

Contact: Andrea Anania

MINUTES OF AUGUST 7-8, 2013, BOARD MEETING

**SUN ROOM, MEMORIAL UNION
IOWA STATE UNIVERSITY
AMES, IOWA**

Board Members

	August 7, 2013	August 8, 2013
Nicole Carroll	Present	Present
Milt Dakovich	Present	Present
Robert Downer	Present	Present
Ruth Harkin	Present	Present
Larry McKibben	Present	Present
Katie Mulholland	Present	Present
Bruce Rastetter	Present	Present
Subhash Sahai	Present	Present
Hannah Walsh	Present	Present

Staff Members

Andrea Anania, Brad Berg, Marcia Brunson, Aimee Clayton, Tim Cook, Laura Dickson, Bob Donley, Sheila Doyle Koppin, Tom Evans, Diana Gonzalez, Joe Murphy, Joan Racki, Keith Saunders, Patrice Sayre, Todd Stewart, Ilene Tuttle

Regent Institutions

SUI Sally Mason, Barry Butler, Ken Fisher, Ken Kates, Barry London, Jean Robillard, Debra Schwinn, Ed Stone, Doug True

ISU Steven Leath, Warren Madden, Julie Stevens, Jonathan Wickert

UNI Bill Ruud, Gloria Gibson, Michael Hager

ISD/IBSSS Patrick Clancy, Don Boddicker

Others

Dan Clark, Iowa Prison Industries
Barry Fick, Springsted Incorporated
Mary Mosiman, Office of Auditor of State
Andy Nielsen, Office of Auditor of State
Diane Wilder-Tomlinson, Iowa Department of Corrections

The corresponding memorandum for each agenda item, an integral component of the minutes, is available on the Board of Regents website: <http://www.regents.iowa.gov/>. 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 web site.

Call to Order for August 7, 2013

President Rastetter called the Board of Regents meeting to order at 8:30 a.m.

Roll Call:

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Present	x	x	x	x	x	x	x	x	x
Absent									

Evaluation of Institutional Heads and Executive Director

- MOVED by SAHAI, SECONDED by CARROLL, to enter into closed session pursuant to Iowa Code §21.5(1)(i) upon request of individuals whose performance is being considered. Each individual has requested that his or her performance be discussed by the Board in closed session.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

The Board convened in closed session at 8:43 a.m.

The Board reconvened in open session at 3:07 p.m.

Open Session

President Rastetter adjourned the meeting at 3:08 p.m.

Call to Order for August 8, 2013

President Rastetter called the Board of Regents meeting to order at 9:00 a.m.

Roll Call:

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Present	x	x	x	x	x	x	x	x	x
Absent									

Evaluation of Institutional Heads and Executive Director

- MOVED by DOWNER, SECONDED by WALSH, to enter into closed session pursuant to Iowa Code §21.5(1)(i) upon request of individuals whose performance is being considered. Each individual has requested that his or her performance be discussed by the Board in closed session.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

The Board convened in closed session at 9:06 a.m.

The Board reconvened in open session at 9:29 a.m.

Audit/Compliance and Investment Committee

The Audit/Compliance and Investment Committee met at this time.

- MOVED by CARROLL, SECONDED by WALSH, to:
 - ◆ Receive the FY 2013 State Audit plan and FY 2012 State Audit reports;
 - ◆ Receive the report on the universities' FY 2013 audit progress;
 - ◆ Approve the internal audit plans for FY 2014;
 - ◆ Receive the report on internal audit reports issued;
 - ◆ Approve bank loans as a new fixed income sub asset class for the diversified operating, intermediate diversified, and long term portfolios of SUI and ISU, as outlined in the memorandum;
 - ◆ Approve the addition of product offerings by Guggenheim Partners Asset Management, ING Investment Management, and Western Asset Management for bank loan investment management as outlined in the memorandum;
 - ◆ Approve a reduction in the fixed income duration exposure in the long term pool as outlined in the memorandum; and
 - ◆ Receive the report of the Audit/Compliance and Investment Committee.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

