that, since Representative Dennis will be a sophomore legislator next year, the Board of Regents will expect better results!

(e) Ph.D. in Statistical Genetics, University of Iowa.

Provost Allen presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve the change in the designation of the current Statistical Genetics Subtrack of the Biostatistics Ph.D. to a Ph.D. in Statistical Genetics in a newly-configured departmental unit, the Program in Public Health Genetics, in the University of Iowa College of Public Health. He noted the proposal was for a repositioning of an existing program.

President Newlin asked for the difference between statistical genetics and the traditional biostatistics. Dean Merchant responded that biostatistics, which is the application of statistics to human population, is much broader than statistical genetics. Statistical genetics focuses on the narrower area of statistics which deals with human genetics.

President Newlin asked for clarification regarding the subtrack conversion to a full degree program. Dean Merchant responded that it was essentially the same degree. Since this area is becoming a program, the proposal would create a free-standing Ph.D.

President Newlin asked if it was a normal process to convert subtracks to full degree programs. President Skorton responded that this was a classic example of how new interdisciplinary fields become standard fields. The University's expertise in the human genome project, bioinformatics and statistics has sufficiently matured to become its own discipline.

MOTION: Regent Arbisser moved to approve the change in the designation of the current Statistical Genetics Subtrack of the Biostatistics Ph.D. to a Ph.D. in Statistical Genetics in a newly-configured departmental unit, the Program in Public Health Genetics, in the University of Iowa College of Public Health. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

(f) M.A. Program in Rhetoric, Composition and Professional Communication, Iowa State University.

Provost Podolefsky presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve Iowa State University's proposal for an M.A. program in Rhetoric, Composition, and Professional Communication. He noted this was an existing specialization at the University.

MOTION: Regent Downer moved to approve Iowa State University's proposal for an M.A. program in Rhetoric, Composition, and Professional Communication. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

STRATEGIC PLAN – DRAFT OBJECTIVES.

Executive Director Nichols stated that the proposed objectives were the next step in development of the strategic plan for the Board of Regents. He reminded Board

members that, in May, they gave formal approval to the Board's mission, vision and values. At the June meeting, the Board approved four priorities and discussed the objectives. At this meeting, the Board was asked to approve the objectives that underlie the four previously-approved priorities. Doing so will keep the Board on schedule to complete the strategic plan development process by the end of the calendar year. The next steps will be to develop strategies and performance indicators. He noted that, on the previous day, there had been discussion about refinements to the strategic plan's mission. A proposed revision to the mission statement will be presented to the Board in the future.

Executive Director Nichols stated that the proposed objectives underlie the four previously-approved priorities: 1) ensuring high-quality accessible education for students, 2) discovering new knowledge, 3) providing needed service and promoting economic development activities to benefit lowans, and 4) demonstrating public accountability and effective stewardship of resources. He said he anticipated that draft strategies and performance indicators would be presented to the Board this fall.

President Newlin noted that, in June, the Board also approved the culture statement.

Regent Nieland asked that those who will be revising the mission statement do so carefully and by examining the mission statements of peers. Executive Director Nichols responded that examination of peers' mission statements had been discussed as the starting point for this revision.

MOTION: Regent Turner moved to approve the proposed objectives of the Board's 2004-09 strategic plan. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin expressed appreciation to those who have been involved in the Board's strategic planning process.

FINAL APPROVAL OF DETAILED BUDGETS FOR FY 2004.

Associate Director Hendrickson introduced the final detailed budgets for FY 2004. She stated there were two basic types of funds: 1) general funds which include operating appropriations, federal funds, interest income, tuition and fee revenues, reimbursed indirect costs, and sales and services for fundamental operations of the institutions and 2) restricted funds which are specifically designated or restricted for a particular purpose or enterprise. Restricted funds include capital appropriations, tuition replacement, gifts, sponsored funding, athletics, as well as other auxiliary or independent functions such as residence, parking, and utility systems. Final composite FY 2004 general fund budgets

total \$1.7 billion and restricted fund budgets total \$1.3 billion. She noted that institutional officials are guided by the strategic plans of the institutions and the Board in developing the budgets.

Changes from the preliminary budgets presented in June included line item changes for the University of Iowa and Iowa State University, and slight changes to the residence system budgets. Associate Director Hendrickson stated there were changes in budgets of the University of Northern Iowa's residence system and athletics. The residence system changes were the result of continued lower occupancy. University of Northern Iowa officials proposed a "Two-Year Advantage" program which was presented for Board consideration later in the meeting (see page 45). She said the special schools' budgets were both increased as a result of the allocation of salary funding.

President Newlin stated that the Board needed to address salaries of institutional heads. He recognized Regent Turner.

MOTION: Regent Turner moved that the salaries of institutional heads be established for FY 2004, as follows: David Skorton, President, University of Iowa--\$287,513; Gregory Geoffroy, President, Iowa State University--\$287,513; Robert Koob, President, University of Northern Iowa--\$226,519; Dennis Thurman, Superintendent, Iowa Braille and Sight Saving School--\$100,786; and, Gregory Nichols, Executive Director, Board of Regents, State of Iowa--\$126,141.01. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin noted that the salaries approved for each institutional head represented a 2 percent increase.

(a) University of Iowa.

President Skorton stated that University of Iowa officials would first discuss the impact of the overall budget and then discuss specific items related to the Carver College of Medicine.

Provost Whitmore referred to a recent article in the Daily Iowan in which the student government vice president related his experience on the first day of classes. In one class, more students showed up than there were seats in the room. Provost Whitmore stressed that the University does not overbook classes, but students who are not

enrolled in a class will attend in an effort to get into a class should other students drop the class. He said this illustrated the inability to meet the demands of students.

Provost Whitmore stated that, in the future, the size of classes may have to be increased to accommodate students. University officials have had to cap enrollments in certain areas of the University. Enrollment caps exist for entrance into the College of Business. Limits are being placed on the number of nursing students who can enroll, at a time when the state and the nation are experiencing a severe lack of nurses. Enrollments are capped in elementary education, journalism and communications. There are a number of issues at the University of Iowa that relate to the quality of undergraduate education.

Provost Whitmore presented examples of reallocations. He stated that University officials project an enrollment increase of 500 students in the fall; therefore, academic advisors are being added. There will also be an expansion in the number of sections of a course designed to introduce students to the University. He said the reallocation activities had assisted in funding an average 2 percent faculty salary increase. Faculty are being shifted to accommodate for the lack of funds to hire new faculty in the law school in the expanding area of international law. Faculty shifting is taking place in the College of Liberal Arts to accommodate increasing demands in psychology and in the biosciences. He said the Provost's Office has funded several initiatives to increase the number of faculty participating in interdisciplinary activities. Some faculty have partial appointments in multiple departments. Reallocated funds have facilitated the hiring of faculty who have an international perspective in research and teaching. Reallocated funds have also been used to hire individuals who will diversify the faculty.

President Skorton stated that, just as the overall University academic mission has faced and met major challenges from the budget, there are unique issues in health care delivery, medical research, and medical education about which the Board was well aware. He acknowledged the Board's support of University officials' efforts to develop innovative methods to deal with a very competitive environment.

President Skorton introduced Dean Jean Robillard to answer questions on the proposed plans for incentive-based payments. Although relatively new to the deanship, Dean Robillard has been at the University of Iowa a long time. He said Dean Robillard is very knowledgeable and has helped to build the enormous reputation of University of Iowa Carver College of Medicine. He stated that Provost Whitmore and he supported the innovative ideas of Dean Robillard and noted that challenging times require innovative ideas.

Dean Robillard stated that the pilot incentive plan for the basic science departments of the Carver College of Medicine is aimed at increasing revenue from grants, increasing faculty income, and increasing indirect cost recovery.

Regent Turner asked how the plan was devised and whether there had been faculty input. Dean Robillard responded that the plan was developed in consultation with the department chairs and the College of Medicine executive committee. He had also met with all of the faculty including tenured, clinical, and basic science faculty, and had many hours of discussion. He said everyone had an opportunity to provide input and the plan was modified based on the input.

Regent Turner asked if close to 100 percent faculty buy-in had been achieved. Dean Robillard responded affirmatively.

President Newlin referred to Provost Whitmore's discussion of enrollment caps. He asked which programs have caps and if the caps are instituted at both the graduate and undergraduate level.

