

Contact: Andrea Anania

**MINUTES OF OCTOBER 31, 2007
BOARD OF REGENTS, STATE OF IOWA
R. WAYNE RICHEY BALLROOM, IOWA MEMORIAL UNION
UNIVERSITY OF IOWA
IOWA CITY, IOWA**

Board Members

	<u>October 31</u>
Bonnie Campbell	Absent
Jenny Connolly	Present
Robert Downer	Present
Jack Evans	Present
Michael Gartner	Present
Ruth Harkin	Present
Craig Lang	Present
David Miles	Present
Rose Vasquez	Present

Staff Members

Andrea Anania, Andy Baumert, Brad Berg, Mark Braun, Marcia Brunson, Tim Cook, Sheila Doyle, Tom Evans, Diana Gonzalez, Joe Murphy, Joan Racki, Patrice Sayre, Gary Steinke, Todd Stewart, Ilene Tuttle

Regent Institutions

SUI Sally Mason, Barrett Anderson, Mark Arnold, Barry Butler, Samantha Chang, Stacey Cyphert, Crystal Edler, Meredith Hay, Donna Katen-Bahensky, Ken Fisher, Lola Lopes, Christopher Merrill, Jean Robillard, Paul Rothman, Doug True

ISU Gregory Geoffroy, Elizabeth Hoffman, Warren Madden, Brian Phillips

UNI Benjamin Allen, Jim Lubker, Andrew Morse, Tom Schellhardt

ISD Jeanne Prickett, James Heuer

IBSSS Jeananne Schild, Don Boddicker

Others

Barry Fick, Springsted Incorporated
Elizabeth Kennedy, Ahlers & Cooney, P.C.
Andrew E. Nielsen, 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 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 9:15 a.m. on October 31, 2007.

Settlement of Lawsuit

President Gartner introduced the Board's legal representative from Ahlers & Cooney, P.C., Elizabeth Kennedy. Ms. Kennedy provided a background on the lawsuit that the Press-Citizen Company, Inc. (PCCI) filed against the Board of Regents that alleged violations of the Iowa Open Meetings Law with respect to certain meetings held in November of 2006.

Ms. Kennedy informed the Board that the Polk County District Court Judge released portions of the tapes and the minutes to counsel for both sides under a strict protective order to prepare the case for trial, making it abundantly clear that they are not public records. She said that PCCI counsel contacted Ahlers & Cooney and suggested resolving the case out of court. She explained the resolution that counsel for both parties agreed upon and reported that Ahlers & Cooney obtained authorization to proceed from the individual defendants if the resolution is acceptable to the Board.

Ms. Kennedy said that Ahlers & Cooney vigorously advocated in favor of the Board of Regents up to and leading to the point where PCCI suggested resolution of the case and added that no one could predict the outcome had the case been tried.

Ms. Kennedy reported that Ahlers & Cooney recommended that the Board of Regents resolve the case in accordance with the terms of the proposed agreement and stated that, because there is no principle to be gained, the most appropriate action is to resolve the case and not consume the time and expense of the Board of Regents, its staff, and taxpayers.

Ms. Kennedy noted that, in Ahlers & Cooney's opinion, the advice provided by the Regents in-house counsel to the Board was very carefully and thoughtfully presented.

President Gartner thanked Ms. Kennedy for her presentation, expressed his appreciation for the work Ahlers & Cooney did on behalf of the Board of Regents and all of the defendants; and stated that the proposed settlement is fair and equitable.

- MOVED by HARKIN, SECONDED by CONNOLLY, to authorize Ahlers & Cooney, P.C. to resolve the lawsuit that the Press-Citizen Company, Inc. (PCCI) filed against the Board of Regents and file a joint resolution with PCCI, the Board of Regents, and the individual-named defendants including a statement of facts, stipulation, joint motion for findings, and a consent order, whereby:
 - ◆ The defendants would: (1) assert that each defendant relied upon a formal opinion from counsel and/or believed in good faith that the facts, if true, would have been in compliance with all open meetings law requirements; (2) notwithstanding the above, stipulate that not all provisions set forth in Iowa Code §21.4 were followed and that certain aspects of the discussions held during the closed sessions exceeded the scope of the purposes allowed under Iowa Code §21.5; and (3) agree that the Board of Regents would pay PCCI the costs and reasonable attorney fees incurred in the amount of \$45,000; and
 - ◆ The defendants and PCCI would ask the court to acknowledge these findings and issue a consent order, which would include that: (1) the Regents would pay the attorneys fees and costs; (2) PCCI would return the minutes and tapes to the Board of Regents that the court ordered be produced to them under protective order; (3) the minutes and recordings of the closed sessions would remain sealed; and (4) PCCI would dismiss this case with prejudice within 7 days of the court's order.

<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									
Absent	x								

MOTION APPROVED by ROLL CALL.

Board of Regents Policy Manual – Proposed Revisions to the Board’s Naming Policy – First Reading

The proposed revisions to the Board’s naming policy for Board consideration consisted of the set of revisions distributed by the Board Office with Agenda Item 1 and an amended set of those revisions proposed and distributed by President Pro Tem Miles.

President Gartner introduced the discussion of the Board’s naming policy by stating his support for the policy changes proposed by the Board Office, and his belief that the University presidents should have as much flexibility as possible in making naming recommendations to the Board.

Regent Harkin asked about the differences between the existing naming policy and the policy revisions proposed for Board consideration. Executive Director Steinke explained that the proposed changes include the requirement for the universities to inform the President and President Pro Tem of the Board and the Executive Director of developments relating to any possible naming; new language was proposed outlining specific process requirements (including a due diligence review) for the universities to follow. Executive Director Steinke indicated that the proposed policies would maintain the Board’s final authority to approve the naming of colleges and buildings on the university campuses.

In response to a question from Regent Harkin, the three university presidents confirmed that the universities’ current practices are consistent with the proposed process requirements. President Mason added her approval for the inclusion of the due diligence language in the proposed policy changes. Regent Downer also expressed his approval for the inclusion of this language since this would allow the Board to know that uniform processes are being followed by the universities for these high profile elements of their campuses.

