

Contact: Andrea Anania

MINUTES OF AUGUST 6, 2014, TELEPHONIC BOARD MEETING

**(host location)
BOARD OF REGENTS OFFICE
11260 AURORA AVENUE
URBANDALE, IOWA**

Board Members

Nicole Carroll	Connected
Milt Dakovich	Present
Robert Downer	Connected
Ruth Harkin	Present
Larry McKibben	Present
Katie Mulholland	Present
Bruce Rastetter	Present
Subhash Sahai	Connected
Hannah Walsh	Present

Board Office

Andrea Anania, Jeneane Beck, Brad Berg, Marcia Brunson, Aimee Claeys, Bob Donley (via phone), Tom Evans, Diana Gonzalez (via phone), Sheila Doyle Koppin, Joe Murphy, Joan Racki, Keith Saunders, Patrice Sayre, Todd Stewart

Regent Institutions

SUI Sally Mason (via phone)

ISU Steven Leath (via phone)

UNI Bill Ruud (present), Michael Hager (via phone)

ISD/IBSSS Steven Gettel (present), Don Boddicker (via phone)

Others

Mike Dudkowski, Wilshire Consulting (via phone)
Rick Ferraro, Deloitte Consulting (via phone)
Barry Fick, Springsted, Incorporated (via phone)
Gary Sutton, Deloitte Consulting (present)

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 6, 2014

President Rastetter called the Board of Regents meeting to order at 11:00 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
Absent					x*			x*	

*Regents McKibben and Sahai joined the meeting after consideration of the Consent Agenda.

CONSENT AGENDA

➤ MOVED by MULHOLLAND, SECONDED by WALSH, to approve and receive the following CONSENT AGENDA items:

- ▶ Minutes of June 4-5, 2014, Board Meeting
- ▶ Semi-Annual Claims Activity Reports: January 1, 2014 – June 30, 2014
- ▶ Personnel Appointments
- ▶ Renewal of Associated Bond Contracts
- ▶ Appointments to Committees, Boards, and Commissions
- ▶ Adoption of Amendment to the Iowa Administrative Code
- ▶ Master Lease Financings

<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
Absent					x			x	

MOTION APPROVED by ROLL CALL.

Board President Report

President Rastetter said the efficiency study update would include a presentation from Deloitte on the sourcing and procurement business case; noted that the Board has contracted with Deloitte for services through phase two only; and reported that implementation services would be determined with the completion of phase two and the review of each individual business case.

Update on TIER Study

Regent McKibben updated the Board on Deloitte Consulting’s progress on the Regents TIER Study. He then introduced Deloitte Consulting representatives Director Rick Ferraro and Senior Manager Gary Sutton who presented the sourcing and procurement business case.

In response to questions from Regents, Deloitte consultants: (1) addressed the status of current contracts; (2) elaborated on the estimated \$16 - \$40 million in savings for sourcing and procurement; and (3) reported on how current programs such as Iowa-based businesses, small businesses, minority enterprises, etc. would be handled. President Rastetter clarified that these programs should continue unless there are glaring increased costs; in that instance, the program(s) should be brought to the Board for consideration prior to any changes.

- **MOVED** by MCKIBBEN, **SECONDED** by DAKOVICH:
 - ▶ To exercise the option under the original Letter of Engagement to proceed with Deloitte for implementation of Wave 1 of the sourcing and procurement business case;
 - ▶ To delegate to Executive Director Robert Donley authority to negotiate a contract with Deloitte for implementation of Wave 1 of the sourcing and procurement business case; and
 - ▶ The negotiated contract will be submitted to the Board for approval.

<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.

President Rastetter reminded everyone that the Board said it would be open and transparent in terms of costs and expenses. He and Regent McKibben asked the Board Office to work with Deloitte to amend the consulting contract to require Deloitte to provide expense receipts.

Regent McKibben reminded the Board that its contract with Deloitte was for two phases and implementation was not a part of that contract. He said the Committee would be working with Executive Director Donley as the Board moves forward to the implementation phase and would come back to the Board for necessary approvals.

Reports from Institutional Heads

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

- The Board received the reports by **GENERAL CONSENT**.

FY 2015 Budgets – Universities, Iowa Public Radio, Board Office

Policy and Operations Officer Brad Berg provided an overview of the proposed budgets. President Mason, President Leath, and President Ruud briefly discussed the budget for their respective university.

- **MOVED** by CARROLL, **SECONDED** by SAHAI, to approve the:
 - ▶ Regent university FY 2015 budgets as presented on pages 5-8 and in the attachments in the memorandum;
 - ▶ Iowa Public Radio FY 2015 budget as presented in Attachment D in the memorandum; and
 - ▶ Board Office FY 2015 budget as shown in Attachment E 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.