Provost Whitmore responded that all of the professional schools and most of the graduate schools have had enrollment caps for some time. He said law school enrollment has increased to 100 students more than the ideal enrollment level, which is part of a trend. Applications for professional schools usually increase during difficult economic times. Other than the areas that he mentioned earlier, such as nursing, journalism and communication, and elementary education, he said there is open admission in the undergraduate programs for those in the upper one-half of their graduating class. The use of enrollment caps is related to specific requirements of the discipline.

President Newlin asked when the Board Office is notified about the use of enrollment caps. Provost Whitmore said he was unsure whether there was a formal mechanism. Director Barak responded that there is a formal reporting requirement within the Board's Policy Manual.

Regent Neil asked for the driving force behind the College of Medicine's proposed pilot program. Dean Robillard responded that, with the reduction of funding at the National Institutes of Health, there is a need to stimulate grant-getting efforts. He then clarified his earlier statement regarding 100 percent faculty buy-in of the pilot program. He said 100 percent of faculty had been consulted but there was not 100 percent agreement.

Regent Neil cautioned that some faculty may think they understand the proposal but may subsequently become dissatisfied and move on. He noted that well-intentioned people sometimes "overshoot".

President Skorton reminded Board members that over 90 percent of the College of Medicine budget is provided by non-general fund sources, which is an example of the enormous academic and service responsibilities of faculty. He said the importance of sponsored research funding is increasing, especially with the depreciation of medical care.

President Skorton credited Dean Robillard and his staff for the very careful approach that was taken, which coincided with the point made by Regent Neil. He noted that he knew of no issue that had received 100 percent faculty buy-in. The faculty who would be directly impacted have provided major responses to the proposal. As indicated in the materials, Dean Robillard is recommending a step-wise approach where there will be a direct relationship between the percentage of salary funding from external funds and the incentive package.

For many years, the College of Medicine has encouraged the basic science faculty to raise 40 percent of the salary funds from external sources. President Skorton said faculty have risen to the occasion and have been more than competitive. The pilot program includes a step-wise approach for teaching, as well. There will also be reward by incentive for extraordinary administrative activity after the first year of the program. He stressed that the proposal was for a two-year pilot program. Although University officials agree with Regent Neil's caution, he said he believes the financial situation requires bold attempts to reward faculty.

Regent Turner said she applauded University officials for the faculty incentive initiative. She referred to the plan to expand the pilot program in the Department of Anesthesia, and asked if the program would be expanded to other departments or whether it would remain concentrated in the Department of Anesthesia. She also asked what is happening to teaching because of the emphasis on patient volume and production.

Dean Robillard responded that the expansion of the program was within the Department of Anesthesia, only, at this time. With regard to teaching in the clinical departments, he acknowledged that the clinical demand for reimbursement could impact teaching. However, the most productive faculty are often the ones who teach the most. He said the College continues to experience excellence in both aspects of faculty activity.

Regent Turner asked about state appropriations support for the tumor registry. President Skorton responded that the tumor registry receives some funding from the National Cancer Institute, some funds from the University, and some funds from non-federal grants. He said the University's matching funds to the National Cancer Institute grant have been less than 10 percent. However, in renewing the core National Cancer Institute grant, the University is now required to increase the match to 20 percent over

seven years. He noted this was an example of the state receiving an enormous service at very little state expense.

President Newlin referred to information provided by University of Iowa officials which listed total University reallocations of \$12.9 million. He asked for specific examples of the initiatives that are supported by the reallocations, and noted that the materials only listed the dollar amount of reallocation for each college.

President Skorton apologized for providing insufficient detail and asked that Provost Whitmore discuss the specific reallocations.

Provost Whitmore stated that, within the College of Liberal Arts, resources are being shifted to address the growing need for faculty in the biological sciences. Some of the resources are being used to hire support staff. Other areas of need being addressed by reallocations include information technology and teaching. He said the Business College has closed the MIS Master's degree program and shifted those resources into its MBA program.

President Newlin asked that Provost Whitmore provide the Board Office with the specific initiatives for the colleges that account for the dollar amounts identified in the meeting materials. President Skorton responded that University officials would also be sure to include that information in future reports.

President Newlin noted that, last month, the Board received a complete presentation on the University of Iowa Hospitals and Clinics budget by Director Katen-Bahensky, which was included this month within the overall University of Iowa budget.

Regent Downer referred to the comparative tables provided by the Board Office and asked about the considerable disparity between interest income of the University of Iowa and Iowa State University. Vice President True responded that Iowa State University requires payment from students sooner than does the University of Iowa, which creates a greater cash flow and likely accounts for the difference in interest earnings in the general education fund. He noted that University of Iowa officials are considering instituting a payment program similar to Iowa State University's.

MOTION:

Regent Becker moved to (1) Approve the University of Iowa, Carver College of Medicine, proposed lump-sum payment performance incentive programs as follows: (a) Refinements to the Faculty Practice Plan for the Department of Anesthesia and other clinical departments.

(b) Pilot program in the basic science departments. (2) Approve the University of Iowa's final FY 2004 general fund operating budget, including the operations of the University of Iowa Hospitals and Clinics of \$1,123,348,710 and the restricted fund budget of \$675,400,000 for a total of \$1,798,748,710. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Iowa State University.

President Geoffroy stated that, as indicated by Associate Director Hendrickson, there was no appreciable change in the budget from what was presented last month. He then offered to answer questions regarding Iowa State University's budget for FY 2004.

Regent Becker offered commendations to President Geoffroy and his staff, as follows: 1) The format of the information submitted for Board review was easy to follow and she easily understood the University's priorities. 2) University officials had responded to concerns expressed by Board members about the debt load of Iowa State University students, as evidenced by the extraordinary effort to increase funding for student financial aid.

MOTION:

Regent Becker moved to approve Iowa State University's final FY 2004 general fund operating budget of \$426,278,344 and the restricted fund budget of \$469,618,670 for a total of \$895,897,014. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa.

President Koob provided a "visual metaphor" in the form of a water collection and distribution system to illustrate the complexity of the budget process. Budget elements which he highlighted included management of the budget with the reduced state appropriations; tuition income, which is of unknown capacity; and other smaller, but more stable, sources of income. He stated that University officials are charged with distributing the revenue into the various functions of the University. He presented the analogy of draining water from various pools of funds to compensate for the "drought" in the state funding pool. On the surface, the change in the size of the pools is known; however, the effect on quality is not apparent on the surface.

Quality indicators include the number of tenured/tenure-track faculty, the number of courses that faculty teach, class size, and the nature of the student body. President Koob said the quality indicators have been changing rather sharply. There has been an undesirable decline in the balance between permanent and part-time faculty members. The budget proposed this year will begin to close the gap in the number of lower division courses taught by tenured/tenure-track faculty, and on undergraduate class size. President Koob pointed out that, despite the budget difficulties, the University has been able to maintain and increase the diversity of the student population.

President Koob presented information on the reallocation process and provided examples of reallocations that have taken place. Overall, nearly \$7.9 million have been reallocated at the University of Northern Iowa. He stated that reallocated funds have been directed to areas of the budget such as building repairs, utilities, opening new buildings, and the Modern Executive Management and Financial Information System (MEMFIS).

Regent Becker noted that the percentage of tuition revenue set aside for student financial aid is declining from 19 percent to 18 percent. She asked that President Koob address that issue including whether need-based or non-need-based aid would be affected.

President Koob responded that University officials were not reducing the amount of financial aid to students. He said the University can no longer afford to educate the number of students that it has been educating with the decline in investment in the University by the state. The University of Northern Iowa is dependent on revenues provided by tuition and by state appropriations. The only alternative is to reduce the size of the student body. University officials are being less aggressive in using student financial aid as a recruitment tool. Some funds have been redirected to student employment lines in the departmental budgets. He noted that students who are employed on campus have better retention rates and better grades than those who are not employed on campus.

Regent Becker expressed her support for work-study programs because the employment provides an educational benefit and the employer considers the educational needs of students. She stated that, in supporting the 17 percent tuition increase last year, she did so with the understanding that a pool of financial aid would be available to help students, particularly those with financial need. She said she could not support a budget that contained a smaller percentage for financial aid than the previous year. Even though the proposed 18 percent tuition set aside is higher than the Board's requirement for student financial aid, she said it was not acceptable for the percentage to decline at a time when the pressures on students are so high.