President Pro Tem Miles addressed the two sets of proposed revisions to the Board’s naming policy. He acknowledged agreement with President Gartner on the need to give the university presidents flexibility in soliciting gifts to support the institutions, and he indicated that neither of the two proposed policies restricts that flexibility. He also expressed the need to provide more direction and clarity to the institutions with the naming policy so that it does not encourage gifts that may be uncomfortable to the institutions or to the Regents.

President Pro Tem Miles outlined the changes (from the policy revisions included in Agenda Item 1) in his amended revisions:

- ◆ The addition of language requiring the consideration of all factors associated with a naming, including the overall benefit to the institution, whether the name would be a positive reflection on the institution, and whether the name comports with the purpose and mission of the Board and its institutions.
- ◆ The removal of language which specifically allows naming for a commercial product; however, the policy would continue to allow naming for “entities,” which would allow the consideration of naming for a commercial product.
- ◆ With respect to corporate naming:
 - ◆ The addition of language requiring a heightened degree of due diligence to avoid the appearance of a commercial influence or conflict of interest; and
 - ◆ The addition of language stating that normally a college will not be named after a business, but when a business and college have a compelling commonality of mission and goals, the Board will consider such recommendations on a case-by-case basis; this allows for the possibility of naming a college after a business.
- ◆ The addition of language encouraging institutional heads to consider the collective institutional memory and perspective with regard to a potential naming; the method(s) for gathering this information would not be specified in the policy and would be left to the institutional heads.
- ◆ A revision requiring the utilization of a written gift agreement with each donor where a naming may result, rather than requiring the institutions to consider the use of such an agreement.

Regent Evans moved to approve President Pro Tem Miles' amended revisions; Regent Downer seconded the motion.

In response to President Pro Tem Miles' proposed additions on the corporate naming policy, President Gartner questioned the language requiring a heightened degree of due diligence for corporate naming, asking if a lesser degree of due diligence would be applied to other naming proposals. He added that the same degree of due diligence should be applied, regardless of whether the proposed naming was for a person or for a corporation.

President Gartner also questioned the inclusion of specific language on naming a college after a business, since this was not to be a normal occurrence but yet could be considered, and how a compelling commonality of mission and goals would be determined for such a naming. He further questioned the removal of language on naming for a commercial product. He expressed greater comfort with the Board Office proposed language and concern that President Pro Tem Miles' revised language could raise future questions that would be difficult to answer.

In response to President Gartner's comments, Regent Lang proposed an amendment to President Pro Tem Miles' amended motion, with revised language on corporate naming, as follows: "Corporate namings require a thorough degree of due diligence to avoid commercial influence or conflict of interest" (replacing "heightened" with "thorough"); the remaining language (second paragraph under proposed "D") regarding the naming of a college for a business would be deleted. Regent Downer seconded the motion. President Pro Tem Miles said that he would consider the proposed change as a friendly amendment.

President Gartner questioned whether the naming of a major unit for an individual donor would also require a thorough degree of due diligence. He suggested that the policy state that all namings require a thorough degree of due diligence.

Regent Vasquez expressed her agreement with Regent Lang's amendment, particularly the requirement for thorough due diligence, if it is the Board's intent to create a greater burden with this requirement. She expressed her concern with applying different degrees of due diligence to different naming situations, especially since this could make it difficult for future Boards to interpret previous Board actions.

In addressing individual and corporate namings, President Pro Tem Miles explained his belief that there is a very real difference with a corporate interest, where there is the need to consider commercial influence and corporate conflict of interest in a way that is not needed with individuals. With respect to his proposed language addressing the naming of a college for a business, he explained that this was included to provide the institutions with more clarity over the existing policy, which implies that the Board will normally approve any kind of naming request. President Pro Tem Miles expressed his overall concern that the naming policy clearly reflects the Board's intent and how it plans to receive naming requests. He explained that this is necessary to prevent the Board embarrassment for its institutions, as well as for its valuable corporate citizens.

Regent Vasquez stated that she is comfortable with the naming of colleges after corporations, which is why she does not see the need for specific language on this point, given the inclusion of the due diligence requirement. She expressed her belief that there is nothing different among naming situations and that they all need to be reviewed very carefully to avoid concerns with influence and conflict of interest.

President Gartner reminded the Board that naming requests undergo very serious review by the university presidents before they are presented to the Board for consideration. He expressed his belief that this would continue regardless of the existence, or non-existence, of policy language on the naming of a college after a business, and therefore he questioned the need to include this language. He once again emphasized the need to give the presidents as much flexibility as possible when considering naming opportunities.

President Pro Tem Miles reiterated his belief that there is nothing in his proposed policy that would limit the institutions' flexibility. He explained that the language is necessary and meaningful to give the institutions a policy direction, whatever the specific direction may be. President Gartner expressed concern that the proposed language would send mixed signals to the institutions when the Board should rely on the institutions' good judgment. He explained that he interprets the policy to give overall guidance to the institutions to undertake due diligence for any type of naming, corporate or individual, but then it provides exceptions for naming colleges after businesses, which may or may not be likely to be approved. He further expressed his concern with setting up a categorization of diligence and his overall opposition to President Pro Tem Miles' proposed policy since he believes it sends confusing signals.

Regent Harkin asked if the Regents have ever rejected a naming request presented by the institutions. Joan Racki indicated that she is not aware of such an occurrence, and that usually the due diligence is done before the naming requests are presented to the Board.

Regent Lang defended his amendment, explaining the need for a policy that addresses the difference between private and corporate donors as well as the requirement for "thorough" due diligence. He recommended that requiring a thorough degree of due diligence, and eliminating the language regarding the naming of a college for a business, would get to the true reflection of the Board's intent. He also recommended the use of the word "thorough" to describe all due diligence throughout the naming policy to avoid potential conflicts.

Regent Lang expressed his appreciation to President Pro Tem Miles for his work on the Board's naming policy, stating that the proposed language adds to the policy and gives future direction. President Gartner also expressed his appreciation to President Pro Tem Miles.

President Gartner asked for any discussion on Regent Lang's amendment to the amended motion. Regent Evans asked if the institutional heads have any problems with the amendment; President Gartner noted no objections from the three presidents.

- **MOVED** by LANG, **SECONDED** by DOWNER, to approve Regent Lang's amendment to President Pro Tem Miles' amended motion on the Board's naming policy.

