

Contact: Brock Ascher

MINUTES OF DECEMBER 10, 2019 BOARD MEETING

**BOARD ROOM, BOARD OF REGENTS OFFICE
11260 AURORA AVE.
URBANDALE, IOWA**

Board Members

December 10, 2019

Michael Richards, President	Present
Patty Cownie, President Pro Tem	Present
David Barker	Present
Sherry Bates	Present
Nancy Boettger	Present
Milt Dakovich	Present
Nancy Dunkel	Present
Zack Leist	Present
Jim Lindenmayer	Present

Board Office

Brock Ascher, Kristin Bauer, Brad Berg, Mark Braun, Aimee Claeys, Laura Dickson, John Nash

SUI

Bruce Harreld
Rod Lehnertz

Guests

Governor Kim Reynolds

The corresponding memorandum for each agenda item, an integral component of the minutes, is available on the Board of Regents website: <http://www.iowaregents.edu>. Copies of these memoranda can also be obtained from the Board Office by calling 515-281-3934. Audio of the meeting is also available on the website.

Call to Order for December 10, 2019

President Richards called the meeting to order at 10 a.m.

Roll Call:

	Barker	Bates	Boettger	Cownie	Dakovich	Dunkel	Leist	Lindenmayer	Richards
Present	x	x	x	x	x	x	x	x	x
Absent									

Address from Iowa Governor Kim Reynolds

President Richards recognized Governor Kim Reynolds, who addressed the meeting:

Thank you President Richards and members of the Board of Regents. I am pleased to be with you today for what I think will be a historic day for higher education in Iowa. As you all know, the higher education landscape in the United States and around the world is changing. Advances in technology and communication have dramatically increased opportunities for students as well as colleges and universities. Competition for both students and faculty has never been more intense. As our higher education institutions are facing more pressures to control cost and tuition like never before, all of that is happening at the same time that taxpayers, legislators and, yes, governors, continue to expect highly ranked, top-flight public universities. That means governing boards like this one and administrators at our three public universities continue to focus on innovation and finding creative opportunities to reshape how things are done in higher education. That means exploring new funding streams in addition to state dollars and tuition, which we all know are limited.

The reason I am with you today is to say good work. Last year, I challenged the Board of Regents to look across the country to see what other higher education institutions are doing to leverage their assets. It was my hope that we could be creative and innovative to find new ideas that would bear results, not only for the people of Iowa, but for our shared goal of having the best public universities. I'm really pleased with the results that we are discussing today. This public-private partnership is exactly the kind of innovative thinking that we need, not only in Iowa's public universities, but across state government. I appreciate how deliberate and transparent President Harreld and the University of Iowa have been throughout this process. They have had numerous public forums and included shared governance at the table since the beginning of these discussions. The university has also shared how the money will be invested and bear fruit in the future. Not just in the near term, but the long term as well.

This is an exciting and historic day. The University of Iowa has a bold strategic plan, and this P3 initiative will provide supplemental revenue to support it. All that is really good news for the people of Iowa. It really is my hope that what we are discussing today and this P3 model can be a road map for similar ventures in the future. So again, I am just here briefly to say thank you. Thank you for your leadership. Thank you for stepping up to the challenge. I appreciate your time today and good luck in your deliberations.

Thank you very much.

President Richards thanked Governor Reynolds for her support.

University of Iowa Public-Private Utility Partnership

President Richards recognized University of Iowa President Bruce Harreld, who presented on the university's proposed public-private utility partnership with ENGIE-Meridiam.

President Richards read a statement at the conclusion of President Harreld's presentation:

The State of Iowa has some of the finest higher education institutions in the nation. We as a Board are committed to maintaining that excellence for our Regent Universities. As we have discussed previously, one key aspect of maintaining top quality education is funding. Today is the culmination of a process that has been ongoing for more than a year. Today's arrangement is a unique, creative solution to the funding challenges facing higher education institutions nationwide. While the two primary funding sources of public higher education are a combination of state appropriations and tuition, changing times call for changing our approach.

To compliment tuition and state appropriations, the Board and the universities have been active in trying to find additional sources of revenue by looking for ways to use our existing assets as additional revenue sources. In August, 2018, as Governor Reynolds said, she challenged the Board to find new opportunities for funding, in addition to our current sources. I want to publicly thank the Governor for encouraging us to pursue this arrangement and being extremely supportive of the Regents' efforts to be creative. The fact that she was here today in person speaks to the positive, collaborative relationship between the Governor's office, the legislature and our public universities.