CONSENT AGENDA

- ▶ Minutes of June 5, 2013, Board Meeting
 - ▶ Semi-Annual Claims Activity Reports: January 1 - June 30, 2013
 - ▶ Five-Year Institutional Roads Program
 - ▶ Skilled Worker and Job Creation Funds Metrics and Criteria
 - ▶ Statewide Vision Agreement
 - ▶ University of Iowa Update of Flood Recovery Status
 - ▶ Master Lease Financings
 - ▶ Personnel Transactions
 - ▶ Revisions to the Board of Regents Policy Manual – Chapter 8
- MOVED by WALSH, SECONDED by MCKIBBEN, to approve the CONSENT AGENDA.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Reports from Institutional Heads

President Rastetter recognized Presidents Mason, Leath, and Ruud, and Superintendent Clancy for a report on recent activities at their respective institutions.

- The Board received the reports by GENERAL CONSENT.

Strategic Plan Progress Reports

Chief Academic Affairs Officer Dr. Diana Gonzalez reviewed the progress in the eight strategic plan goals and introduced SUI Provost Barry Butler, ISU Provost Jonathan Wickert, UNI Provost Gloria Gibson, and ISD/IBSSS Superintendent Clancy. The group provided brief oral reports on their respective institution's strategic plans as presented in attachments to the memorandum.

- The Board received the reports by GENERAL CONSENT.

Request to Modify the 2010 – 2016 Board of Regents Strategic Plan

Chief Academic Officer Dr. Diana Gonzalez explained the proposed modifications.

- MOVED by DAKOVICH, SECONDED by SAHAI, to approve the proposed modifications to Goal #1 and Goal #8 in the 2010 – 2016 Board of Regents Strategic Plan as outlined in the memorandum.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

University of Iowa Naming

President Mason introduced Carver College of Medicine Ophthalmology and Visual Sciences Professor and Institute for Vision Research Director Dr. Ed Stone.

Dr. Stone explained the University's request to name the University of Iowa Institute for Vision Research (IVR) "The Stephen A. Wynn Institute for Vision Research."

Dr. Stone reported that a philanthropist from Las Vegas, Nevada, Steven A. Wynn, made a gift commitment of \$25 million to the University of Iowa to help advance the research work of IVR. He said it will dramatically accelerate the institute's progress to develop treatments for inherited eye diseases and dramatically shorten the time to cure blindness.

- MOVED by DOWNER, SECONDED by WALSH, to approve the naming of the University of Iowa Institute for Vision Research "The Stephen A. Wynn Institute for Vision Research."

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Regent Sahai requested that a letter of recognition be sent to Steve Wynn for his contribution.

Consideration of Personnel Action for Institutional Heads and Executive Director

- MOVED by DAKOVICH, SECONDED by SAHAI, to approve the following compensation changes for FY 2014:
 - ▶ ISU President Steven Leath
 - ◆ Increase his base salary by 4%, from \$448,800 to \$466,752.
 - ▶ SUI President Sally Mason
 - ◆ Increase her base salary by 4%, from \$493,272 to \$513,003.
 - ▶ UNI President William Ruud
 - ◆ No change in his current salary of \$340,000.
 - ▶ IBSSS/ISD Superintendent Patrick Clancy
 - ◆ Increase his base salary by 4%, from \$166,852 to \$173,526; and
 - ◆ Award a performance bonus of \$10,000 to be paid effective the pay period following approval of this motion.
 - ▶ Executive Director Robert Donley
 - ◆ Award the performance incentive of \$5,000, resulting from his FY 2013 evaluation;
 - ◆ Create a performance incentive of \$5,000; if awarded, to be paid after his FY 2014 Evaluation; and
 - ◆ Authorize a two-year deferred compensation plan commencing July 1, 2013, and ending August 31, 2015, with an annual contribution in year one of \$50,000 and year two of \$75,000.

Note: Numbers rounded.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Sale and Award of \$18,780,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2013
Policy and Operations Officer Joan Racki introduced Barry Fick from Springsted, Incorporated, the Board's financial advisor.

Barry Fick reported that: (1) seven bids were received; (2) the winning bid was submitted by Jefferies & Company, Inc.; and (3) the true interest cost was 2.387%.

In response to a question from Regent Downer, Policy and Operations Officer Joan Racki reported total savings from refunding bonds since 2001 is nearly \$44 million.