Regent Arbisser asked about the amount of funds in the departmental budgets dedicated to work study. President Koob responded that the budgets include work-study funds that are provided through student financial aid and that are provided for student employment within the departments, much of which is from federal funds. He noted that the amount of federal work-study funds received by the University continues to increase (currently \$23.9 million). He offered to provide Board members with information on the amount of student employment funds and with the amount of federal funds for a total package dedicated to student employment. He then stated that there was no intention to reduce financial aid to students. The way in which the funds are accounted for in the budget has changed.

President Newlin asked if a reduction in the number of employees was anticipated within the budget for FY 2004. President Koob responded that, with the combination of bargained salaries and reduced income, the current workforce cannot be maintained. There will be fewer employees in the coming fiscal year than in the current fiscal year. He said the University is dependent on a combination of tuition and state appropriations.

Regent Turner asked for the enrollment figures for fall 2003 and fall 2004. President Koob responded that University officials had previously informed the Board that, after peaking at 14,070 students, enrollments would have to be reduced to 13,400 to rebalance due to the budget reductions. He stated that the University has adopted a new program to recruit students from out of state; therefore, the mix between in-state and out-of-state students will begin to change. He estimated that enrollment for fall 2004 will be between 13,400 and 13,600. University of Northern Iowa officials are actively managing enrollments while maintaining, as much as possible, the Board's mandate of quality.

Regent Neil asked if the percentage of student aid set aside for FY 2004 compares to last year's number. President Koob responded that there has been a change in internal strategy for administering student aid. University officials would like to offer financial aid first to the student who has the highest level of ability and the highest level of need. University officials desire to admit students who have a high probability of success at the University. They also desire that financial aid go to those who have the greatest need. He stated that balancing those desires is the goal. An additional strategy is to have as many students as possible working on campus versus off campus. He said Camp Adventure, for example, is almost an entirely student-run operation. Students employed by Camp Adventure develop an array of skills. They learn to process applications and arrange for travel around the world, and to develop curricula and activity programs.

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Regent Neil asked if the percentage of tuition set aside has dropped by 1 percent. President Koob responded that the practice, not the policy, has declined by 1 percent. University officials have always budgeted for 18 percent tuition set aside but have always exceeded the budget in the amount of financial aid awarded.

Regent Neil referred to the indication in the meeting materials that University of Northern Iowa officials had proposed a layoff plan of approximately 12 employees. He asked if that number was accurate or whether it might fluctuate. President Koob responded that the number would increase only if the lay off plan is delayed, and would decline only if an unexpected new source of income is received. He stated that the lay offs are a budgetary necessity.

Regent Becker asked if work-study is included in the percentage of tuition revenues that are available for student financial aid at the other two universities.

President Koob pointed out that work-study in the vernacular is a program funded by the federal government. He said he had been referring to student work which is to employ students in University departments, and the funds may or may not flow through financial aid.

Provost Whitmore stated that student financial aid packages include work-study funds, only. Student work is not included.

President Geoffroy said the same was true for Iowa State University. Student work is not included as student financial aid. He noted that the University employs a large number of students.

MOTION: Regent Nieland moved to approve the University of Northern Iowa's final FY 2004 general fund operating budget of \$139,287,339 and the restricted fund budget of \$141,063,643 for a total of \$280,350,982. Regent Turner seconded the motion. MOTION CARRIED WITH REGENT BECKER VOTING "NO".

(d) Iowa School for the Deaf.

Superintendent Prickett stated that the proposed FY 2004 budget for Iowa School for the Deaf was essentially unchanged from what was presented to the Board in June.

MOTION: Regent Neil moved to approve the Iowa School for the Deaf's final FY 2004 general fund operating

budget in the amount of \$8,897,748 and the restricted fund budget of \$887,738, for a total School budget of \$9,785,486. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

(e) Iowa Braille and Sight Saving School.

Superintendent Thurman expressed his belief that education is a commitment from one generation to the next. He said that commitment and promise were at the core of the Iowa Braille and Sight Saving School. For children with disabilities, the promise has been one of inclusion in our society. He noted that many children were denied admission to public schools in the U.S. 29 years ago. For the past three years, Superintendent Thurman has been very concerned about whether the state's commitment to students with disabilities would be honored. He found this year's budget heartening in that regard, and stated he believed it was a turnaround for the services to Iowa children.

MOTION:

Regent Neil moved to (1) approve an FY 2003 budget ceiling increase of \$3,637 retroactive to June 24, 2003, for a final revised general fund operating budget of \$4,837,409; (2) approve the final FY 2004 general fund operating budget for the Iowa Braille and Sight Saving School in the amount of \$5,109,681 and the restricted fund budget of \$1,595,880, for budgets totaling \$6,705,561; and (3) revise the current unrestricted endowment expenditure policy to be consistent with the 5 percent spending rule followed by the universities, effective with FY 2004 as long as the integrity of the endowments is not impacted. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin asked if Superintendent Thurman projected that Iowa Braille and Sight Saving School would serve approximately 600 students off campus in FY 2004. Superintendent Thurman responded that, although the numbers would not change dramatically in any of the categories, there were a number of issues that remained unclear. On July 1, 2003, the number of area education agencies in Iowa was reduced. There are currently six vacant positions for teachers of the visually impaired in Iowa, one of which is at the Iowa Braille and Sight Saving School. He noted that interviews

will be taking place to fill a teaching position at the University of Northern Iowa to train teachers of the visually impaired.

(f) Lakeside Laboratory.

Associate Director Racki presented a brief review of the FY 2004 budget for the Iowa Lakeside Laboratory. She said the general fund budget was the same as was presented last month, with adjustments in the line items to provide for small salary increases.

MOTION: Regent Neil moved to approve the FY 2004 final operating budget of \$469,424 for the Iowa Lakeside Laboratory, as approved by the Lakeside Laboratory Coordinating Committee, including \$371,424 in general funds to be provided, as presented. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

(g) Board Office.

Executive Director Nichols stated that the Board Office budget had been revised as he had indicated last month. He said the state appropriations of \$1.2 million were the same as FY 2003 and allocations from institutions were the same as in FY 2003. Budgeted expenditures were approximately \$2.5 million, the same as in FY 2003.

MOTION: Regent Neil moved to (1) approve the final FY 2004 operating budget of the Board Office in the amount of \$2,489,077 from all funds and (2) direct the institutions to include Board Office reimbursement levels as indicated in the Board Office budget in institutional FY 2004 final budgets. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

REPORT OF THE BANKING COMMITTEE.

Regent Arbisser reported on the July 16, 2003, meeting of the Banking Committee. He said the Banking Committee took a number of actions including approval of 1) a bond resolution for University of Iowa Facilities Corporation Revenue Bonds for the Pomerantz Center; 2) a resolution for University of Northern Iowa Academic Building Revenue Refunding Bonds which would be sold to refund all outstanding maturities of the U.N.I. Academic Building Revenue Bonds, Series 1993; 3) a resolution for University

of Iowa Dormitory Revenue Bonds which would be sold to finance a number of projects in the University's residence system; and, 4) renewal of bond-associated contracts. He said the Banking Committee received reports on bond refunding savings, a summary of which was being prepared for the press. The Banking Committee also received reports on costs of bond issuances, FY 2004 internal audit plans and internal audits.

Regent Arbisser reported on what he described as a spirited discussion by the Banking Committee of the business and financing plans for the University of Northern Iowa event complex. He said the Committee members recognized the generosity of the donors, the University of Northern Iowa Foundation and the local community, as well as President Koob's leadership on the project. The Banking Committee members discussed a number of specific items and agreed to the following: 1) There will be no increase in student fees to support the proposed Arena facility. 2) Mandatory student activity fees can be used to secure the issuance of bonds for the Arena but are not to be used to pay the debt service or operational costs of the event complex. 3) There is to be further discussion between the Board Office and the University regarding the proposed 2 percent inflationary increase in University support for the complex.

