

**BOARD OF REGENTS
STATE OF IOWA**

**AGENDA ITEM 19a
AUGUST 1-2, 2007**

Contact: Andrea Anania

**MINUTES OF JUNE 12-13, 2007
BOARD OF REGENTS, STATE OF IOWA
RICHEY BALLROOM, IOWA MEMORIAL UNION
UNIVERSITY OF IOWA
IOWA CITY, IOWA**

Board Members

	<u>June 12</u>	<u>June 13</u>
Bonnie Campbell	Present	Present
Jenny Connolly	Present	Present
Robert Downer	Present	Present
Jack Evans	Present	Present
Michael Gartner	Present	Present
Ruth Harkin	Present	Present
Craig Lang	Present	Present
David Miles	Present	Present
Rose Vasquez	Via Phone	Present

Staff Members

Andrea Anania, Susan Anderson, Andy Baumert, Brad Berg, Mark Braun, Marcia Brunson, Pam Elliott Cain, Tom Evans, Diana Gonzalez, Joe Murphy, Joan Racki, Keith Saunders, Gary Steinke, Todd Stewart, Ilene Tuttle

Regent Institutions

SUI (present) Gary Fethke, Lee Anna Clark, Michael Hogan, David Johnsen, Jean Robillard, Doug True

ISU (via phone) Gregory Geoffroy, Elizabeth Hoffman, Jamie Pollard, Warren Madden, Wendy Wintersteen

UNI (via phone) Benjamin Allen, Jim Lubker, Tom Schellhardt

ISD (via phone) Jeanne Prickett, James Heuer

IBSSS (via phone) Jeananne Schild

Others

John Bunz, Ahlers & Cooney Law Firm (via phone)
Barry Fick, Springsted Incorporated (via phone)

The corresponding docket memorandum for each agenda item, an integral component of the minutes, is available on the Board of Regents web site: www2.state.ia.us/regents.

Copies of these memoranda can also be obtained from the Board Office by calling 515-281-3934.

President Gartner called the meeting to order at 8:52 a.m. on June 12, 2007.

President Gartner and the Board welcomed Dr. Charles R. Bantz, Executive Vice President at Indiana University and Chancellor at Indiana University-Purdue University Indianapolis. The Board conducted a 90-minute interview with him for the position of President at the University of Iowa.

President Gartner and the Board welcomed Dr. Philip Furmanski, Executive Vice President for Academic Affairs and Professor of Cell Biology and Neuroscience at Rutgers, The State University of New Jersey. The Board conducted a 90-minute interview with him for the position of President at the University of Iowa.

Register of University of Iowa Capital Improvement Business Transactions

Vice President Doug True provided an overview of the projects on the capital register, which included the **University Hospitals and Clinics – Clinical Cancer Center and Infusion Therapy Suite, University Hospitals and Clinics – Urology Clinic Expansion and Renovation, Carver College of Medicine – Utility and Service Tunnel and Reconstruction, and Bowen Science Building – Emergency Power** projects.

President Gartner asked if the timing of the **Carver College of Medicine – Utility and Service Tunnel and Reconstruction** project was due to deterioration of the tunnel. Vice President True explained that the tunnel was constructed in 1920, is at the end of its useful life, and the University cannot delay any longer an evaluation of alternatives to address the tunnel. He added that much of the campus tunnel system was constructed in the 1920s. Regent Lang asked the University to provide the Board with a study on the other campus tunnels, explaining that it would be prudent for the Board to know of the need for additional tunnel improvements. He expressed his concern with the large cost variance of \$4 million to \$9 million for the Carver tunnel reconstruction project, and suggested that alternatives for addressing this tunnel could be identified with a study. Vice President True acknowledged that the University raised similar concerns because it has undertaken a significant amount of tunnel work in the recent past. He agreed to report to the Board on the University's future plans to address the tunnels, as well as the work which has been accomplished recently. With respect to the cost range for the Carver tunnel project, he explained that this tunnel is more complex to address since it consists of both a utility tunnel and a service tunnel, which provides additional alternatives to explore. Granting permission to proceed with the project would allow the University to obtain the necessary engineering assistance to determine the best alternative for addressing the tunnel. He agreed to return to the Board with the background information on the project.

