

**BOARD OF REGENTS
STATE OF IOWA**

**AGENDA ITEM 2a
SEPTEMBER 17, 2009**

Contact: Andrea Anania

**BOARD OF REGENTS, STATE OF IOWA
MAUCKER UNION, OLD CENTRAL BALLROOM, ROOMS A AND B
UNIVERSITY OF NORTHERN IOWA
CEDAR FALLS, IOWA**

MINUTES OF AUGUST 5, 2009

Board Members

Bonnie Campbell	Present
Robert Downer	Present
Jack Evans	Present
Michael Gartner	Present
Ruth Harkin	Absent
Greta Johnson	Absent
Craig Lang	Present
David Miles	Present
Rose Vasquez	Present

Staff Members

Andrea Anania, Andy Baumert, Brad Berg, Marcia Brunson, Bob Donley, Sheila Doyle, Diana Gonzalez, Joe Murphy, Joan Racki, Keith Saunders, Patrice Sayre, Todd Stewart, Ilene Tuttle

Regents Institutions

SUI Sally Mason, Jordan Cohen, David Drake, Rod Lehnertz, Wallace Loh, Doug True
ISU Gregory Geoffroy, Elizabeth Hoffman, Warren Madden
UNI Ben Allen, Michael Hager, Shashidhar Kaparathi, Gloria Gibson, Tom Schellhardt
ISD Jeanne Prickett, Jim Heuer
IBSSS Patrick Clancy, Don Boddicker

Others

Barry Fick, Springsted Incorporated
Mary Grace Herrington, Iowa Public Radio
Joe Hibbard, Sasaki Associates, Inc.
Adam Lounsbury, Iowa Commission on Volunteer Service
Rachel Many, Iowa Campus Compact
Andy Nielsen, Office of Auditor of State
David Vaudt, Office of Auditor of State

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

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

President Miles called the Board of Regents meeting to order at 8:33 a.m. on August 5, 2009.

He reminded everyone that the meetings are now live streamed on the Internet so that lowans or other interested parties can hear the proceedings.

The Audit/Compliance and Investment Committee and the University of Iowa Hospitals and Clinics Committee met at this time.

President Miles called the Board of Regents meeting to order at 10:55 a.m. on August 5, 2009.

Roll Call:

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Present	x	x	x	x			x	x	x
Absent					x	x			

Consent Agenda

- ◆ Minutes of June 11, 2009, Board Meeting
- ◆ Institutional Personnel Transactions
- ◆ Semi-Annual Claims Activity Reports – January 1, 2009 – June 30, 2009
 Regent Gartner asked that Board policy be amended to require that the Regents be notified of lawsuits or tort claims upon filing and upon settlement. President Miles asked the Board Office to draft policy revisions taking into account Regent Gartner's request.
- ◆ Conflict of Interest Vendors
- ◆ Proposed Course Changes at the University of Iowa
- ◆ Faculty Senate Constitution Revisions at the University of Iowa (removed from consideration)
- ◆ Five-Year Institutional Roads Program
- ◆ Adoption of Amendments to the Iowa Administrative Code – Chapter 2
- ◆ Adoption of Amendments to the Iowa Administrative Code – Chapter 13
- ◆ University of Iowa Equipment Purchase
 In response to President Miles' request, Vice President True elaborated on how the purchase of the two boilers fits into the larger plan.
- ◆ Annual Governance Report on Academic Program Reviews at the University of Northern Iowa
 President Miles indicated that the report should include such information as whether the program needs improvement, whether there is strong demand for the program, whether it is a good fit, and other type of judgments from the reviews that lead to program planning and improvement. President Allen said that the University of Northern Iowa will work with the Board Office to provide additional information.
- ◆ Appointment to Iowa Public Broadcasting Board

Accreditation Reports

- ◆ North Central Association Commission on Accreditation and School Improvement at the Iowa Braille and Sight Saving School
 In response to President Miles, Superintendent Clancy elaborated on the lack of data demonstrating the impact and outcome that IBSSS has with its students and on developing data that demonstrates the positive impact that IBSSS makes on student lives. Superintendent Clancy indicated that he has started working on providing the data identified in the accreditation report.
- ◆ North Central Association Higher Learning Commission Accreditation at the University of Iowa
- ◆ School Psychology (PH.D.) Program Accreditation Report at the University of Iowa
- ◆ Rehabilitation Counseling Program Accreditation Report at the University of Iowa
- ◆ Nursing Education Program Accreditation Report at the University of Iowa
 President Pro Tem Evans complimented President Mason on SUI's accreditation reports and asked her to relay that to her staff.