Regent Arbisser stated there were a number of specific steps to be taken in preparing a revised business and financing plan for the event complex for future presentation. He said University of Northern Iowa officials need to update fund-raising information including the status of pledges reported to be in arrears, as well as the status of additional fund-raising efforts. The Board Office and legal counsel need to review the agreement for the loan which has been offered by the city of Cedar Falls. The Board Office is to consult with bond counsel to determine allowable uses of the so-called Fieldhouse (UNI-Dome) surplus funds. He said there was a strong recommendation that an independent third-party feasibility study be obtained, in consultation with bond counsel, to validate the business plan estimates of operating revenues and expenses. Discussion regarding operating and maintenance costs will occur at a later time.

Regent Arbisser then asked for a report from bond counsel.

Barry Fick of Springsted, Inc., the Board's bond advisor, said bids were accepted that morning for \$11,325,000 of University of Iowa Facilities Corporation revenue bonds for the Pomerantz Center. Bids were received from the following bidders: RBC Dain Rauscher (which included a number of co-managers), U.S. Bancorp Piper Jaffray, and Advest Inc. The winning bid was submitted by RBC Dain Rauscher for a true interest rate of 3.338 percent. The next lowest bid was submitted by Advest for a true interest rate of 3.386 percent, with the bid of U.S. Bancorp Piper Jaffray coming in at 3.397 percent. He noted two of the bids were very close. He said one interesting feature was that all of the bids had coupon rates of 5 percent. Each bid provided a premium over and above the \$11,325,000. The winning bid had the largest premium, which was

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\$1,141,899.75. He stated that, overall, the winning bid was a very favorable rate, about 25 basis points below the rate projected three weeks ago.

Regent Arbisser asked if the bonds were single tax-exempt. Mr. Fick responded affirmatively and noted there was very little premium over the interest rate that would be expected for double tax-exempt bonds with a similar maturity.

Ed Bittle of the Ahlers law firm, the Board's bond counsel, stated that the University of Iowa Facilities Corporation Executive Committee had met and accepted the bid.

MOTION:

Regent Arbisser moved to Adopt A Resolution Authorizing and Approving the Execution and Delivery of the Ground Lease, the Lease, the Indenture, the Bond Purchase Agreement, the Tax Exemption Certificate and the Continuing Disclosure Certificate, and Authorizing and Providing for the Issuance of University of Iowa Facilities Corporation (Pomerantz Center) \$11,325,000 Revenue Bonds, Series 2003 and Providing for the Payment Thereof. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Downer, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: Forsyth.

MOTION CARRIED.

Mr. Fick said bids were accepted that morning on behalf of the Board of Regents for the refunding of University of Northern Iowa 2003A bonds, the proceeds of which would refund and repay 1993 bonds. The bonds were sold to realize interest savings. He said bids were received from the following two bidders: Citigroup and U.S. Bancorp Piper Jaffray. The winning bid was submitted by Citigroup for a true interest rate of 2.8553 percent, with the U.S. Bancorp Piper Jaffray bid coming in at 2.8558 percent. The winning bid was .0005 percent better than the other bid. The winning bid had an interest rate that was slightly less than projected, for a savings from the refunding of \$35,000/year, and a \$300,000 present value savings on the remaining life of the bonds.

Regent Arbisser asked about the impact of the bond refunding. Mr. Fick responded that the savings would result in reduced payments by the state to the University.

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Mr. Bittle stated there were two resolutions which required Board adoption.

MOTION:

Regent Arbisser moved to adopt (1) A Resolution providing for the sale and award of \$4,225,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2003A, and approving and authorizing the agreement of such sale and award. (2) A Resolution authorizing and providing for the issuance and securing the payment of \$4,225,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2003A, for the purpose of refunding the 2004 through 2012 maturities of the \$6,520,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 1993, dated November 1, 1993 presently outstanding and heretofore issued by the Board to refund bonds issued to defray costs of building construction projects on the campus of the University of Northern Iowa. Regent Becker seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Downer, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: Forsyth.

MOTION CARRIED.

MOTION:

Regent Arbisser moved to Adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$25,000,000 Dormitory Revenue Bonds, Series S.U.I. 2003. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Downer, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: Forsyth.

MOTION CARRIED.

MOTION: Regent Arbisser moved to approve (1) renewal of bond-associated contracts, (2) Banking Committee actions related to the business and financing plans for the University of Northern Iowa event complex, and (3) the report of the Banking Committee meeting. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

OPERATING APPROPRIATIONS REQUESTS FOR FY 2005.

Executive Director Nichols presented the initial preliminary operating appropriations requests for FY 2005. He said state law requires that the requests be submitted by October 1; therefore, refinement will take place and the requests will be submitted for Board approval in September. He noted that the proposals were very similar to appropriations requests for FY 2005 that were reviewed by the Board at this time last year.

Last year, the Board of Regents submitted budget requests to the state for fiscal years 2004 and 2005. At that time, a request of \$39 million was submitted for FY 2005 incremental strategic investments. The pre-FY 2005 request submitted at this meeting was nearly the same amount (\$39.5 million). Executive Director Nichols stated that the amount needed to fully fund incremental salaries was unknown at this time; however, full funding of salaries was implicit as the first priority of each institution.

Regent Neil asked if the initiative to re-invest in the core mission at the University of Northern Iowa referred to salaries. President Koob responded affirmatively.

Regent Neil expressed his belief that, with the declining funding of higher education by the legislature over the last three years, the Board would be remiss in presenting a "laundry" list of strategic initiatives for funding. He said the number one issue is funding for salaries. Unless the best and brightest faculty can be retained and recruited, quality will diminish. He urged the institutions to present the Iowa legislature with one message: If they want to retain the quality of education of Iowa's three great Regent universities, it will require adequate salary funding.

Executive Director Nichols responded that Regent Neil's suggestion was in line with issues he has begun discussing with institutional heads. He noted that what was presented at this meeting was based on what the Board asked of the institutions last year.

Regent Neil stated that he awaited the refinements to the appropriations requests.

ACTION: President Newlin stated the Board considered the preliminary FY 2005 operating appropriations requests, by general consent.

CAPITAL BUDGET REQUESTS FOR FY 2005.

Executive Director Nichols stated that, given the Board's recent decision to change the criteria for capital project approval, there would be some deviation from custom in presenting the capital budget requests for FY 2005 and those for fiscal years 2005 through 2009. Due to the requirements on the institutions to provide additional information when submitting capital requests, the preliminary information submitted by the institutions was provided to Board members without a Board Office recommendation. He said a process is in place which will provide Board members with detailed information and a Board Office preliminary recommendation prior to consideration of the Board Office recommendation at the September Board meeting.

ACTION: President Newlin stated the Board, by general consent, (1) received the report on the FY 2005 capital improvement requests of the Regent institutions totaling \$122,590,000 and directed the Board Office to further review the requests and recommend preliminary FY 2005 capital requests prior to the September Board meeting, and (2) considered a preliminary FY 2005 tuition replacement appropriations request of \$23,832,000.

PRELIMINARY FIVE-YEAR CAPITAL IMPROVEMENT PLANS, FY 2005-FY 2009.

Executive Director Nichols referred to his comments regarding the FY 2005 capital budget requests, and said the information on the five-year capital improvement plans was being passed through to the Board from the institutions.

ACTION: President Newlin stated the Board, by general consent, (1) Received the report on the requests of the Regent institutions totaling \$604.8 million in state funds to be combined with \$97 million in gifts and earnings for inclusion on the Board's Five-Year State-Funded Capital Program for FY 2005 - FY 2009 to be funded by capital appropriations or

Academic Building Revenue Bonds, and directed the Board Office to further review the requests and recommend a preliminary five-year plan prior to the September Board meeting; (2) Received the report on the Five-Year Capital Program (FY 2005 – FY 2009) of \$173.6 million for the University of Iowa Hospitals and Clinics to be funded by Hospital Building Usage Funds, Hospital Revenue Bonds, and gifts and grants; and, (3) Received the report on FY 2005 – FY 2009 capital plans of \$347.9 million for the universities, special schools and Lakeside Laboratory to be funded by sources other than capital appropriations, Academic Building Revenue Bonds, UIHC Building Usage Funds, Hospital Revenue Bonds, or gifts to the Hospital.

INSTITUTIONAL ROADS PROGRAM.