President Pro Tem Miles acknowledged the project evaluation criteria in the capital register and expressed concern that it does not include specific cost-benefit analyses for the projects. He indicated that he would like to see this information in the future, and President Gartner assured him that it would be included in future capital registers.

➤ **MOVED** by LANG, **SECONDED** by HARKIN, to authorize permission to proceed with project planning for the **Carver College of Medicine – Utility and Service Tunnel and Reconstruction** project.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

- MOVED by CONNOLLY, SECONDED by DOWNER, to authorize permission to proceed with project planning, including the architectural selection process, for the **University Hospitals and Clinics – Clinical Cancer Center and Infusion Therapy Suite** project.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

- MOVED by DOWNER, SECONDED by LANG, to approve the schematic design and project description and budget (\$2,625,000) for the **University Hospitals and Clinics – Urology Clinic Expansion and Renovation** project.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

- MOVED by MILES, SECONDED by CONNOLLY, to approve the project description and budget (\$2,645,000) for the **Bowen Science Building – Emergency Power** project.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Register of Iowa State University Capital Improvement Business Transactions

Vice President Warren Madden provided an overview of the **Geomechanics Research Laboratory, Friley Hall – Fire Safety Improvements**, and **Snedecor Hall** projects. He explained that the Geomechanics Research Laboratory, which would develop improved, below-ground construction technologies for significant cost savings to the construction industry, would only proceed if federal funding and private fundraising are sufficient to develop the project. In response to a question from President Gartner, Vice President Madden affirmed that no state funds would be involved in the project, and therefore it would not be subject to the Board’s moratorium for new construction projects.

In response to a question from President Gartner on the ultimate cost of the fire safety improvements for Friley Hall, Vice President Madden explained that the cost would be determined in the planning phase of the project, and that the University would return to the Board upon completion of the planning study. In response to a question from Regent Lang on alternatives, other than renovation of Friley Hall, Department of Residence Director Peter Englin explained that it is the University’s intent to keep Friley Hall open since it is the University’s largest residence hall with the highest return rates as well as an important campus fixture.

President Pro Tem Miles noted the citations by the state fire marshal’s office and asked about life safety improvements to ensure that all residence hall occupants are adequately protected. Director Englin explained that, in addition to the installation of heat and smoke detection systems in Friley Hall, the University is hoping to accelerate the installation of sprinkler systems in the facility by undertaking this concurrently with the installation of the detection systems. The feasibility of completing the sprinkler installation (during the 57-day construction period when the building is unoccupied during the summer) would be determined during the planning phase of the project. Director Englin added that sprinklers are not required by the state fire marshal, but the University wishes to install them in all of the rooms and hallways.

Vice President Madden further explained that the University's ultimate goal is to install sprinklers in all of the residence facilities. He added that the University has completed all immediate corrective measures identified by the state fire marshal, and while sprinklers are not required, the University believes it is an appropriate life safety feature to add to the residence facilities.

Vice President Madden also addressed the University's wish to select Howard R. Green Company to provide engineering services for the project based on the firm's expertise in fire sprinkler work and its experience on other campus projects.

With respect to Snedecor Hall (which houses the Department of Statistics), Regent Downer indicated that, based on a previous tour of the building, he was amazed that the statistics program has been able to maintain its standing in inadequate facilities, and he placed a high priority on the Snedecor Hall project. President Gartner agreed.

➤ **MOVED** by EVANS, **SECONDED** by CONNOLLY, to:

- ◆ Authorize permission to proceed with project planning, including fundraising, for the **Geomechanics Research Laboratory**;
- ◆ Authorize permission to proceed with project planning and the waiver of Policy Manual §9.10.B.3.a, requiring an institutional committee to select an engineering firm for projects over \$1 million, for the **Friley Hall – Fire Safety Improvements** project; and
- ◆ Approve the schematic design and project description and budget (\$9 million) for the **Snedecor Hall Renovation – 2006** project.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Register of UNI Capital Improvement Business Transactions

Vice President Tom Schellhardt provided an overview of the **Electrical Distribution Loop System Load-Break Switches – Phase 2** project and explained the University's wish to select Howard R. Green Company (the Phase 1 project engineer) to provide engineering services for the Phase 2 project.