- MOVED by MCKIBBEN, SECONDED by WALSH, to approve A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$18,780,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2013, for the purpose of advance refunding the \$25,000,000 Academic Building Revenue Bonds, Series S.U.I. 2004, paying costs of issuance and approving a Refunding Trust Agreement.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

FY 2014 Budgets – Universities, Iowa Public Radio, Board Office

Policy and Operations Officer Brad Berg, SUI President Sally Mason, ISU President Steven Leath, and UNI President Bill Ruud updated the Board on budget issues.

- MOVED by DAKOVICH, SECONDED by CARROLL, to approve the budgets as outlined in the memorandum and attachments.
 - ▶ Regent university FY 2014 budgets and the amended special school restricted fund budgets as presented on pages 5-8 in the attachments, and the allocation of the \$2 million appropriation for deferred maintenance/fire safety/ADA projects as described on page 3;
 - ▶ Iowa Public Radio FY 2014 budget as presented in Attachment D on page 27; and
 - ▶ Board Office FY 2014 budget as shown in Attachment E on page 28.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Final Report of the Regents Transparency Task Force

Regent Carroll provided a final report on the activities of the Transparency Task Force.

- MOVED by CARROLL, SECONDED by SAHAI, to approve the recommendations of the Transparency Task Force as outlined in the memorandum.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Reinstatement of Property and Facilities Committee

President Rastetter provided a brief explanation on reinstatement of the Committee.

- MOVED by DOWNER, SECONDED by CARROLL, to:
 - ▶ Reinstatement the Property and Facilities Committee as a standing committee of the Board; and
 - ▶ Appoint Regent Dakovich as Committee Chair with the authority to appoint other Committee members as appropriate.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Appointments to Committees, Boards, and Commissions

Chief Academic Officer Dr. Diana Gonzalez provided highlights of the appointments.

- MOVED by MCKIBBEN, SECONDED by WALSH, to approve the appointments to committees, boards, and commissions as outlined in Part B of the memorandum.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Register of University of Iowa Capital Improvement Business Transactions

Vice President Doug True explained the proposed transactions.

- MOVED by CARROLL, SECONDED by MULHOLLAND, to approve:
 - ▶ The following actions for the **John Pappajohn Pavilion - Main OR Suite Operating Room Replacements** 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 (Attachment A in the memorandum);
 - ◆ 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 design professional selection process.
 - ▶ Permission to proceed with project planning for the **Oakdale Utility Power Plant – Connect Utility Services to Biomedical Research Support Facility** project.
 - ▶ The following actions for the **Biomedical Research Support Facility (formerly Oakdale Vivarium) – Construct Facility** project:
 - ◆ Acknowledge receipt of the University’s final submission of information to address the Board’s capital project evaluation criteria (Attachment B in the memorandum);
 - ◆ Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration;
 - ◆ Approve the schematic design, project description and budget (\$33,868,000), and design-build team finalists as outlined in this memorandum, with the understanding that approval will constitute final Board approval and authorization to proceed with construction; and
 - ◆ Approve the razing of the Oakdale Research Building, Botany Greenhouse and Storage Buildings D-G, located on the site of the new facility.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

University of Iowa Parking Access and Revenue Control System

Vice President Doug True explained the proposed request.

- MOVED by WALSH, SECONDED by MCKIBBEN, to:
 - ▶ Approve the University of Iowa’s request to purchase at a cost of up to \$4.5 million from Amano McGann Inc., a new Parking Access and Revenue Control System and to enter into a master lease financing agreement up to the same amount, subject to completion of satisfactory negotiations with the firm, final configuration of the system, and approvals by the Board Office of the financing agreement; and
 - ▶ Adopt a Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the State University of Iowa for certain original expenditures paid in connection with the purchase of a Parking Access and Revenue Control System.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</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 explained the proposed transaction.

- MOVED by DOWNER, SECONDED by CARROLL, to approve the revised project description and budget (\$7,742,000) for the **Jeff and Deb Hansen Agriculture Student Learning Center** project.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Emergency Storm Recovery Authorizations: University of Northern Iowa

Vice President Michael Hager explained the proposed authorizations and provided an update.