I also want to thank President Harreld and the entire team that worked so hard on this deal. It was a massive undertaking and they did a remarkable job. I also want to welcome our new partners from ENGIE and Meridiam, who are leaders in their fields with a proven track record of expertise in ventures like this. We are pleased they bid on this project and we are excited to partner with these firms. We enter into this arrangement with the proper research that a deal of this magnitude requires. The university has been open and transparent as they've researched this process. Since the university publicly announced its intention to investigate a public partnership in February 2019, the U of I has held six open forums, public and on-campus, and one open information session with each of its four shared-governance bodies. President Harreld has spoken publicly about this process at seven Board meetings and provided a 90-minute informational webinar to the Board last week. This presentation was live streamed and is still available on the Board website.

The University of Iowa team was extremely thorough and deliberative. They did their due diligence. We understand this is a new venture for our state universities and that there have been many questions asked and answered. The Board has been actively engaged in this process and reviewed all final bids. We believe that the arrangement with ENGIE and Meridiam will be a successful partnership.

After all the bids were received, ENGIE and Meridiam was the clear choice to receive this award. Their response matches the University of Iowa values in many ways, including the following specifics from their bid that I would like to highlight. They were explicit in their desire

to retain University of Iowa employees while avoiding any interview process. Additionally, ENGIE has a verifiable track record of successful transitions that have proven to be beneficial to employees, notably at Ohio State University. Their response was clear that they expect to operate the UI utility system coal-free by 2023 by increasing the use of biomass, not just substituting natural gas for coal. ENGIE-Meridiam is a worldwide leader in the energy sector and has a robust educational program that has engaged 500,000 students over the past decade. Specifically for the University of Iowa, 10 internships will be offered immediately for students to work and study in Belgium and France. These global internships are in addition to internships that will be available on the UI campus and throughout the United States.

Finally, ENGIE-Meridiam is proposing to engage the university through its research mission by sponsoring research on campus while continuing to provide access to UI researchers. I believe that President Harreld said this best during the public webinar last week. This arrangement will require discipline in order to be successful. With that needed discipline, it will provide a blueprint for future opportunities for our other regent institutions and even possibly for other branches of state government. We are excited about the possibility that this new partnership opens up with the additional funding that it can provide in addition to state appropriations, tuition and cost savings. This is the first step in a 50-year journey and we are excited about the partnership.

Regent Barker noted that investment returns over any 50-year period in American history would be sufficient to create value at the University of Iowa. He also noted that tax revenue to the state of Iowa will increase with this deal. Finally, Regent Barker stated that the P3 is a bold initiative that is not without risk, but will benefit the university, the state and taxpayers over the 50-year term.

Regent Boettger seconded Regent Barker's comments and noted that P3 arrangements are one of the most exciting opportunities for higher education that she has seen.

Regent Dunkel thanked the university for its hard work.

Regent Lindenmayer thanked President Harreld and his team for his transparency through the process.

Regent Bates said she appreciated that the process was not rushed and that the University took its time.

- ✓ MOVED by COWNIE, SECONDED by BOETTGER, to approve the following requested actions related to the University of Iowa's proposed Public-Private Utility Partnership (P3):
 1. Authorize the University of Iowa to enter into a 50-year lease agreement with University of Iowa Energy Collaborative LLC (Concessionaire) for the Utility System Land and Utility Facilities in consideration of the up-front payment of \$1,165,000,000 and such other terms and conditions as are contained in the Long-term Lease and Concession Agreement for the University of Iowa Utility System.
 2. Adopt the resolution contained in Attachment A to this docket memorandum, entitled "Authorization of the Long-term Lease and Concession Agreement for the University of Iowa Utility System."

3. Approve the Articles of Incorporation of the University of Iowa Strategic Initiative Fund and authorize the University to take whatever actions necessary to form the University of Iowa Strategic Initiative Fund as an Iowa nonprofit corporation.

	Barker	Bates	Boettger	Cownie	Dakovich	Dunkel	Leist	Lindenmayer	Richards
Aye	x	x	x	x	x	x	x	x	x
Absent									

MOTION APPROVED by ROLL CALL.

Resolutions Authorizing Redemption and Defeasance of Outstanding University of Iowa Utility System Bonds

President Richards recognized Board of Regents Chief Business Officer Brad Berg, who presented to the Board.

- ✓ MOVED by DUNKEL, SECONDED by BATES, to adopt the following resolutions:
 1. A Resolution authorizing redemption of the outstanding \$10,195,000 Utility System Revenue Refunding Bonds, Series S.U.I. 2011 and directing notice to be given.
 2. A Resolution authorizing defeasance of the outstanding State University of Iowa Utility System Revenue Bonds and directing notice to be given.

	Barker	Bates	Boettger	Cownie	Dakovich	Dunkel	Leist	Lindenmayer	Richards
Aye	x	x	x	x	x	x	x	x	x
Absent									

MOTION APPROVED by ROLL CALL.

Adjourn

President Richards adjourned the meeting at 10:53 a.m.