➤ **MOVED** by LANG, **SECONDED** by HARKIN, to authorize permission to proceed with project planning and the waiver of Policy Manual §9.10.B.3.a, requiring an institutional committee to select an engineering firm for utility projects over \$1 million, for the **Electrical Distribution Loop System Load-Break Switches – Phase 2** project.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Preliminary Resolution for the Sale of University of Iowa Recreational Facilities Revenue Bonds

Vice President Doug True reported that this is the first of three bond sales to support this project. He stated that a financial plan has been developed and that detailed planning of the project is in process. He added that the total cost of \$69 million will be paid for by student fees, athletics revenues, and the general university.

President Gartner noted that the Regents, University administration, and students agreed on the extent of student fees that would be involved.

- MOVED by EVANS, SECONDED by CONNOLLY, to approve A Resolution authorizing the Executive Director to fix the dates for the sale of up to \$78,000,000 Recreational Facilities Revenue Bonds for The State University of Iowa.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

University of Iowa Presidential Search Update

President Gartner welcomed and thanked Chair David Johnsen for his hard work during this process. Chair Johnsen thanked search committee members, search firm Heidrick & Struggles, presidential candidates, Regents, and the University community.

Chair Johnsen reported that the candidates are outstanding, campus support is favorable, and the report to the Board is in process. Discussion was held on the content, length, and timing of when the Regents could expect to receive the report. Chair Johnsen stated that he would forward the final report electronically by noon on Saturday, June 16th. President Gartner polled the Board, announced a 10:00 a.m. Board meeting on Sunday, June 17th, and requested that the Board Office give notice of the meeting.

Request for a Name Change at Iowa State University – College of Agriculture to College of Agriculture and Life Sciences

Provost Elizabeth Hoffman reviewed the process undertaken by Iowa State University to change the name of the College of Agriculture. She reported that the proposed name change has the full support of the Dean’s Executive Council and the Dean’s Advisory Council. She added that the name is consistent with the names adopted by ISU’s peer institutions and all but one of ISU’s peer institutions reflect a broader dimension in the names of their colleges of agriculture.

- MOVED by LANG, SECONDED by CONNOLLY, to approve the name change of the College of Agriculture at ISU to the College of Agriculture and Life Sciences.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

FY 2007 Budget Adjustments, FY 2008 Salary Policies, and FY 2008 Budgets – Special Schools and Board Office

Brad Berg reported on an additional proposed action item, an FY 2007 budget ceiling adjustment for ISD. He stated that ISD recently scheduled leadership academies, which result in additional sales and services revenue.

President Gartner asked if some of the proposed action items were a result of legislative action. Mr. Berg responded affirmatively and added that the proposed new policy regarding unspent tuition and fees was the result of enacted legislation.

Regent Evans requested clarification on receipt and application of the additional revenue. Mr. Berg responded that budget ceiling adjustments allow the institutions flexibility to apply unspent student fees and charges in subsequent years to support strategic initiatives. President Gartner added that there had been strict limitations on carryover funds and that, in the last legislative session, the language was changed to allow certain carryover funds to be retained by the institutions.