- MOVED by GARTNER, SECONDED by DOWNER, to approve the Consent Agenda, with the exception of item f (Faculty Senate Constitution Revisions at the University of Iowa), which was pulled from the agenda and considered separately.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Consent Agenda

- ◆ Faculty Senate Constitution Revisions at the University of Iowa
Regent Gartner stated reasons for opposing approval. Faculty Senate President Dr. David Drake and President Mason responded. President Miles asked that the Faculty Senate and the University of Iowa revisit this item in light of the objections raised and resubmit it when it is appropriate. He indicated that it is necessary to address the question of whether the Faculty Senate is subject to the open meeting laws.
- This item was DEFERRED.

Executive Director Report

Executive Director Bob Donley: (1) thanked institutional leaders for participating in Phase 2 of the Access and Affordability project; (2) reported on discussion topics at the recent State Higher Education Executive Officers meeting; and (3) said a report on volunteer service would be given later in the day.

- The Board received the report by GENERAL CONSENT.

Evaluation of Institutional Heads and Executive Director

Due to scheduling conflicts for the August 4th review session, this item was pulled from the agenda and moved to the September Board meeting.

FY 2010 Budgets – Universities, Iowa Public Radio, Board Office

Brad Berg provided a brief overview of the docket memorandum.

- MOVED by EVANS, SECONDED by LANG to approve the FY 2010 Budgets:
 - ◆ Regent institutional budgets as presented on pages 5-9.

Discussion was held on university support for athletics budgets and student-athlete scholarships at the University of Iowa, and employment headcount in reference to the budget.

President Miles asked if items two and three in the docket memorandum are impacted if the first item is changed.

- MOVED by EVANS, SECONDED by LANG, to AMEND the motion to include all three items as presented in the docket memorandum:
 - ◆ Regent institutional budgets as presented on pages 5-9;
 - ◆ Iowa Public Radio budget presented in Attachment D on page 23; and
 - ◆ Board Office operating budget as shown in Attachment E on page 24.

Regent Downer expressed concern about institutional support for IPR.

- MOVED by DOWNER, SECONDED by GARTNER to AMEND President Pro Tem EVANS' AMENDED motion to require that:
 - ◆ Each university's support of IPR shall not be reduced at a rate that exceeds the total percentage of state appropriation reductions (excluding the addition of stimulus funding) the universities were subject to in FY 2010; and
 - ◆ Approve the Iowa Public Radio budget as amended.

Discussion was held on cash support levels and funding sources from the three universities, appropriated support, and fundraising efforts.

President Miles urged the Board to not support the amendment and to utilize the judgment of university leaders to strategically manage budget reductions.

Regent Gartner discussed the complexity of the issue and suggested making an exception for IPR and limit the reduction of university support for IPR to the percentage reduction of university operating appropriations.

Regent Downer talked about IPR's close ties to the universities, outreach to the state, opportunities in western Iowa, and its unique situation.

Roll Call for Regent Downer's Amendment

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

MOTION APPROVED by ROLL CALL.

Roll Call for the Original Motion as Amended by President Pro Tem Evans

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Speaking for Regent Harkin, Regent Gartner requested uniformity of all budget presentations, including IPR.

FY 2011 Operating Appropriations Requests

Patrice Sayre said this is an opportunity to discuss the FY 2011 operating appropriations requests and reminded the Board that the requests will be brought to the Board for approval in September.

President Miles opened up the discussion by asking for topics of concern and what, if any, additional information is needed.

Discussion was held on the following: the potential for a second stimulus package; salaries; Iowa's economic challenges; and short- and long-term investment in education.

Regent Gartner requested that the brochure illustrating the Regents sources of revenue from FY 2001 - FY 2007 be updated through FY 2009.

- The Board received the report by GENERAL CONSENT.

Register of University of Iowa Capital Improvement Business Transactions

Vice President Doug True; Director of Planning, Design and Construction Rod Lehnertz; and Joe Hibbard, Sasaki Associates, Inc. appeared before the Board.

- MOVED by LANG, SECONDED by DOWNER, to approve:
 - ◆ Permission to Proceed with project planning, including the architectural selection process, for the **Power Plant – Replace Dense Phase Coal Handling System** project.
 - ◆ The following actions for the **Flood Recovery – Replace Original Art Building Complex** project, a major capital project as defined by Board policy.
 - a. Acknowledge receipt of the University's initial submission of information to address the Board's capital project evaluation criteria;
 - b. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration; and
 - c. Authorize permission to proceed with project planning, including the architectural selection process.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

University of Iowa Proposed Property Purchase

Doug True explained the two proposed purchases.