<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									
Absent	x								

MOTION APPROVED by ROLL CALL.

Regent Downer expressed his belief that the Board had upheld the spirit of the two readings for the Board's naming policy given the significant discussion of the policy at the September Board meeting and at the current meeting.

Regent Downer moved that the second reading for the Policy Manual changes to the Board's naming policy be waived, and that this be considered final adoption of revisions to the Board's naming policy.

- **MOVED** by DOWNER, **SECONDED** by LANG, to waive the second reading of the Board of Regents Policy Manual and adopt the revisions to the Board's naming policy.

<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									
Absent	x								

MOTION APPROVED by ROLL CALL.

Board of Regents Policy Manual – Proposed Addition of Comprehensive Campus Security Policy – First Reading

President Gartner stated that the Board had received a great deal of very good information.

Regent Harkin thanked the institutions and the Board Office for the hard work they did in preparing the material relating to the comprehensive security policy. She noted that it was very important that the institutions look at the physical aspects of the campuses, including adequate lighting and having programs such as night rides and escort services available.

Executive Director Steinke said that a number of letters were included with the Board's agenda item. He noted that on October 29th a petition with 125 signatures from the ISU and Ames communities was received in the Board Office. It was too late to be included with the Board's agenda materials. He indicated that copies were made available at the meeting for the Board and for the press.

President Gartner asked the student leadership for updates concerning safety measures on the campuses.

Brian Phillips, student government President at Iowa State University, stated that they recently held a safety walk in the camptown area – collaborating with university and community representatives. The group looked for poor lighting and areas with safety concerns. He indicated that a similar event was also held on the campus. He noted that Facilities Planning and Management has been very receptive to working with the students to identify and correct areas where there is inadequate lighting.

Andrew Morse, UNI student government President, indicated that activities similar to those at ISU have taken place at UNI. He said that last week a safety walk with the President, Vice Presidents, the Director of Public Safety, staff from the facilities area, and students was conducted on the central campus. Other walks will look at north campus and UNI Dome areas. He noted that during Homecoming a safe ride was available Thursday through Saturday nights. He said that implementing a central campus shuttle for transporting students at night is being considered. He noted that the Department of Public Safety has a 24-hour escort service available at all times.

Crystal Edler, Chair of the Executive Council of Graduate and Professional Students at the University of Iowa, said that through encouragement from Regent Campbell, a women's safety forum was held on campus. She reported that subsequently the City of Iowa City held a public forum on safety and that, in conjunction with the Department of Public Safety, the night ride program was created. She said that approximately 100 women per weekend take advantage of the service and that there are plans to expand it. She noted that the City of Iowa City has created a safety task force.

Regent Downer asked if the group was satisfied with the response from the City of Iowa City. Ms. Edler said the community is responding appropriately to incidents that have occurred and has a multi-faceted plan to deal with safety. She indicated that these are all steps in the right direction.

Regent Downer questioned section 11.11(A) of the proposed policy which enumerates a listing of professional law enforcement organizations. The draft policy states that the university police departments would meet or exceed the standards of these organizations. He said the standards of the listed organizations might well in be in conflict with each other.

Executive Director Steinke stated each of the presidents of the universities and each of the campus public safety directors are committed to doing everything possible to exceed the minimum standards and all these standards would be considered.

President Gartner stated he had read every word of the material provided and reviewed every statistic. He said he would vote against the proposed policy. He could find no reason either compelling or non-compelling to change the current policy. He noted 80% of crime reported is alcohol- and drug-related, and arming police is not going to deal with that problem. He also noted there was no evidence that an armed police officer would have changed the incidents that are so well documented. He said the officers can be armed at the discretion of the presidents. The officers have tasers, and there are cooperative agreements with local law enforcement agencies. He said the Board had this same discussion 40 years ago and 20 years ago. During those discussions, the exact arguments were made, and each time the Board turned those arguments down. He indicated there is crime, but it is alcohol- and drug-related crime and that is the issue that should be dealt with.

Regent Downer stated he appreciated the thoroughness of President Gartner’s review of the material. He said he could not recall an issue that has been researched more thoroughly than this during his time on the Board. He noted the statistics indicated 60% of the criminal charges by SUI police department involved non-students. He added the information provided on crime statistics in the three athletic conferences indicated Iowa State University is in the top quartile of the Big 12 and University of Iowa is at the exact midpoint of the Big 10. He further stated the University of Northern Iowa statistics seem to bear out the perception that the campuses are safe. He noted that Iowa City is one of the smallest communities in the Big 10. He said arming of campus police officers is a change whose time has come.

Regent Connolly asked that the Board be provided with a report on the drug- and alcohol-programs available on the campuses.

The Board then discussed if the proposed policy would require that all certified officers be armed or if the arming would be at the discretion of the university presidents.

President Pro Tem Miles stated that the policy authorized certified officers to carry arms in the routine discharge of their duties. He indicated that he felt this was a decision to be made at the Board level and not left to the institutional heads to decide. He felt there should be stability and consistency and not change with different leadership on the campus.

President Gartner asked the three presidents if the policy should say qualified police officers must carry arms or may carry arms. President Geoffroy said that the wording of policy would not make a lot of difference because the outcome will be the same. He agreed with the suggestion by President Pro Tem Miles that there is wisdom in having consistency and over time and across presidents.

- MOVED by CONNOLLY, SECONDED by DOWNER, to approve the addition of the Comprehensive Security Policy which directs the routine arming of certified police officers at the three universities to the Board of Regents Policy Manual.

<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	
Nay					x				x
Absent	x								

MOTION APPROVED by ROLL CALL.

- MOVED by MILES, SECONDED by DOWNER, to waive the second reading of the proposed policy and give final approval of the Comprehensive Security Policy. Motion carried.

<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									
Absent	x								

MOTION APPROVED by ROLL CALL.

Proposed 2008 – 09 Tuition and Fees

President Gartner asked the University Presidents and students for their views.

President Geoffroy stated that the proposed recommendation is reasonable and consistent with Regent policy and urged the Regents to approve it.

President Mason thanked the Regents, legislature, and Governor for this year's appropriations. She said that she is grateful to be in a state where education, particularly higher education, is valued. She discussed the proposed recommendation and said they are modest requests, meet the spirit of keeping the University of Iowa accessible to Iowans, and allow for improvements to be made in the learning environment.