- MOVED by CONNOLLY, SECONDED by CAMPBELL, to approve:
 - ◆ FY 2007 budgets for two new special purpose units at UNI resulting from FY 2007 appropriations approved during the 2007 legislative session;
 - ◆ FY 2007 budget ceiling adjustment of \$2,375,000 in the general operating budgets for SUI;
 - ◆ FY 2007 budget ceiling adjustment of \$25,000 in the general operating budget for ISD;
 - ◆ FY 2008 salary policies for the Regent institutions and Board Office effective July 1, 2007;
 - ◆ FY 2008 operating and restricted fund budgets for ISD and IBSSS;
 - ◆ FY 2008 operating budget for the Board Office;
 - ◆ First and final reading of new Policy Manual §7.03A(5) to implement new state law allowing retention of unspent student fees and charges.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Approval of Non-Tuition-Related Miscellaneous Fees for FY 2008

- MOVED by CAMPBELL, SECONDED by LANG, to approve the Non-Tuition-Related Miscellaneous Fees for FY 2008.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

CONSENT DOCKET

- ◆ Minutes of May 1, 2007, Meeting
- ◆ Institutional Agreements, Leases and Easements
- ◆ University of Iowa - Proposed Property Purchase
- ◆ Iowa State University - Proposed Property Purchase
- ◆ Institutional and Board Office Personnel Transactions
- ◆ Revision to Board of Regents Policy Manual
- ◆ Master Lease Financing
- ◆ Proposed New Program at Iowa State University - B.S. in Bioinformatics and Computational Biology
- ◆ Proposed New Program at the University of Iowa - Doctor of Nursing Practice
- ◆ Proposed New Program at the University of Iowa - B.A./B.S. in Informatics
- ◆ Proposed New Program at Iowa State University - Ph.D. in Business and Technology
- ◆ Request to Suspend Admissions in the Master in Nursing and Health Care Practice Program at the University of Iowa
- ◆ Request for a Name Change at the University of Iowa - Department of Asian Languages and Literature to Department of Asian and Slavic Languages and Literatures
- ◆ Request for a Temporary Suspension of Admissions to the Graduate Programs in Family Consumer Sciences and Education at Iowa State University
- ◆ Request to Name the Physics Building at the University of Northern Iowa
- ◆ Iowa Braille and Sight Saving School Calendar
- ◆ Agreements with the Nebraska Department of Education
- ◆ Commitment to Commonfund Venture Capital

Regent Downer asked if the agreements between the Board of Regents and the Nebraska Department of Education provided adequate compensation for ISD to provide educational services to Nebraska students with hearing impairments. Superintendent Jeanne Prickett said that ISD remains competitive by keeping tuition for the dormitory and day programs reasonably priced. She added that the Nebraska funds pay for the costs associated with the additional students.

Regent Evans requested more information on Commonfund Venture Capital. Executive Director Gary Steinke said that he would provide that to him.

➤ MOVED by DOWNER, SECONDED by EVANS, to approve the Consent Agenda.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

UNI President Ben Allen announced that Dr. William P. Callahan has been appointed to serve as the Dean of the College of Education. He stated that Dr. Callahan knows the University and is respected as an academic leader. Provost Jim Lubker added that the position is for a three-year term. In response to President Gartner's question, President Allen stated that a new search would occur toward the end of the third year.

SUI Provost Mike Hogan announced that Dr. Rita A. Frantz, Professor, has been appointed as Dean of the College of Nursing, effective July 1, 2007.

President Gartner congratulated Dr. Callahan and Dr. Frantz on their appointments.

University of Iowa Hospitals and Clinics Update

Dr. Jean Robillard, Vice President for Medical Affairs and Carver College of Medicine Dean, provided a financial update through April, 2007. He discussed admissions, length of stay, operating margin, revenues, expenses, physician task force, and reported on the capital budget and the following projects: Internal Medicine Specialty Clinics, Dermatology, Women's Health Center, Patient and Visitor Center, and the Neonatal Intensive Care Unit Expansion.

Dr. Robillard announced that Dr. Alan Reed has been appointed as the Director of the Division of Transplant Surgery, effective September 15, 2007; Ken Fisher has been appointed as Associate Vice President for Finance and Chief Financial Officer for UIHC, effective June 19, 2007; and a search is in process to hire a Chief Nursing Officer.

Dr. Robillard reported that UIHC has a AA bond rating, which is one of the highest ratings for an academic health center.

President Gartner thanked SUI for hosting the meeting and everyone for attending.