Associate Director Racki presented information on the institutional roads program. She stated that funds for improvements and maintenance of roads and streets at the Regent institutions and other state agencies are provided by the State Parks and Institutional Roads Program. The Program, which is administered by the Iowa Department of Transportation, provides funding for the construction, reconstruction, improvement and maintenance of roads and streets located on state land where institutions or other state governmental agencies are located. Each year, the Board of Regents is asked to approve the five-year institutional roads program, which is then submitted to the Department of Transportation. The individual projects within the Program are also subject to the Board's capital project approval process

MOTION:

Regent Turner moved to (1) approve the recommended five-year institutional roads program with capital projects totaling \$7,865,000 for calendar years 2004 through 2008, including projects totaling \$1,573,000 for 2004; and (2) receive the list of identified, unfunded institutional roads needs at the Regent institutions totaling \$31,155,254. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.

Associate Director Racki requested that the Board approve the agreements, leases and easements, as presented. She noted that the Board Office had received approval from the Attorney General's office.

MOTION:

Regent Neil moved to approve: University of Iowa—Lease agreement with Plaza Centre One Owners Association for the University's use of 325 square feet of storage space in the Plaza Centre One Building in Iowa City. Lease agreements with Ramaanchar Technologies, Optimal Electronics Corporation, Vertex, and AudioNet International, for their use of business incubator space at the Oakdale Research Park. Sublease amendment with the Quad-Cities Graduate Study Center for the University's continued use of space at Augustana College, Rock Island, Illinois, by the School of Social Work. Lease amendment with the U.S. Government, Department of Veterans Affairs Medical Center, for its continued use of laboratory research space in the Carver College of Medicine facilities. Iowa State University—Lease agreement with NDE Technologies for its use of business incubator space at the ISU Research Park. Lease renewal with Dayton Road Development Corporation for the University's continued use of space in Ames for the Small Business Development Center. Iowa School for the Deaf—Lease renewal with School employee Michelle Konvalin for her continued use of a residence on the Iowa School for the Deaf campus. Regent Downer seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Downer, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: Forsyth.

MOTION CARRIED.

STUDENT APPEALS. (a) Residency Appeal. Director Barak presented the Board Office recommendation that the Board deny the appeal for residency reclassification.

MOTION: Regent Neil moved to deny the appeal for residency reclassification. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Legal Issues Appeal. Director Wright presented the Board Office recommendation that the Board (1) deny the appeal of a student from a decision at the university and (2) deny the request for a hearing before the Board on this matter.

MOTION: Regent Arbisser moved to (1) deny the appeal of a student from a decision at the university and (2) deny the request for a hearing before the Board on this matter. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

REVISIONS TO POLICY MANUAL.

Director Wright presented the proposed new Policy Manual §7.09 on printing, which provides for Regent institutions to secure printing needs pursuant to policies of the Board rather than the State. He said the 2003 General Assembly passed House File 534 changing the present system which requires all Regent institutions' contracts for printing services to be secured under the auspices of the State Central Printing Office, a part of the former Iowa Department of General Services to a system authorizing Board direction for printing services. Because this change received support from all Regent institutions and provides for greater flexibility at the institutions, the Board Office recommended that the proposed Board printing policy be approved at this meeting without the necessity of a second reading.

Regent Downer said he believed the proposal was an excellent change of procedure.

MOTION: Regent Downer moved to approve for publication Board of Regents Policy Manual §7.09: Printing. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

Executive Director Nichols stated that, with consideration of the institutional capital registers, the Board would begin to create a new procedure under the recently-adopted policies for approval of capital projects. Based on the new policies adopted in June, there was some additional information provided on a number of the projects presented for Board consideration this month. He said that for the projects which are a continuation of ongoing work, or where it was clear to the Board Office that the information submitted clearly meets the Board's criteria, the Board Office recommended approval. For projects where it was not as clear to the Board Office, the recommendation was that the Board discuss whether it feels the criteria were met. Therefore, he said the language of the recommendation varies from project to project.

(a) University of Iowa.

Vice President True presented an overview of the University of Iowa capital register which he said included a number of items. Four significant Hospital projects—Emergency Treatment Center, Neurological Disease Development, Positron Emission Tomography (PET) Facility, and a food service facility in Pomerantz Pavilion—would be addressed by University of Iowa Hospitals and Clinics (UIHC) Senior Associate Director Staley. The Biosafety Laboratory Facility, which was on the capital register for the first time, would be addressed by Dean Robillard of the College of Medicine.

Vice President True addressed several of the other projects on this month's capital register. He said University officials requested approval of the agreement with Stanley Consultants for the West Campus Chilled Water project, which will add 12,000 tons of chilling capacity to serve the west campus and the arts campus.

With regard to the Kinnick Stadium project, Vice President True said University officials requested approval of the agreement with Neumann Monson which would allow the University to proceed with project planning. University officials anticipate presenting the Board with a master plan for the Kinnick Stadium renovation project this fall.

With regard to the capital project to remodel the Iowa Memorial Union, Vice President True stated that the Board previously authorized the University to engage an architectural firm. Initial work would include a master plan for improvements to the entire facility as well as remodeling, which would predominantly correct deferred maintenance items. University officials will return to the Board with the master plan at the same time that the concept for Phase 1 is presented. The Phase 1 project, anticipated to cost \$8.9 million, would be financed through new Memorial Union bonds, the debt service for which would be paid through the Board-approved mandatory fee.

Vice President True distributed information on the Old Capitol Restoration and Building Improvements project. Information included the status of and budget for each phase, with the costs for fire-related and non-fire-related items so designated. Phase 1 included the pre-phase recovery and stabilization, the dome, cupola, new roof, bell and millwork. Sources of revenue for Phase 1 included fire recovery insurance, designated gifts, and University of Iowa treasurer's temporary investments. The proposed Phase 2 included fire suppression, fire alarm, lighting upgrades, House/Senate chamber improvements, west portico stair, windows, exterior trim restoration, sitework, period painting, and staircase repair. Proposed sources of revenue for Phase 2 included fire recovery insurance/designated gifts, University of Iowa treasurer's temporary investments, state appropriations and federal grants. University of Iowa officials requested permission to establish a budget and proceed with Phase 2 of the restoration of Old Capitol.

Vice President True stated that the first phase of the Old Capitol project addressed what needed to be done immediately following the fire. The original budget for Phase 1 which, for the most part has been completed, was almost \$4.5 million. The final cost is expected to be closer to \$3.9 million. Some work remains to be completed on the roof structure. Fire recovery insurance is the main source of funds.

At this meeting, University of Iowa officials requested approval of the Phase 2 project description and budget in the amount of \$2,950,000. Vice President True stated the project, which is principally interior fire recovery work, would be bid in early-September. He said the University has applied for a \$500,000 grant from the U.S. Park Service for which there was reasonable optimism for success. Response to the grant application will be known in time for the bidding process. State appropriations will provide \$350,000. The principal purpose of Phase 2 is to correct the fire damage to the interior but also to undertake some other items that would be eligible under the grant.

President Newlin asked if there were any desired but unfunded aspects of the Old Capitol project that would not be addressed in Phases 1 and 2 that University officials may wish to pursue in the future. If there were other activities, he asked for the anticipated cost and source of funds.

Vice President True responded that the costs remaining after Phase 2 would be approximately \$2.9 million, of which \$1 million could be raised privately. The source of the other \$1.9 million was currently undesignated. He stated that University officials envisioned converting the lower level of Old Capitol into an area where Iowans, particularly children, could learn about Iowa government and about the history of the state of Iowa. The projected cost is \$1 million. University officials believe the revenues for such an activity should be linked to a fund-raising campaign and be accomplished

after Phases 1 and 2. Other work to be done on Old Capitol included the east portico and terrace at an approximate cost of \$1.9 million. He said the terrace is in major need of repair.

Brad Brown of OPN Architects stated that a third item to be deferred to Phase 3 is repointing of the masonry on the building.

Regent Turner asked if the anticipated Phase 2 revenue grant from the U.S. Park Service of \$500,000 was because Old Capitol is an historic site. Vice President True responded affirmatively.

Regent Turner asked if there was an alternative funding source should the \$500,000 grant request not be funded. Vice President True responded that there is no alternative source of funds if the grant is not forthcoming. The bid documents will request add/deduct alternates. By the time the bids are received, University officials hope to have learned that the grant application had been successfully funded. If not, University officials will then have to make judgments about the alternates. He noted that the University is obligated to match the grant. Commitments have been made to do so.

Regent Neil asked if Phases 1 and 2 would address all of the problems caused by the fire. Vice President True responded affirmatively.