President Allen said the proposed recommendation is sensitive to students and the financial pressure that they and their families face, while also reflecting the realities of inflationary forces and the recruitment and retention of outstanding faculty. He added that the increase is not likely to be sufficient to maintain the same level of purchasing power.

President Gartner asked if the various add-on fees cover actual costs. President Allen said it is a reflection of actual cost and added that the mandatory fee for computers does not cover the actual cost. Vice President Madden said it depends on the type of fee.

President Gartner asked what source of money is used if fees do not cover the cost. Vice President Madden said that computing centers at ISU are partly supported out of general fund resources, including appropriations and student tuition. Vice President True said that what most characterizes a fee is that the use of the money is earmarked for a specific purpose. He added that fees vary a lot and said that, in some cases general funds are used, and in other cases they are not. President Gartner asked if some tuition or some appropriations have to be used to supplement basic fee usage. Vice President True said that some do, particularly those that are academic oriented.

President Pro Tem Miles asked if there is any guidance like the Higher Education Price Index (HEPI) or operating norm when it comes to fee increases. Vice President Madden said that fee increases vary by the type of fee, projected annual cost, and level of service. Vice President Schellhardt said that fee increases have the same relative factors as what impacts the entire University. Vice President True elaborated on the different areas in SUU's cost and fee increases.

Barrett Anderson, President of University of Iowa Student Government; Brian Phillips, President of the Government of The Student Body at ISU; and Andrew Morse, President of the UNI Student Body expressed their appreciation to the legislature and to Governor Culver for the funding provided in the last session and expressed their desire for the lowest possible tuition increase.

Crystal Edler, a graduate student from the University of Iowa, agreed that tuition increases should be kept as low as possible and favored low, steady increases rather than holding tuition constant, which would result in a future jump in tuition that would be more burdensome to students in the long run.

Regent Evans noted that Iowa is roughly third lowest in tuition yet at the top of student debt. Discussion was held on low tuition versus high student debt in Iowa.

Further discussion was held on debt, four-year graduation commitments, student working hours, and creative initiatives and loan forgiveness.

Curt Hunter, Dean of the Tippie College of Business; Beth Ingram, Associate Dean for Undergraduate Programs; Elise Runde Voss, President of the Tippie Senate, an organization of students attending the College of Business; and Alex Petsel, representative to the Executive Committee of the Tippie Senate, appeared before the Board to discuss the proposed College of Business tuition increase.

Dean Hunter discussed several items including reputation, enrollment, capacity, student satisfaction, class size, course offerings, faculty resources, advising capacity, and leadership activities. Elise Runde Voss reported that the students fully support the tuition differential and Alex Petsel added that the students want funding for advising.

President Pro Tem Miles said that what the proposal is paying for is much needed. Regent Harkin stated that she is pleased with the proposal and that money has been set aside for students who need financial aid. Regent Vasquez said that the proposal is well researched and well thought out.

President Gartner gave a brief history on last year's legislative success.

He suggested that the proposed increase be 2%, which is less than the 3.2% HEPI minimum, and acknowledged that Board policy uses HEPI as a benchmark. Regent Vasquez agreed with an increase in the 2% range.

President Geoffroy said that the 3.2% proposal is not unreasonable; the universities are recovering from five years of significant budget reductions; and if the increase is not within the HEPI range, it will push the universities back into the hole. President Gartner understood President Geoffroy's argument, but noted that the Regents had a great year at the legislature. He said that the Regents could do something for the students by holding tuition down and seeing what the legislature does during the next year.

Regent Harkin asked Executive Director Steinke about the legislature's expectation of the Regents after last year's appropriations. Executive Director Steinke said that there was no quid pro quo with the legislature or the Governor's Office, but that the hope was that it would lead to reduced tuition increases.

Regent Downer stated that he supported the Board Office proposal to keep the increase within HEPI and elaborated on his support.

➤ **MOVED** by LANG, **SECONDED** by MILES, to recommend that the Board consider approval of the proposed recommendation for a 3.2% tuition increase (as detailed in the corresponding memorandum) at the December Board meeting.

Regent Lang said that the Regents institutions are competitively priced, provide a great education, and a 3.2% tuition increase is very reasonable. He agreed with a small increase each year as opposed to a much larger increase in the future.

President Mason supported President Geoffroy's comments, said that she thought a 3.2% increase will be at the low end of the competition across the country, and hoped that the Board approves the 3.2% proposed tuition increase.

President Allen supported the 3.2% proposed tuition increase; added that he is pessimistic that 3.2% will keep up with inflation; and stated that if the 3.2% is not approved, he is concerned that the institutions will have to make it up later.

Regent Harkin supported the non-resident tuition increase, but desired a smaller tuition increase for resident students. She requested that the Regents be totally candid with the state legislature with regard to funding needs.

In response to President Pro Tem Miles' question, Executive Director Steinke said that the lowest increase in the last 27 years was 3% in 1980.

Regent Vasquez said she does not want to be short-sighted now and cause unfriendly consequences to students in the future and asked for the effect on the universities if the increase is under the 3.2% proposal. President Allen said that it is impossible to project future inflation and, sooner or later, decreased services resulting from a lower increase will have to be addressed.

President Geoffroy said that if the tuition increase is not sufficient to cover basic operating cost increases, the only way to accommodate those increases is to cut budgets and reallocate funds which will negatively impact students.

Regent Evans said that the 3.2% is less than the cost of living, keeps up with the market in terms of cost, and supported the 3.2% tuition increase saying that it is reasonable and appropriate.

Regent Downer asked if the Governor's directive is a zero-based budget for the coming year. Executive Director Steinke answered affirmatively and added that the salary bill is one of the Governor's priorities.

President Pro Tem Miles stated that he is committed to keeping tuition as low as possible and that a 3.2% increase is reasonable. He added that by staying at the low end of HEPI and having the second lowest increase in 27 years demonstrates fiscal responsibility. He discussed salaries that are still not competitive and outstanding deferred maintenance.

President Gartner agreed that a 3.2% tuition increase is a low number, but that a 2% increase would be a bigger help to students and parents. He said that it would signal our thanks to the legislature for providing everything we asked for last year and that we followed through by keeping tuition low without crippling the universities.