President Gartner adjourned the meeting at 2:15 p.m.

President Gartner called the meeting to order at 9:30 a.m. on June 13, 2007.

President Gartner and the Board welcomed Dr. Mark P. Becker, Executive Vice President for Academic Affairs and Provost, and Professor of Statistics at the University of South Carolina. The Board conducted a 90-minute interview with him for the position of President at the University of Iowa.

Iowa State University – Jack Trice Stadium Financing

President Gartner introduced the Jack Trice Stadium – Phase 1 project, indicating that it is a major project and a major step forward for the University, requiring complex financing and significant fundraising, but with no increase in student fees and no increase or decrease in University support.

In response to a question from Regent Evans about future ticket price increases for men's basketball, President Geoffroy confirmed that the ten-year financial pro forma is based on 2 percent ticket price increases in FY 2011 and FY 2016 (after an increase in FY 2008). However, he explained that while the pro forma was built around this assumption, the University does have the option for additional price increases in the interim years.

President Gartner asked about changes to the Big 12 post-season schedule and the redistribution of post-season income. Vice President Madden confirmed that the Big 12 conference has renegotiated its television and revenue distribution packages for future years; as a result, Iowa State University would receive increased Big 12 conference revenues.

In a discussion of post-season revenues and expenses in the pro forma, Athletics Director Jamie Pollard explained that the post-season expenses represent all sports, while post-season revenue results only from football bowl games. He further explained that, since the pro forma budgets post-season expenses for other University teams (i.e., basketball, golf, track), it shows more post-season expenses than post-season revenue.

President Gartner questioned whether the margin that builds up over the years in the pro forma could be used to offset General University support. President Geoffroy explained the University's belief that the amount budgeted (which holds University support relatively constant) is appropriate, given the University's goals for the athletics program and its importance to the University. He further explained that this reserve is important to address ongoing deferred maintenance needs of athletic facilities and unforeseen events in athletics.

➤ **MOVED by EVANS, SECONDED by CONNOLLY, to:**

- ◆ Receive the final report of the financing plan for the Jack Trice Stadium, Phase I project; and
- ◆ Adopt A Resolution authorizing the Executive Director to fix the dates for the sale of up to \$12,500,000 Athletic Facilities Revenue Bonds, Series I.S.U. 2007 (taxable) and up to \$8,500,000 Athletic Facilities Revenue Bonds, Series I.S.U. 2007A.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x		x	x
Nay									
Abstain							x		

MOTION APPROVED by ROLL CALL.

President Gartner congratulated the University, stated that the Board is eager to see the new facility, and wished the University the best to complete it in a timely and cost-efficient manner.

Resolution for the Sale and Award of Hospital Revenue Bonds, Series S.U.I. 2007

Barry Fick from Springsted, Incorporated, reported that two bids were received. The winning bid was submitted by Piper Jaffray & Co. and had a true interest rate of 4.74%.

He stated that Moody's Investors Service upgraded UIHC's credit rating and outlook from a negative to a stable outlook. He reported that the ratings between Moody's and Standard and Poor's are consistent and the outlooks are stable.

President Gartner asked why the outlook was negative. Mr. Fick stated that Moody's was concerned about the overall trend of operating performance and that it was sufficiently resolved and reversed.

➤ **MOVED** by EVANS, **SECONDED** by CONNOLLY, to approve:

A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$25,000,000 Hospital Revenue Bonds, Series S.U.I. 2007, to pay the costs of constructing, improving, remodeling, repairing, furnishing, and equipping inpatient and outpatient facilities and patient care facilities, including mechanical and other supporting facilities at the University of Iowa Hospitals and Clinics on the campus of The State University of Iowa, funding a reserve fund and paying the costs of issuance.

<u>Regent</u>	<u>Campbell</u>	<u>Connolly</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

President Gartner and the Board welcomed Dr. Sally K. Mason, Provost and Professor of Biology at Purdue University. The Board conducted a 90-minute interview with her for the position of President at the University of Iowa.

President Gartner adjourned the meeting at 3:26 p.m.