Regent Neil asked if there were gifts to the Old Capitol project and, if so, how those gifts were used. Vice President True responded that the University received spontaneous gifts that totaled approximately \$200,000. He said those funds would be used specifically for fire recovery costs. University officials will also work with the Foundation to raise approximately \$1 million for the educational activities envisioned for the lower level of Old Capitol.

Regent Neil asked if the proceeds from insurance were approximately \$6.1 million. Vice President True responded that \$6.35 million were eligible to be recovered either through direct payment by the University's insurer, FM Global, or through subrogation. University officials are working through the Attorney General's Office with regard to Envirosafe Company, the original asbestos abatement contractor on the project. University officials are working with the insurance company for direct payment as well as for third-party reimbursement. The combined claim is \$6,350,000.

President Newlin asked why the \$200,000 in gifts was not included on a separate line. Vice President True responded that University officials could do so; however, it would make the tables more complicated.

Regent Neil asked if University officials were reasonably sure the University will receive \$6.1 million from the insurance company. Vice President True responded that FM Global has met all of its obligations to the University. The University's policy with FM Global includes a \$2 million deductible. FM Global and the Attorney General's office are pursuing recouping the \$2 million from other sources.

Regent Becker referred to the revenue source identified as fire recovery insurance/designated gifts/UI, and asked for the source of UI funds. Vice President True responded that treasurer's temporary investments would be the source of funds. He noted that treasurer's temporary investments would also fund non-fire-related items, such as projects to contribute to the advancement of Old Capitol.

Executive Director Nichols pointed out there were two projects in the University of Iowa capital register (Old Capitol—Fire Restoration and Building Improvements—Phase 2 and Medical Laboratories—Biological Safety Level 3 Facility) for which the Board Office recommendation was that the Board make a determination as to the University's requests.

MOTION: Regent Neil moved to approve the University's requests regarding the Old Capitol—Fire Restoration and Building Improvements—Phase 2. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

Senior Associate Director Staley discussed the four major capital projects of the University of Iowa Hospitals and Clinics. University officials requested approval of the budget and schematic design to develop the Pomerantz Pavilion food service facility. He said University officials requested approval of the program statement to expand the Positron Emission Tomography Center. He reminded Board members that, in May, they were presented with information on the revolutionary PET/CT scanner. University of Iowa officials requested permission to proceed with project planning to a) renovate and expand the emergency treatment center and b) develop the Institute of Neurological Diseases. The fourth project proposal was for replacement of roof group 16.

MOTION: Regent Neil moved to approve all of the University of Iowa's remaining requests except those for the Medical Laboratories—Biological Safety Level 3 Facility and the Kinnick Stadium Renovation. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

Dean Robillard addressed the Medical Laboratories–Biological Safety Level 3 Facility project. He said the facility would expand the ability to perform a certain type of research. The National Institutes of Health plans to invest \$1.8 billion per year over the next three years in biodefense-related research grants. The Carver College of Medicine anticipates securing a portion of this funding for three major new research initiatives in microbiology and infectious diseases. Although there is a small amount of space in the current BSL-3 facility, it is not enough to accommodate any new grant activity.

Regent Neil asked about the location of the Biological Safety Level 3 Facility on top of another building. He also asked for the source of revenues if the national grant is not received.

Dean Robillard first addressed the decision to locate the facility on the fourth floor of the Medical Laboratory Building, noting that six different sites were originally considered. He said the proposed site is a secure area. The site was cost effective. The animals are in the Medical Laboratories building which provides less opportunity for contamination. If the facility were in the basement of a large building, there would have to be ductwork through all of the floors which would present a greater long-term risk.

Dean Robillard next addressed why the University does not wait to receive all of the anticipated large grants. He said the University does not have the facilities to accommodate the presently-funded research. The BSL-3 facility in the State Hygienic Laboratory is a small facility. There is an approximate 600 square foot facility at the Veterans Administration Hospital which is mainly dedicated to tuberculosis research. The proposed new facility in the Carver Building B would provide 1,600 square feet of space. He stated that another issue is that there are some types of research on pathogens that need FBI clearances. That type of research requires different facilities.

Professor Bradley Britigan addressed the question about the grant funding. He said the University has received priority scores from the National Institutes of Health and Infectious Disease. Those scores indicate a very high likelihood of funding of two large grants that were submitted last fall. Preliminary indications from the funding agencies are that the University of Iowa grants will be funded. One is a planning grant, for which he was the principal investigator, for a research center of excellence in biodefense. The \$1.4 million grant will lay the groundwork for a future larger center of excellence, which will involve institutional commitments for research facilities. He said the other grant is for a large program that focuses on tularemia. Tularemia research requires a BSL-3 facility because of the nature of the organisms, and that space is not currently available at the University. If the grant is funded, the work would need to start in October.

President Skorton clarified that the \$1.8 billion anticipated to be available annually from the National Institutes of Health was in addition to the large grants identified by

Professor Britigan. He said he has every reason to believe the University of Iowa will receive the grant funding. University officials were asking only for permission to proceed with project planning. University officials have to plan so the University can compete in this area. He expressed his belief that there are sufficient grant funds currently in hand to proceed most of the way with the project. The University has to be able to respond quickly to this opportunity.

President Newlin asked about the impact of tularemia on the human body. Professor Britigan responded that, in most cases, when tularemia is inoculated in the skin it causes a local skin reaction. However, the federal government is concerned about tularemia because the organism can also be put into the air. When inhaled, tularemia causes a severe pneumonia and can be used as a bioterrorism agent. With bioterrorism moving to the forefront, he said there is a woeful lack of research on how this organism causes infection.

MOTION: Regent Becker moved to approve the University's requests related to the Medical Laboratories—Biological Safety Level 3 Facility project. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Neil asked that discussion take place regarding the Kinnick Stadium project.

Vice President True stated that University officials have previously presented information to the Board about the Kinnick Stadium Renovation project. The Board provided University officials with permission to plan and to hire an architectural team. At this meeting, University officials requested approval of the agreement with Neumann Monson. He committed that, with the help of Neumann Monson, University officials will proceed rapidly with the master plan to review all aspects of this project. He hoped to be able to do so in October when the Board meets at the University of Iowa, and would inform the Board Office if the University is unable to do so.

Regent Neil asked for the source of funds for the Kinnick Stadium project. Vice President True responded that the project would be supported by gifts to the University. He said the Athletics Facilities bonded enterprise, which was created a long time ago, will be the vehicle by which this goes forward. The work that will take place between now and the master plan phase will be paid by the Department of Athletics. He suggested that when University officials next return to the Board with this project, he would address the source of funds more thoroughly and completely.

President Newlin asked if some of the gifts had already been received. Vice President True responded affirmatively. He said the funds are from annual giving that is

supported through the Athletics Department. Earnings of the combined Athletics Department Enterprise will support the initial work on the project.

Regent Becker asked if the Board Office recommendation was to approve moving forward with the master planning which would include allowing the University to pay the architects. Executive Director Nichols responded affirmatively.

MOTION: Regent Downer moved to approve the Kinnick Stadium Renovation project, as presented. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Iowa State University.

Vice President Madden stated that the Iowa State University capital register included the following two projects: 1) renovations to the Memorial Union and 2) Physics Hall Auditorium renovation. With regard to the Memorial Union project, he stated that, last fall, the Board approved the University assuming title to the Union. The Board also approved an increase in student fees to finance renovation of the building. University officials requested approval of the program statement for the first phase of renovation of the Union. The first phase involves bringing the building up to Code compliance, addresses a number of way-finding issues, and begins the modernization of the first level of the building. He stated that a portion of the project would expand the selling space, improve the operational efficiencies, and consolidate operations of the University Bookstore. He said the University Bookstore has been in the Memorial Union since 1958.

Vice President Madden pointed out that very few improvements have been made to the University Bookstore's space although enrollment has nearly tripled since 1958. A bookstore consultant has assisted the University in evaluating ways to proceed. Most of the additional space would be selling space. The project would improve the operational efficiencies of the Bookstore by consolidating their operations in the building. He said the Bookstore would fully finance its share of the project (approximately \$5 million) and should increase its revenue contributions to the Memorial Union. Iowa State University's Bookstore is one of the larger stores for colleges and universities of its size. The Bookstore is a \$13 million enterprise that not only serves students but also provides office supplies to academic departments. The sales per square foot are substantially above the average sales per square foot for a store of its size.