- MOVED by GARTNER, SECONDED by VASQUEZ, to amend the previous motion and recommend that the Board consider approval for a 2.0% tuition increase for resident, undergraduate students at the December Board meeting, excluding fees and the special circumstance at the University of Iowa Business School.

<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
Nay		x	x	x			x	x	
Absent	x								

MOTION DEFEATED by ROLL CALL.

President Gartner called for a second roll call vote on the original motion:

- MOVED by LANG, SECONDED by MILES, to recommend that the Board consider approval of the proposed recommendation for a 3.2% tuition increase (as detailed in the corresponding memorandum) at the December Board meeting.

<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	
Nay					x	x			x
Absent	x								

MOTION APPROVED by ROLL CALL.

President Gartner noted that the tuition increase will be formally approved at the December Board meeting. He thanked everyone for their participation and input.

Resolution for the Sale and Issuance of \$8,220,000 Athletics Facilities Revenue Bonds, Series I.S.U. 2007A

Barry Fick from Springsted, Incorporated, reported that five bidders signed up to bid and that three bids were received. He said that the winning bid was submitted by a group led by Citigroup Global Markets, Inc., included 12 underwriting firms, and had a true interest rate of 4.486%.

- MOVED by EVANS, SECONDED by DOWNER, to approve A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$8,220,000 Athletic Facilities Revenue Bonds, Series I.S.U. 2007A, funding the debt service reserve fund, and paying 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
Nay									
Absent	x								

MOTION APPROVED by ROLL CALL.

Resolution for the Sale and Issuance of \$13,400,000 Dormitory Revenue Bonds, Series I.S.U. 2007

Barry Fick reported that five bidders signed up to bid and that three bids were received. He said that the winning bid was submitted by a group led by Citigroup Global Markets, Inc. and had a true interest rate of 4.42%.

- MOVED by LANG, SECONDED by HARKIN, to approve A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$13,400,000 Dormitory Revenue Bonds, Series I.S.U. 2007, funding a debt service reserve fund, and paying 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
Nay									
Absent	x								

MOTION APPROVED by ROLL CALL.

Preliminary Resolution for Sale of Up to \$25,000,000 Utility System Revenue Bonds, Series S.U.I. 2007A

Barry Fick reported that he anticipated that these bonds would be sold at the December Board meeting. In response to Regent Evans' question, Mr. Fick stated that he expected a bond rating of Aa2 from Moody's Investors Service.

- MOVED by EVANS, SECONDED by DOWNER, to approve A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$25,000,000 Utility System Revenue Bonds, Series S.U.I. 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									
Absent	x								

MOTION APPROVED by ROLL CALL.

FY 2006 State Audit Reports

Deputy Auditor of State Andrew Nielsen discussed the FY 2006 reports issued by his office, including the Comprehensive Annual Financial Report (CAFR), the Single Audit Report (SAR), and separate audits on each of the institutions and the Board Office; all were issued an unqualified opinion.

He reported that: (1) the CAFR and SAR both contain a paragraph indicating that certain state appropriations were not in compliance or consistent with the regulations passed by the legislature and that it does not have an effect on the Regents; and (2) the Auditor of State's Office is currently working on a special request from the University of Iowa regarding technology security concerns at the University of Iowa Hospitals and Clinics; and he met with Internal Audit Director Todd Stewart to coordinate audit efforts and avoid duplicate efforts.

Mr. Nielsen thanked Regent institutional personnel for their cooperation and assistance. President Gartner thanked and congratulated the institutional finance departments for their good work and the Auditor of State's Office for all of their work on the Regent enterprise.

➤ The Board received the reports by GENERAL CONSENT.

Internal Audit Reports

Internal Audit Director Todd Stewart discussed the reports presented this month, provided an update on the status and expectation for completion of two past-due follow-up audits in response to Regent Downer's request, and talked about the Internal Audit Charter presented on the Consent Agenda this month.

Regent Evans asked who defines the scope of work for the Internal Audit Department. Mr. Stewart explained the risk assessment process performed each spring and the audit plan presented to the Board each August. He added that the audit plan allows time for audit requests that arise throughout the year.

Regent Evans asked if the Regents had a whistleblower system. Mr. Stewart explained EthicsPoint, the Regents whistleblower system and said that he has access to all of the reports.

➤ The Board received the reports by GENERAL CONSENT.

2007 Economic Development and Technology Transfer Report

University of Iowa Vice President for Research, Dr. Meredith Hay; Iowa State University Vice President for Research and Economic Development, Dr. John Brighton; and University of Northern Iowa Executive Director of Business and Community Services, Mr. Randy Pilkington briefed the Board about specific Grow Iowa Values Fund and Battelle campus activities.

Dr. Hay highlighted specific commercialization areas where the University made Grow Iowa Values Fund and Battelle Fund investments and two examples of successful returns on investment, Opherion, Inc. and the Virtual Soldier Research program.

Dr. Brighton updated the Board on: (1) the research, development, and funding progress to date on one of the projects selected a year ago involving the development of a novel gene therapy approach for Parkinson's Disease. Regent Harkin asked about employment and growth of the company. Dr. Brighton said that the company is in very early stage development and that the business plan is not yet complete; and (2) the Joint Executive Committee and Board of Directors meeting of the Biosciences Alliance of Iowa hosted by ISU. Regent Downer said that he attended the meeting and commented on the substantial positive economic potential for Iowa.

Mr. Pilkington briefed the Board on entrepreneurship and technology transfer, local economic development, and bioeconomy efforts. In response to Regent Lang's question, Mr. Pilkington said that he is involved in the Cedar Valley Corridor economic development efforts.

Regent Harkin said she hoped the Regent economic development efforts can maintain the intensity of actual job and wealth creation and noted the tremendous opportunities to partner with community colleges and others.

➤ The Board received the report by GENERAL CONSENT.

Highlighted Technology Transfer Presentation – University of Iowa

Dr. Meredith Hay introduced Dr. Mark Arnold, Professor of Chemistry and the Director of Optical Science and Technology Center. Dr. Arnold gave a presentation on ASL Analytic, Inc., a company that is developing a non-invasive monitor for blood glucose and other molecules for the treatment of diabetes.