- MOVED by MULHOLLAND, SECONDED by CARROLL, to:
 - ▶ Ratify the Executive Director's actions related to the utilization of capital project delivery and purchasing processes to recover buildings damaged due to severe weather at the University of Northern Iowa, as outlined in Attachment B to the agenda item; and
 - ▶ Receive the oral report on severe weather damage recovery activities to date at UNI.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Institutional Agreements, Leases, and Easements

Policy and Operations Officer Joan Racki explained the proposed leases and easement.

- MOVED by DAKOVICH, SECONDED by MCKIBBEN, to approve the following items for Iowa State University as outlined in the agenda item, subject to approval of the final documents by the Board Office and Attorney General's Office:
 - ▶ Lease amendment with the USDA Agricultural Research Service;
 - ▶ Land lease agreement with Mr. Dan Remsburg; and
 - ▶ Easement agreement with Interstate Power and Light Company.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Report of the Education and Student Affairs Committee

➤ MOVED by MULHOLLAND, SECONDED by HARKIN, to:

- ▶ Receive and approve the minutes of the Education and Student Affairs Committee meeting on June 5, 2013;
- ▶ Approve the request to terminate the Harkin Institute of Public Policy, the Iowa Center for Research on Botanical Dietary Supplements, and the Airworthiness Assurance Center of Excellence at Iowa State University;
- ▶ Approve the regional study centers funding allocation request for 2013-2014;
- ▶ Receive the presentation on “Online Learning Initiatives at Iowa State University;”
- ▶ Approve the request to create a new institute at the University of Iowa, The Institute for Vision Research;
- ▶ Approve the request to create a new center at Iowa State University, The Iowa Nutrient Research Center;
- ▶ Approve the request to re-open admissions to the Bachelor of Arts Program in Geography at the University of Northern Iowa;
- ▶ Approve the request for the following new programs: Bachelor of Arts Program in Environmental Science at UNI and Master of Finance Program and Bachelor of Science Program in Public Relations at ISU;
- ▶ Approve the request for a program name change at Iowa State University: from Master of Science and Ph.D. Programs in Agricultural Engineering to Master of Science and Ph.D. programs in Agricultural and Biosystems Engineering;
- ▶ Approve the request for a program name change at Iowa State University: from Bachelor of Science program in Family Finance, Housing, and Policy to Bachelor of Science Program in Financial Counseling and Planning;
- ▶ Approve the proposed curriculum changes at the University of Iowa;
- ▶ Receive the Iowa State University accreditation reports for the Veterinary Diagnostics Laboratory; the Departments of Community and Regional Planning, Computer Science, and Forestry; and the Interior Design Program; and
- ▶ Receive the 2013 Education and Student Affairs Committee work plan.

<u>Regent</u>	<u>Carroll</u>	<u>Dakovich</u>	<u>Downer</u>	<u>Harkin</u>	<u>McKibben</u>	<u>Mulholland</u>	<u>Rastetter</u>	<u>Sahai</u>	<u>Walsh</u>
Aye	x	x	x	x	x	x	x	x	x
Nay									

MOTION APPROVED by ROLL CALL.

Iowa Department of Corrections and Iowa State University Department of Landscape Architecture

Chief Academic Officer Dr. Diana Gonzalez introduced Department of Corrections Deputy Director Diane Wilder-Tomlinson. Director Wilder-Tomlinson introduced Iowa Prison Industries Deputy Director Dan Clark and ISU Department of Landscape Architecture Assistant Professor Julie Stevens.

Deputy Director Clark explained the collaborative project between ISU's Department of Landscape Architecture and the Iowa Correctional Institute for Women in Mitchellville, Iowa.

Deputy Director Wilder-Tomlinson briefly discussed women offender characteristics and the goal to empower women, change their lives, and help them become productive members of society when released.

Professor Julie Stevens followed with a description of creating what Department of Corrections Director John Baldwin calls "a national model for bringing humane and therapeutic landscapes into a very restrictive environment."

➤ The Board received the presentation by GENERAL CONSENT.

Adjourn

President Rastetter adjourned the meeting at 2:25 p.m.