Vice President Madden addressed storage needs of the University Bookstore. He stated that the focus of the project is to increase selling space and improve operational efficiencies. During construction, the area currently occupied by the Alumni Association

will be used as temporary storage for the Bookstore, which will allow the termination of an off-campus warehouse site, saving nearly \$300,000 per year. When construction is finished, the University Bookstore will move out of that space.

Regent Turner asked if the construction project was for Phase 1 of the Memorial Union renovation. Vice President Madden responded affirmatively. He said University officials wish to design the project with add alternates in case the financing allows more improvements to be completed than are originally anticipated.

Regent Downer stated that he had contacted Vice President Madden with a question related to storage space, which had been answered satisfactorily. However, he was concerned that there could be a situation where student fees might be used to support the University Bookstore operations. Although in corresponding with Vice President Madden he was assured that was not the plan, he said it would be appropriate for the Board to look at lease numbers to make sure the University Bookstore is going to be self sustaining. Because of concerns of all Board members regarding costs to students, it was essential that the Bookstore not only stand on its own but provide a positive contribution to the Union. Therefore, he asked that Board members be provided with financial information on the future Bookstore lease.

Vice President Madden next addressed the Physics Building project, the schematic design for which University officials requested approval. He stated that the project included renovation of two major classrooms. The seating is the original 1923 seating.

MOTION: Regent Becker moved to approve the Iowa State University capital register, as presented. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa.

Vice President Schellhardt presented the University of Northern Iowa's capital register. He noted that the evaluation criteria for both the Arena and the Human Performance Center had been provided to the Board Office. There was one item that was not included in the recommended action, for which University officials requested Board approval, that related to the Board's receipt in April of the schematic design for the Arena. He acknowledged there are some steps to be taken by University officials to answer questions about the business and finance plan for the Arena, and then he requested Board consideration and approval of the schematic design of the Arena. He stated that doing so would allow the architects to develop the detailed construction drawings for the Arena.

Executive Director Nichols stated that the recommended actions of the Board Office with regard to the Arena project are to 1) acknowledge receipt of the information on the Arena, 2) review and consider the information presented to determine whether or not the desired standards for capital project evaluation criteria are being met, and 3) consider recommendations from the Banking Committee regarding the financing plan. He said the request to continue working on the schematic design would be a fourth step in the process. Under the new criteria, final consideration of the design, budget and finance are to be simultaneous. Therefore, the University request was in a "gray" area.

President Koob referred to the discussion within the Banking Committee meeting. He said the request was made to separate the architectural drawing plans and finance plans, with full recognition that the project would not proceed without the financing plan. The schematic design had been presented in April, prior to the Board's new criteria for construction projects, and there was no dissent. He said University officials were inclined to move forward given that the revenues to do so were from private funds that were already collected. With the Board's approval to proceed with the design, he said there would not be a delay in construction in the event that the conditions of the Banking Committee are met. He stressed that University officials were trying to clarify whether or not it is appropriate for the University to proceed with the design. He said the sense of University officials from the Banking Committee discussion was that approval had been granted to proceed with the design. He acknowledged that the University cannot proceed with construction without full support of the financing plan.

Regent Downer related his understanding of the discussion at the Banking Committee meeting the previous day. He said President Koob had indicated there were in-hand unrestricted funds, in the form of contributions, that could be utilized for the payment of additional architectural work, in the event that the project would not go forward.

President Koob stated that the cash on hand for the project was well in excess of fees that would be paid to the architects.

Regent Downer asked if it was correct that those funds were not restricted or earmarked in a manner that would prevent their use for the purpose requested by University officials. President Koob responded that Regent Downer's understanding was correct.

Regent Turner said she wished to make a motion to clarify the matter before the Board.

MOTION: Regent Turner moved to (1) acknowledge receipt of the University's submission of information to address the Board's capital project evaluation criteria for the Arena project and defer the decision

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on whether the desired standards for the criteria are being met; (2) accept the recommendations from the Banking Committee regarding the business and financing plans for the Arena project; and, (3) acknowledge Board Office receipt of the University's submission of information to address the Board's capital project evaluation criteria for the Human Performance Center project; this information will be presented to the Board at a later date. Regent Becker seconded the motion.

Regent Neil stated there were two issues: 1) the Human Performance Center and 2) the Arena. He referred to the written materials and the discussions that had taken place regarding this matter. He said the Banking Committee had discussed the Arena, including a review of the financing plan, and had presented recommended actions for moving forward. He stated that the Board needs to either approve or not approve the University proceeding with the architectural design of the Arena. The Arena should be separated from the Human Performance Center. He referred to a document that was presented at Board members' places over the lunch hour. The document indicated that University officials requested to withdraw from consideration the request related to the Human Performance Center.

President Koob said the fees that were submitted in the document to which Regent Neil referred reflected the two projects being bid separately. The original proposal was based on the two projects being bid together. He noted there would be additional expense to bid the projects separately.

Regent Neil suggested the Board deal with the two issues separately.

President Newlin asked if Regent Turner would withdraw her motion.

WITHDRAWAL OF MOTION: Regents Turner and Becker agreed to withdraw the motion.

President Newlin asked if Regent Neil wished to make a motion.

MOTION: Regent Neil moved to defer until September the University's request to move forward with further design of the Arena until such time as Board members are assured that the business plan and all related documents are in order, including the use of temporary investments and UNI-Dome

surplus funds, and the contract with the city of Cedar Falls. Regent Arbisser seconded the motion.

Regent Becker referred to differing opinions among members of the Banking Committee. One such opinion was that, if the money for moving forward with the architectural plans is available, University officials be allowed to use those funds and not delay the project design. Doing so would also provide additional detail for discussion of the financing plan. Delaying work on the architectural plans for the project may prevent the University from taking advantage of favorable construction and financing environments.

Regent Downer expressed his support for the request to approve the schematic design and move forward with the architectural plans based upon the commitments that were made by President Koob, for the following reasons. There is currently a very favorable environment for construction costs. There is currently a very favorable interest rate environment. University officials indicated there are funds on hand in an unrestricted form to pay for the architectural planning. There is no commitment on the part of the Banking Committee or the Board with respect to the financing, pending receipt of and satisfaction with the requested information. If the requested information is satisfactory to the Board, it would be helpful if the project could be bid sooner rather than later. As alluded to by Regent Becker, the cost data may be more credible after the design is completed because it would permit a more precise evaluation of the financing.

Regent Becker stated that she remains committed to the requirement that University officials provide additional information on the financing plan. She said she would agree to the University's request to approve the schematic design.

Regent Arbisser stated that nearly \$1 million of unrestricted funds was being requested to be spent, at a time when the University's budget is tight.

President Koob stated that the funds that would be used for the design activities are designated for the facility. University funds would not be used nor would unrestricted funds of the Foundation be used. The funds that would be spent have always been designated for this facility and cannot be used for other purposes, based on the wishes of the donors.

Regent Arbisser provided the scenario of the project not going forward after some of the funds designated for the project have been spent. Would the University have to refund the expended funds? President Koob responded his understanding was that, as long as the funds are spent in good faith toward the project, the funds would not have to be repaid. He stated it was University officials' assumption that the project will move

forward. A catastrophic failure was not expected. It was not a question of “if” the project would proceed but, rather, “when” the project would proceed. He said the downside of waiting was the inability to take maximum advantage of the construction environment. University officials saw no upside to delaying the project. The proposal was not to use money that could otherwise be used for other purposes.

President Koob stated that it was unclear upon conclusion of the previous day’s Banking Committee meeting how University officials were to proceed.

Regent Downer referred to a presentation to the Banking Committee the previous day regarding the University of Northern Iowa Foundation’s scholarship funding campaign. He asked if any funds from the scholarship campaign were associated in any way with the funds proposed to be spent on the design of the building.

President Koob responded that there were no funds whatsoever from the scholarship campaign that would be spent on the building. In fact, reasonable progress toward the Arena fund raising would be significantly damaged if the Foundation were unable to raise funds for scholarships. He said the Foundation clearly separates the fund designations for various purposes. Funds donated for building construction are invested differently than funds provided for scholarships.

Regent Turner asked if the funds that are designated for the architectural plans are restricted funds. President Koob responded affirmatively, stating that the use of the funds is restricted to the building.