In response to questions from President Pro Tem Miles and Regent Harkin, Dr. Arnold elaborated on issues related to the company timeline and commercial viability.

President Gartner thanked Drs. Hay and Arnold for the fascinating presentation.

President Gartner asked Andy Baumert to forward copies of the Economic Development and Technology Transfer reports to the appropriate governmental agencies.

➤ The Board received the presentation by GENERAL CONSENT.

CONSENT AGENDA

- ◆ Minutes of September 18, 2007, Meeting
- ◆ Institutional and Board Office Personnel Transactions
- ◆ Adoption of Amendment to the Iowa Administrative Code
- ◆ Conflict of Interest Vendors
- ◆ Amendment to Appropriations Request
- ◆ Annual Review of Audit Policies
- ◆ Internal Audit Charter
- ◆ Board of Regents Policy Manual – Revisions to Chapter 6 – Second Reading
- ◆ IBSSS Monthly Report
- ◆ Request to Award and Honorary Doctor of Humane Letters Degree
- ◆ Revision to Board Meeting Schedule
- ◆ Iowa State University Equipment Purchase

➤ MOVED by CONNOLLY, SECONDED by DOWNER, to approve the CONSENT AGENDA:

- ◆ Including:
 - ◆ An additional modification to the Revision to Board Meeting Schedule:
 - ◆ Date and location change from March 19, 2008, at the Iowa School for the Deaf, to March 11, 2008, at the University of Iowa; and
 - ◆ The addition of the following agenda items (and all actions as described in the corresponding memorandum):
 - ◆ Bond Issuance Schedule for CY 2008
 - ◆ Register of SUI Capital Improvement Business Transactions
 - ◆ Register of ISU Capital Improvement Business Transactions
 - ◆ Register of UNI Capital Improvement Business Transactions; and
- ◆ Excluding the Annual Review of Banking and Broker Relationships, which was removed and voted on separately.

<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									
Absent	x								

MOTION APPROVED by ROLL CALL.

➤ MOVED by HARKIN, SECONDED by CONNOLLY, to approve the:

- ◆ Annual Review of Banking and Broker Relationships; and
- ◆ Institutional Agreements, Leases and Easements

<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
Nay									
Absent	x								
Abstain			x						

MOTION APPROVED by ROLL CALL.

Report on Search for Executive Director

President Gartner reported that he asked President Pro Tem Miles to lead the search for the next Executive Director and asked Andy Baumert to serve as Interim Executive Director.

President Pro Tem Miles described the proposed actions for the search. Discussion was held on potential search committee members, candidate qualifications, and the process.

➤ MOVED by MILES, SECONDED by HARKIN, to:

- ◆ Accept the resignation of Gary W. Steinke as Executive Director effective November 1, 2007;
- ◆ Appoint Andy Baumert as Interim Executive Director at an annual salary of \$125,000 effective November 1, 2007;
- ◆ Issue a Request for Qualifications (RFQ) for a firm to conduct the search for the Executive Director;
- ◆ Appoint President Pro Tem David Miles as Chair of the Executive Director Search Committee; and
- ◆ Appoint the following members of the Executive Director Search Committee: Regents Evans, Campbell, Connolly, and one member of the public selected by the Committee.
- ◆ Authorize the Chair of the Executive Director Search Committee to develop a search process.

<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									
Absent	x								

MOTION APPROVED by ROLL CALL.

President Gartner welcomed Andy Baumert as the Interim Executive Director.

The Board and the five Regents institutions each thanked Executive Director Gary Steinke for his many years of service to the Regent institutions and for his tireless efforts on their behalf. President Gartner said that it has been wonderful working with him and that he will be greatly missed.

Executive Director Steinke expressed his appreciation to current and past regents. He appreciated the magnificent honor to serve the Board of Regents and have the confidence of a Board that has such awesome responsibilities; thanked the Presidents and administrators at the institutions for the amount of love, care, and respect that they have for their institutions; and expressed deep gratitude for the friendships and many memories that he will always remember.

University of Iowa College of Dentistry Master Plan

Vice President True introduced the College of Dentistry Master Plan, explaining that it provides an overview of the College's vision for its facilities over the next five to seven years. He explained that while the existing College of Dentistry building (occupied in 1973) is in good condition, the Master Plan addresses the need to renovate the building and provide additional space for the College. He further explained that the financial numbers for the total estimated project cost of \$37 million are currently under review, and he indicated that the University would return to the Board at a future date with additional details on the project and its financing.

Dean Johnsen described the College of Dentistry Master Plan as a 30 year investment in the two main components of the College's mission. The first is to be an invaluable resource to the state of Iowa. He explained that this would be an investment in the oral health of Iowans, since approximately 80 percent of the state's dentists are alumni of the College of Dentistry and deliver approximately \$600 million a year in dental care. He further described the College of Dentistry as a very strong support pillar to the Carver College of Medicine and UIHC in both the academic health center and the University.

Dean Johnsen outlined the second component of the College's mission, which is to influence the direction of dentistry in this country and around the world. He described the College as a top-tier college of dentistry, and he outlined the high-ranking achievements of the College's students on national boards and in major national research competitions. He also addressed the high caliber of the College of Dentistry faculty, which allows the College to offer advanced programs in every recognized dental specialty. In addition, the faculty has provided at least one national leader on councils where patient care standards are set; Dean Johnsen explained the important responsibility for faculty of a top university and professional school to bring these high standards back to its students. Other faculty members have held significant national leadership positions on committees of the American Dental Association and the Food and Drug Administration.

Dean Johnsen also addressed the College's research accomplishments, explaining that the College is ranked tenth nationally, and sixth in total research dollars from the Dental Institute.

Dean Johnsen outlined the University's plan for improvements to the College of Dentistry facilities. He explained that the College has invested close to \$10 million over the last ten years to keep the building well maintained. However, the University and outside consultants believe that it is time for a more comprehensive look at the 35 year old building.

He explained that the building is in a great location and is structurally sound. He then outlined the three components of the overall plan for the building, which have been developed in consultation with University and College leadership, and outside consultants.