- MOVED by EVANS, SECONDED by LANG, to approve the purchase, for the benefit of the University of Iowa and subject to approval of the final documents by the Board Office and Attorney General's Office, the property located at The North Airport Development Subdivision Part Two in Iowa City, Iowa, from the City of Iowa City at the price of \$225,000.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

- MOVED by GARTNER, SECONDED by CAMPBELL, to approve the purchase, for the benefit of the University of Iowa and subject to approval of the final documents by the Board Office and Attorney General's Office, the property located at 15 Melrose Place in Iowa City, Iowa, from the University of Iowa Facilities Corporation at the price of \$154,000.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Audit/Compliance and Investment Committee Report

Chair Evans provided an overview on the reports presented to the Audit/Compliance and Investment Committee. The full Board took the following action:

- MOVED by EVANS, SECONDED by DOWNER, to:
 - ◆ Approve the Internal Audit Plans for FY 2010; and
 - ◆ Approve the renewal of Associated Bond Contracts through August 31, 2010:
 - ◆ Ahlers & Cooney, P.C. as bond counsel;
 - ◆ Springsted Incorporated as financial advisor; and
 - ◆ Berens–Tate Consulting Group for arbitrage rebate services.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

University of Iowa Hospitals and Clinics Trustees

Chair Downer provided an overview on the reports presented to the University of Iowa Hospitals and Clinics Committee.

- The Board received the report by GENERAL CONSENT.

Register of Iowa State University Capital Improvement Business Transactions

Vice President Warren Madden appeared before the Board.

- MOVED by EVANS, SECONDED by LANG, to approve the following for the **College of Veterinary Medicine – Phase 2 - Small Animal Hospital Renovation and Addition** project, with the understanding that approval will constitute final Board approval and authorization to proceed with construction.
 - ◆ Acknowledge receipt of the University’s final submission of information to address the Board’s capital project evaluation criteria for the project;
 - ◆ Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration; and
 - ◆ Approve the schematic design and project description and budget (\$45,100,000) for the project.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Iowa State University Basketball Practice Facility Financing

Vice President Warren Madden appeared before the Board.

- MOVED by GARTNER, SECONDED by CAMPBELL, to approve the authorization of the:
 - ◆ Issuance of a fixed rate tax exempt financing in the amount of \$5,900,000, and a variable rate tax exempt financing in the amount of \$1,000,000 to purchase a new basketball practice facility for the benefit of Iowa State University as summarized in the docket memorandum; and
 - ◆ Executive Director to finalize the terms of the financing agreements.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Iowa State University Proposed Property Purchase

Vice President Warren Madden appeared before the Board.

- MOVED by LANG, SECONDED by GARTNER, to approve the purchase, for the benefit of Iowa State University, of approximately 40 acres of land located in Story County, Iowa, from Friedrich Iowa Realty at the price of \$14,500 per acre or approximately \$580,000, subject to completion of an acceptable environmental survey and approval of the final documents by the Board Office and Attorney General’s Office.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Register of University of Northern Iowa Capital Improvement Business Transactions

Vice President Tom Schellhardt and Assistant Vice President and Executive Director of Residence Administration Michael Hager appeared before the Board.

- MOVED by EVANS, SECONDED by GARTNER, to approve the following actions for the **Apartment Housing – Phase I** project, a major capital project as defined by Board policy:
 - ◆ Acknowledge receipt of the University’s initial submission of information to address the Board’s capital project evaluation criteria;
 - ◆ Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration; and
 - ◆ Authorize permission to proceed with project planning, including the architectural selection process.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Institutional Agreements, Leases and Easements

Vice President True provided a brief overview of the proposed leases, specifically the lease for space in downtown Cedar Rapids for the MBA-PM program.

- MOVED by DOWNER, SECONDED by GARTNER, to approve one lease and ratification of three leases for the benefit of the University of Iowa as summarized in the docket memorandum, subject to approval of the final documents by the Board Office and Attorney General’s Office.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Sale and Issuance of Refunding Bonds

Joan Racki introduced Barry Fick from Springsted Incorporated, the Board’s financial advisor.

UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES S.U.I. 2009

Mr. Fick reported that six bids were received; the winning bid was submitted by Piper Jaffray with a true interest cost of 2.22% with maturities from 2010 to 2019. He said the bidder provided a premium to the University resulting in a reduction in the issue size from \$20,065,000 to \$19,010,000. The total present value savings will be \$1.85 million.

- **MOVED** by EVANS, **SECONDED** by LANG, to approve A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$19,010,000 Utility System Revenue Refunding Bonds, Series S.U.I. 2009, for the purpose of currently refunding the Series 1998 Bonds, the Series 1999A Bonds, and the Series 1999B Bonds, and paying the costs of issuance, and authorizing and approving the execution and delivery of the Fourteenth Supplemental Indenture

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

ACADEMIC BUILDING REVENUE REFUNDING BONDS SERIES I.S.U. 2009

Mr. Fick reported that seven bids were received; the winning bid was submitted by Morgan Stanley & Company with a true interest cost of 2.89% with maturities to 2019. He said the bidder provided a premium to the University resulting in a reduced issue size from \$16,115,000 to \$15,165,000. The total present value savings will be approximately \$340,000.

- **MOVED** by DOWNER, **SECONDED** by EVANS, to approve A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$15,165,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2009, for the purpose of currently refunding the Series 1998 Bonds, the Series 2001A Bonds and the Series 2001B Bonds, and paying costs of issuance.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

University of Iowa Reimbursement Resolution

Joan Racki provided a brief overview.

- **MOVED** by GARTNER, **SECONDED** by LANG, to approve A Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse The State University of Iowa Athletic Facilities Enterprise for certain original expenditures paid in connection with capital improvement projects.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Grow Iowa Values Fund (GIVF) Proposals

State Relations Officer Andy Baumert; ISU Executive Vice President and Provost Elizabeth Hoffman; SUI Vice-President for Research Jordan Cohen; and UNI Director of Business and Community Services Randy Pilkington presented the universities' FY 2010 proposals for the allocation of \$4.5 million in state Grow Iowa Values Fund appropriations.

- MOVED by CAMPBELL, SECONDED by LANG, to approve the Regents universities' FY 2010 Grow Iowa Values Fund (GIVF) proposals.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x	x	x	x			x	x	x
Absent					x	x			

MOTION APPROVED by ROLL CALL.

Special Schools Strategic Plan Progress Reports

Superintendents Prickett and Clancy provided brief oral updates.

- The Board received the reports by GENERAL CONSENT.

President Miles provided a summary of Regent Downer's amendment to the motion to approve the institutional budgets for FY 2010:

"University support of Iowa Public Radio shall not be reduced at a rate that exceeds the total percentage of state appropriation reductions (excluding the addition of stimulus funding) the universities were subject to in FY 2010."

President Miles indicated that this will result in an increase of approximately \$30,000 in total university support for Iowa Public Radio (IPR) for FY 2010. This represents a 2.3% increase in university support to IPR as compared to the proposed budget presented in the docket item.

University of Iowa Update of Flood Recovery Status

Vice President Doug True and Director of Planning, Design and Construction Rod Lehnertz provided an update on flood recovery status.

- The Board received the update by GENERAL CONSENT.

Biennial Faculty Activities Report

Dr. Diana Gonzalez introduced Provosts Wallace Loh (SUI), Elizabeth Hoffman (ISU), Gloria Gibson (UNI), and UNI Director of Institutional Research and Associate Professor Dr. Shashidhar Kaparathi. Dr. Gonzalez provided overall comments on the report. The Provosts and Dr. Kaparathi spoke about their respective universities.

President Miles welcomed new UNI Provost Gloria Gibson.

- The Board received the report by GENERAL CONSENT.

Iowa Public Radio (IPR) Annual Report

IPR Chief Executive Officer Mary Grace Herrington provided highlights on FY 2009 and key initiatives for FY 2010.

- The Board received the report by GENERAL CONSENT.

Iowa Commission on Volunteer Service (ICVS) Presentation

Executive Director Adam Lounsbury discussed the ICVS and the role the Board Regents can play in promoting service in the state of Iowa.

Interim Executive Director of Iowa Campus Compact (ICC) Rachel Manya elaborated on ICC's membership, purpose, and mission as it relates to colleges and universities.

- The Board received the presentation by GENERAL CONSENT.

Other

Chairs of the three task forces (consolidation, benefits, and special schools) updated the Board on the timeline for their interim reports.

President Miles adjourned the meeting at 3:55 p.m.