Sale and Award of \$16,315,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2014
Policy and Operations Officer Joan Racki reported total savings from refunding bonds since 2001 exceeds \$47 million and introduced Barry Fick from Springsted, Incorporated, the Board's financial advisor.

Barry Fick reported that: (1) nine bids were received; (2) the winning bid was submitted by Janney Montgomery Scott, LLC; and (3) the true interest cost was 2.276%.

- MOVED by DAKOVICH, SECONDED by WALSH, to approve A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$16,315,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2014, for the purpose of advance refunding the \$20,000,000 Academic Building Revenue Bonds, Series I.S.U. 2005, and paying costs of issuance.

<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.

Audit/Compliance and Investment Committee

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

Board Receipt of Committee Report

- MOVED by HARKIN, SECONDED by MULHOLLAND, to:
 - ▶ Adjust the existing asset allocation policy framework to replace Ex U.S. Bonds with a more broadly diversified allocation to Global Fixed Income;
 - ▶ Set policy targets for Global Fixed Income as represented in the table on page 2 of Audit/Compliance and Investment Committee item 2;
 - ▶ Approve an increase in the investment commitment amount to Neuberger Berman Crossroads Fund XX from \$5.0 million to \$12.5 million for the University of Iowa Endowment;
 - ▶ Approve the addition of a fund manager (Neuberger Berman High Yield) within the High Yield allocation of the Diversified portfolios;
 - ▶ Approve the maximum deposit limits for the University of Iowa as outlined in Audit/Compliance and Investment Committee item 4; 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
Abstain			x						

MOTION APPROVED by ROLL CALL.

Report of the Property and Facilities Committee

The Property and Facilities Committee met via conference call prior to the Board meeting.

- MOVED by DAKOVICH, SECONDED by MCKIBBEN, to:
- ▶ Approve the Register of Iowa State University Capital Improvement Business Transactions as detailed in the memorandum;
 - ▶ Ratify the Executive Director's actions related to the utilization of capital project delivery and purchasing processes as described in item 3 to restore Sweeney Hall to its pre-fire condition and return it to service as soon as possible;
 - ▶ Approve the Register of University of Northern Iowa Capital Improvement Business Transactions as detailed in the memorandum;
 - ▶ Approve the University of Iowa lease agreement with IRL Properties, L.C., for the University of Iowa's use of the Iowa River Landing Commercial Condominiums Suites 201A and 201B in Coralville to house expanded clinical, research and educational programs and services for UI Health Care;
 - ▶ Approve the Iowa State University lease addendum with InTrans for the firm's use of an additional 3,129 square feet of space in the ISU Research Park;
 - ▶ Approve the lease agreement with Waterloo MSA Limited Partnership, d/b/a Verizon Wireless, for the firm's use of space on the roof of Bender Hall for the installation of three antennas, plus ground space to house communications equipment;
 - ▶ Approve a five-year institutional roads program for calendar for 2015-2019, including projects totaling \$1,690,000 for calendar year 2015; and
 - ▶ Receive the report of the Property and Facilities 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.

Report of the Education and Student Affairs Committee

The Education and Student Affairs Committee met on July 28th and July 29th.

- MOVED by MULHOLLAND, SECONDED by HARKIN, to:
 - ▶ Approve the minutes of the Education and Student Affairs Committee meeting on June 4, 2014;
 - ▶ Approve the request from the University of Iowa for a new program: Bachelor of Arts Program in Enterprise Leadership;
 - ▶ Approve the request from the University of Iowa for a new interdisciplinary program: Bachelor of Science Program in Biomedical Sciences;
 - ▶ Approve the regional study centers funding allocation for 2014-2015. The proposed allocations are as follows:
 - ◆ Southwest Iowa Regents Resource Center - \$182,734;
 - ◆ Northwest Iowa Regents Resource Center - \$96,114; and
 - ◆ Quad Cities Graduate Center - \$5,000;
 - ▶ Receive the Iowa Lakeside Laboratory Regents Resource Center 2013-2014 annual report and approve the budget for 2014-2015. The proposed FY 2015 budget is \$813,000, which is a 3.2% increase from the prior year;
 - ▶ Approve the request from Iowa State University for a new program: Master of Arts Program in Gerontology;
 - ▶ Approve the request from Iowa State University for a new program: Ph.D. Program in Gerontology; and
 - ▶ Receive the update of the 2014 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.

Adjourn

President Rastetter adjourned the meeting at 1:00 p.m.