- ◆ Construction of an addition of approximately 30,000 square feet, to be funded from non-state funds (College and University funds, and private fund raising).
- ◆ Following completion of the addition, refurbishing of all clinic areas; the new addition would provide the space for the continued function of the dental clinics, which receive over 125,000 annual patient visits.
- ◆ Conversion of research areas to accommodate modern research in molecular biology and molecular genetics.

Dean Johnsen explained that the total estimated \$37 million project cost is comparable with the costs for similar projects at the College's peer dental schools; these have ranged from \$35 million to \$50 million for major renovation projects, and approximately \$100 million for new construction projects.

Dean Johnsen reported that the College is actively involved in the planning process for the project, including the review of specific program requirements to meet College’s current instructional needs. He also indicated that a feasibility study has been completed for private fund raising for the project.

Regent Evans asked Dean Johnsen if he expected the first-year class enrollment of 80 students to change. Dean Johnsen explained that he expects this number to remain stable due to the College’s successful efforts over the last ten years to retain graduates in Iowa.

Dean Johnsen thanked the Board for the support it has given the College of Dentistry for many, many years. He announced that the College is currently celebrating its 125th anniversary, and he expressed pride for the College’s accomplishments.

- MOVED by HARKIN, SECONDED by EVANS, to receive the University of Iowa College of Dentistry Master Plan.

<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									
Absent	x								

MOTION APPROVED by ROLL CALL.

Proposed New Institute at the University of Iowa – Iowa Institute of Biomedical Imaging

Interim Provost Lola Lopes stated that the goal of the proposed Institute is to facilitate interdisciplinary, inter-departmental, inter-collegiate research in the field of biomedical imaging and image analysis. Regent Evans asked if the joint reporting to the Colleges of Engineering and Medicine would pose a problem. Dean Barry Butler and Vice President for Medical Affairs and Carver College of Medicine Dean Jean Robillard indicated that it would not pose a problem.

- MOVED by EVANS, SECONDED by CONNOLLY, to approve the Iowa Institute of Biomedical Imaging.

<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
Nay									
Absent	x						x		

MOTION APPROVED by ROLL CALL.

Proposed New Institute at Iowa State University – Bioeconomy Institute

Provost Elizabeth Hoffmann stated that the goals of the proposed Institute are to build upon a five-year initiative at ISU and to advance the use of biorenewable resources for the production of chemicals, fuels, and energy. President Gartner said that this initiative had grown out of big ideas.

- MOVED by EVANS, SECONDED by CONNOLLY, to approve the Bioeconomy Institute.

<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
Nay									
Absent	x						x		

MOTION APPROVED by ROLL CALL.

Comprehensive Fiscal Report for FY 2007

In response to questions from President Pro Tem Miles, Vice President True elaborated on general fund salaries and athletics expenditures at the University of Iowa.

Vice President Madden discussed Iowa State University’s athletics program change from cash to accrual accounting at Regent Downer’s request.

- The Board received the report by GENERAL CONSENT.

Faculty Presentation at the University of Iowa – “The Writing University”

Samantha Chang, Director of the Iowa Writers’ Workshop, shared highlights of the Writers’ Workshop. The Iowa Writers’ Workshop is a two-year residency program which culminates in the awarding of a Master of Fine Arts degree. Begun in 1936, the Workshop was the first creative writing degree program in the United States and the model for contemporary writing programs. Workshop alumni have won 12 Pulitzer Prizes as well as numerous National Book Awards and other major literary honors. Four recent U.S. Poet Laureates are graduates of the Workshop. In 2003, the Workshop received a National Humanities Medal from the national Endowment for the Humanities. It was the first Medal awarded to a university, and only the second given to an institution rather than an individual. The Workshop has introduced several outreach efforts, including the Patient Voice for patients at UIHC and sponsorship by the Council for the Arts of a graduate of the Workshop to speak to students in the Des Moines School District. Iowa City is in the process of seeking recognition by UNESCO as a Creative City in Literature.

Christopher Merrill, Director of the International Writing Program, shared highlights of the International Writing Program. The Program will celebrate its 75th anniversary in 2011. Nominations to the program are requested by the U.S. State Department. There is an extensive archive of more than 5,000 hours of video and audio recordings.

President Gartner thanked the presenters and suggested that they contact Iowa Public Television to discuss the opportunity to show the video recordings as part of their efforts to inform Iowans about important issues.

- The Board received the presentation by GENERAL CONSENT.

Fall 2007 Enrollment Report

Diana Gonzalez presented highlights from the Fall 2007 Enrollment Report. Regent Downer asked if there were any graduates from the special schools taking advantage of the accommodations and services provided by the universities. Superintendents Prickett and Schild indicated that there were no graduates from the special schools at the Regent universities. Regent Vasquez was appreciative of the vast array of services provided to students with disabilities who were mainstreamed in their local school districts. Regent Downer said that we should provide support to students attending the special schools who may be interested in attending one of the Regent universities.

Regent Evans asked about the retention rates of the universities. Dr. Gonzalez responded that the comparison of retention rates is included in the Annual Graduation and Retention Rates Report which will be presented in February 2008. Presidents Mason, Geoffroy, and Allen indicated that their universities have strong initiatives aimed at retaining students. President Pro Tem Miles asked about the projected decrease in enrollment and whether this was of concern. Dr. Gonzalez responded that one aspect that influences the projections is the number of projected high school graduates. Presidents Allen and Mason indicated that the projected decreases are seen as a challenge and that the universities need to prepare plans to address these projected decreases. Interim Provost Lola Lopes indicated that the enrollment projections do not include adjustments for planned interventions.

President Gartner thanked Dr. Gonzalez for a thorough report.

- The Board received the report by GENERAL CONSENT.

Engineering Programs Accreditation Report at Iowa State University

Provost Hoffman explained that the engineering programs received accreditation for the maximum period of six years and reported that the programs were highly praised.

- The Board received the report by GENERAL CONSENT.

University of Iowa Hospitals and Clinics (UIHC) Trustees

Vice President for Medical Affairs and Carver College of Medicine (CCOM) Dean Jean Robillard provided brief opening comments. He reported on the outcome of the recent inspection by the Iowa Department of Inspections and Appeals. He added that, after the initial visit, the recommendations were reviewed. UIHC was revisited in October and it was determined that UIHC was in compliance and its "deemed status" was restored.