Regent Neil asked if the funds to be used for the building design are funds of the Foundation. President Koob responded affirmatively.

WITHDRAWAL OF MOTION: Regents Neil and Arbisser agreed to withdraw the motion.

Regent Neil stated he had no concerns with the Foundation spending its money on the building design. He said he would like for the building to be built. However, he does not want there to be a burden on students or on the general fund of the University.

President Newlin asked if Regent Neil wished to make a motion that would incorporate Regent Turner’s suggested revision.

MOTION: Regent Neil moved to allow the University to proceed with the schematic design planning of the Arena through use of the Foundation’s resources, with the understanding that doing so does not

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constitute Board final project approval under the new criteria. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin requested a motion on the remaining capital register items.

MOTION: Regent Downer moved to acknowledge (1) submission of information relative to the Arena and (2) Board Office receipt of the University's submission of information to address the Board's capital project evaluation criteria for the Human Performance Center project; this information will be presented to the Board at a later date. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin asked if the Board had addressed all matters related to the University of Northern Iowa capital register.

Executive Director Nichols said it was his understanding that the Board would further consider at a later date whether or not the project criteria had been met. There was an indication of agreement by Board members.

Executive Director Nichols said it was his understanding that a determination as to whether or not the project criteria had been met could take place simultaneously with future review of the financing plan. There was an indication of agreement by Board members.

President Newlin stated that, in the meantime, President Koob is going to raise an additional \$5 million for the project. Regent Neil said he received assurances during the lunch break that the fund-raising activities would be successful.

President Newlin recognized Representative Dennis and asked if he had any additional comments he wished to share with the Regents.

Representative Dennis expressed the following thoughts from attending the meeting, which he said had been very informative. The Board of Regents members have a great level of responsibility. The responsibility level of the administrations of the institutions was extremely high. He liked the creative ideas that had been expressed for ways to make things happen. He said Iowa needs economic development and we are all in this together. The philosophy of the majority party, of which he is a member, is to balance

the budget. State revenues are looking a little better. He expressed his belief that difficult times bring out the best in people.

Representative Dennis recommended that, as the Board of Regents meets around the state, local legislators be invited to attend Board meetings and be given an opportunity to speak. He believes it would be beneficial for legislators to witness the seriousness with which the Board takes its responsibilities.

Representative Dennis urged a continuation of the fine work that is taking place, stating that good things are happening in higher education.

President Newlin thanked Representative Dennis for his remarks.

GRADUATION REQUIREMENTS, IOWA BRAILLE AND SIGHT SAVING SCHOOL.

Superintendent Thurman presented the School's request to modify the graduation requirements. He said the current requirements, which have been in place for approximately five years, have become somewhat difficult to manage, particularly for students who move back and forth between the public schools and Iowa Braille and Sight Saving School.

MOTION: Regent Neil moved to approve the proposed graduation requirements at the Iowa Braille and Sight Saving School. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

REQUEST TO DISCONTINUE THE M.S. AND Ph.D. PROGRAM IN VETERINARY ANATOMY AND PHYSIOLOGY, IOWA STATE UNIVERSITY.

MOTION: Regent Neil moved to approve Iowa State University's request to discontinue the M.S. and Ph.D. programs in Veterinary Anatomy and the M.S. and Ph.D. programs in Physiology, effective with the approval of the new Ph.D. in Biomedical Sciences. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

PRESENTATION ON NEW IOWANS PROGRAM, UNIVERSITY OF NORTHERN IOWA.

Provost Podolefsky introduced Professor Mark Grey to discuss an outreach project of the University of Northern Iowa. He stated that Professor Grey has received accolades and awards for his distinguished teaching and scholarship.

Professor Grey provided Board members with a PowerPoint presentation on the New Iowans Program, which began three years ago. The mission statement of the program follows:

The University of Northern Iowa's New Iowans Program (NIP) guides and prepares Iowa communities and businesses as they accommodate immigrant and refugee newcomers living and working in Iowa. NIP provides tailored consultation for community leadership, conducts research relating to issues facing newcomers and communities, develops innovative training programs for business and industry, and educates Iowans concerning the needs, challenges and opportunities of their new immigrant neighbors, co-workers and employees. All NIP programming incorporates a strong appreciation for the critical role newcomers play in ensuring the long-term social and economic vitality of Iowa's businesses and communities.

Professor Grey discussed and provided Board members with publications which guide citizens, communities, churches, employers and health care providers in welcoming new Iowans. Other publications are directed at new Iowans and provide information on tornado safety and medical pain scales. He discussed training and workshop activities as well as travel seminars of the NIP. He stated that Radio Postville, a multilingual community radio station in Postville, Iowa, broadcasts community and safety information, culture and music, and adult and health education in four languages, in conjunction with KUNI. In conjunction with Iowa Public Television, NIP is promoting an upcoming PBS series entitled, "The New Americans."

Regent Becker said the New Iowans Program demonstrated the application of scholarship to Iowa communities. She expressed her support for the program and appreciation for the materials that were provided to Board members.

Regent Turner expressed her support of the program, and asked how to obtain the pain scales. Professor Grey responded that the pain scales can be downloaded as a PDF file.

Regent Turner referred to the publication, "Welcoming New Iowans: A Guide for Citizens and Communities—Building Respect and Tolerance for Immigrant and Refugee

Newcomers". She suggested that, when the publication is reprinted, consideration be given to replacing the phrase "building respect and tolerance" with "building acceptance and respect."

President Newlin thanked Professor Grey for the presentation.

PROPOSED TWO-YEAR RATE PLAN FOR RESIDENCE SYSTEM, UNIVERSITY OF NORTHERN IOWA.

Residence System Director Robert Hartman presented the University of Northern Iowa's request for approval of a three-year pilot program called, "Two-Year Advantage". The program would offer students and families an opportunity to commit to a two-year room and meal contract by which room and meal rates would be "frozen". He noted that Associate Director Hendrickson had presented a good summary of the University's proposal.

President Newlin asked if other universities have instituted such a program. Director Hartman responded that Ball State University, which had conditions similar to those at the University of Northern Iowa, has had a program in place for three years. He said he has consulted at length with Ball State University officials. Over the three years of its program, Ball State University has been able to reverse the trend of first-year students moving off campus.

Regent Downer asked if Ball State University has experienced larger increases in room and board rates for persons enrolling for a subsequent contract than otherwise would have been charged for persons enrolling at the later date. Director Hartman responded that many of the Ball State University students who were enrolled for the first two-year program subsequently enrolled for two more years. Although no such insight was offered by Ball State University, he said there is a point where room and meal contracts and occupancy reach a level where the return is diminished. He stated that University of Northern Iowa officials were proposing the program as a way to grow occupancy in its residence system.

Regent Downer asked if Ball State University experienced increased occupancy in its residence system. Director Hartman responded that Ball State University experienced a 40 percent gain from the first year to the second year and a 60 percent increase from the first year to the third year. He said the University of Northern Iowa is targeting the first-year student. The decrease in occupancy of the University of Northern Iowa's residence system has been greater between the first year and the second year. On a percentage basis, occupancy has been stable with non-traditional students, seniors and juniors. He noted that the situation had been very similar at Ball State University.

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Regent Arbisser asked what conditions distinguish the University of Northern Iowa's occupancy from that of the other two Regent universities. Director Hartman responded that there were very different market conditions for the University of Northern Iowa, particularly off campus. He said students are interested in more privacy, more space and more independence. However, families prefer that students live on campus longer. He said the University offers very good value and educational support for students.

MOTION: Regent Arbisser moved to approve the University of Northern Iowa's Two-Year Advantage pilot program for the residence system for a period not to exceed three years, with the understanding that the program will be evaluated by the University on an annual basis. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE SESSION. President Newlin requested that the Board meet in closed session pursuant to Iowa Code §21.5(1)(i) upon the request of an employee whose performance was being considered.

MOTION: Regent Turner moved to enter into closed session. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Becker, Downer, Neil, Newlin, Turner.
NAY: None.
ABSENT: Arnold, Forsyth, Nieland.

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 3:05 p.m. on July 17, 2003, and adjourned therefrom at 4:10 p.m. on that same date.

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ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 4:10 p.m. on Thursday, July 17, 2003.



Gregory S. Nichols
Executive Director