President Gartner asked if this came about as a result of a patient complaint. Vice President Robillard clarified that the inspection was a result of a patient who was discharged from the emergency department in early June.

Dr. Paul Rothman, Professor and Head of the Department of Internal Medicine, provided the physician's report and discussed the care, education, and research taking place in the Department of Internal Medicine. President Gartner asked Dr. Rothman why he left Columbia University for the University of Iowa. Dr. Rothman responded that heading the Department of Internal Medicine at the University of Iowa is a rare opportunity.

Mr. Ken Fisher, Associate Vice President for Finance and Chief Financial Officer of UIHC, provided the financial update. Mr. Fisher indicated that patient volumes were quite strong, but the operating cash flow margin was about \$5 million below budget and reported that the primary reason was one less work day in the quarter. He said that the budget is planned based on historical trends in acuity and types of patients. He stated that the case mix index has been running about 1.68 for the last four quarters; for the first quarter of this year, it was 1.62. He added that reimbursement is based on a case rate tied to the acuity of the patient.

Regent Evans asked if the case mix has gone back up. Mr. Fisher said that the model used to predict the mix changed in October and that he believes it will get higher. He said that one particular group of patients that used vents dropped by 21 and that those are the most acute patients.

Regent Vasquez asked if those patients were treated elsewhere. Mr. Fisher answered that these are patients that would not be treated somewhere else. Vice President Robillard indicated that if there are fewer traumas cases there will be fewer patients who use vents.

President Gartner asked how long a patient who needs a vent will be in the hospital. Mr. Fisher indicated that it is typically 18 to 20 days.

Mr. Fisher reviewed the combined financial statement of UIHC and CCOM. He noted that CCOM is on a cash accounting basis, UIHC is on an accrual accounting basis, and the physician practice plan is moving to an accrual basis. He said that capital is treated differently in cash and accrual systems and that the other thing being dealt with is "inter-company" transactions between CCOM and UIHC now that they are on the same financial statement.

President Gartner asked about the financial disagreement between the practice plan and UIHC and when it will be decided. Mr. Fisher indicated that there has not been a resolution yet, it has no impact in the overall numbers shown on the combined financial statement, and it should be resolved within the next six months.

President Gartner asked if IowaCare is the only state appropriation UIHC receives. Mr. Fisher said that IowaCare and the special purpose appropriation for the Psychiatric Hospital are the only state appropriations UIHC receives.

When asked by Regent Vasquez about reimbursement for prisoner care, Mr. Fisher replied that they provide the care but are not reimbursed. Vice President Robillard indicated that prisoner care costs about \$6.5 million annually.

President Gartner asked what the rule of thumb is for the ratio of current assets to current liabilities. Mr. Fisher indicated 2.5 to 1 is a good ratio according to the rating agencies.

Ms. Donna Katen-Bahensky, Senior Associate Vice President for Medical Affairs and Chief

Executive Officer of UIHC, provided the activity and volume review. She reported that admissions were down because UIHC did not have a full complement of doctors during the first quarter and length of stay is not where it should be yet.

Regent Evans asked for the estimated margin at the end of the year. Mr. Fisher indicated that the estimated cash flow margin is 11.5%.

Vice President Robillard provided an update on IowaCare and reported that the Iowa Department of Human Services estimates that there will be a \$15.7 million shortfall in the appropriation for UIHC to provide care to IowaCare patients.

President Pro Tem Miles asked why enrollment and visits have increased. Mr. Stacey Cyphert, Assistant Vice President for Health Policy, indicated that the premium for participants in the program was waived for those whose income is below 100% of the federal poverty level.

President Pro Tem Miles asked what the cutoff was before. Mr. Cyphert indicated that it was 10% of the federal poverty level.

President Pro Tem Miles asked if the projection is for the rest of the year or if more funding will be needed. He also asked how much additional enrollment growth is anticipated. Mr. Cyphert indicated it was for the year and that in-patient visits are expected to grow 25% and out-patient visits are expected to grow 30%.

President Gartner asked if the financial projections included the IowaCare shortfall. Mr. Fisher stated that the financials assume that the shortfall is funded. Mr. Cyphert indicated that, since this is an expanded Medicaid population, it only requires that 1/3 of the additional funding be provided by the state and that the other 2/3 will be federally funded as in regular Medicaid.

Regent Downer asked about the experience last fiscal year with providing pharmaceuticals and durable medical equipment to IowaCare patients. Mr. Cyphert stated that last year pharmaceuticals cost \$4.3 million and durable medical equipment cost \$450,000.

Vice President Robillard discussed the Health Care Senior Leadership Incentive Program. He said that it is a part of the overall integration and alignment of goals. He reported that he asked the Clark Consulting Group to look at incentives and overall executive compensation at peer academic health centers.

He said that the pool for incentives would be split: fifty percent would only be used if the UIHC operating cash flow margin is 11.6% in the current fiscal year and will be spread equally among those who participate; the remaining 50% will be provided based on individual performance. He added that the overall pool would be 20% of base salaries for those participating and that the following positions would be covered in the incentive program:

- ◆ Vice President for Medical Affairs and Dean of CCOM
- ◆ Senior Associate Vice President and UIHC CEO
- ◆ Executive Dean of CCOM
- ◆ Associate Vice President for UI Physicians
- ◆ Associate Vice President for Finance and UIHC CFO
- ◆ Associate Vice President for Information Systems
- ◆ Associate Vice President for Legal Affairs
- ◆ Associate Vice President for Marketing and Communications
- ◆ Associate Vice President for Human Resources
- ◆ UIHC Chief Nursing Officer
- ◆ Assistant Vice President for Operation Excellence and Quality, and Safety
- ◆ Assistant Vice President for Integrated Strategic Planning and Business Development
- ◆ Senior Advisor for Medical Center Integrated Planning

➤ The Board received the report by GENERAL CONSENT.

President Gartner and Regent Downer asked that developments be communicated to the Regents as they occur with regard to the Collective Bargaining Agreement with the Campaign to Organize Graduate Students (COGS) and that this issue be a Board agenda item in the near future.

President Gartner thanked everyone for attending and the University of Iowa for the hospitality.

President Gartner adjourned the meeting at 6:02 p.m.

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