The State Board of Regents met at the State University of Iowa, Iowa City, Iowa on Wednesday, April 23 and Thursday, April 24, 1986. The following were in attendance.

Members of the State Board of Regents	April 23	April 24
Mr. McDonald, President	All sessions	All sessions
Mrs. Anderson	All sessions	All sessions
Mr. Duchen	All sessions	All sessions
Mr. Greig	All sessions	All sessions
Dr. Harris	All sessions	All sessions
Mrs. Murphy	All sessions	All sessions
Mr. Tyler	All sessions	All sessions
Miss VanEkeren	All sessions	All sessions
Mr. VanGilst	All sessions	All sessions
Office of the State Board of Regents		
Executive Secretary Richey	All sessions	All sessions
Director Barak	All sessions	All sessions
Director True	All sessions	All sessions
Director Maxwell	All sessions	
Director Wright	All sessions	All sessions
Assoc. Dir. Runner	All sessions	All sessions
Asst. Dir. Peters	All sessions	All sessions
State University of Iowa		
President Freedman	All sessions	All sessions
Vice President Ellis	All sessions	All sessions
Vice President Remington	All sessions	All sessions
Associate Vice President Small	All sessions	All sessions
Assistant to President Mears	All sessions	All sessions
Iowa State University		
President Parks	All sessions	Exc. 12:07
Vice President Christensen	All sessions	Exc. 12:07
Vice President Madden	All sessions	Exc. 12:07
Director Lendt	All sessions	Exc. 12:07
University of Northern Iowa		
President Curris	All sessions	Exc. 12:10
Provost Martin	All sessions	Exc. 12:10
Vice President Conner	All sessions	Exc. 12:10
Vice President Follon	All sessions	Exc. 12:10
Director Kelly	All sessions	Exc. 12:10
Director Stinchfield	All sessions	Exc. 12:10
Iowa School for the Deaf		
Superintendent Giangreco	All sessions	Exc. 11:35
Business Manager Kuehnhold	All sessions	Exc. 11:35
Iowa Braille and Sight Saving School		
Superintendent DeMott	All sessions	Exc. 11:45
Business Manager Berry	All sessions	Exc. 11:45

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, April 23 and Thursday, April 24, 1986. Regent Duchen was excused from the meeting on April 23, 1986.

LONG-RANGE ACADEMIC PLANNING SEMINAR. The board received the first installment of the University of Iowa long-range planning report on the morning of April 23.

APPROVAL OF MINUTES. The minutes of the March 13, 1986, meeting were approved as corrected by general consent of the board.

EXECUTIVE SESSION. President McDonald requested that the board enter into executive session to discuss strategy with counsel in matters that are presently in litigation or where litigation is imminent where disclosure would be likely to prejudice or disadvantage the position of the state pursuant to Chapter 21.5(1)(c) of the Code of Iowa. Dr. Harris moved that the board enter into executive session. Mr. VanGilst seconded the motion; and upon the roll being called, the following voted:
AYE: Anderson, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.
ABSENT: Duchen.
The board, having voted by at least two-thirds majority, resolved to meet in executive session beginning at 1:40 p.m. and arose therefrom at 2:20 p.m. on April 23, 1986.

CONSENT DOCKET. The items on the consent docket appear in the appropriate sections of these minutes.

MOTION: Mr. VanGilst moved that the items on the consent docket be approved. Mr. Greig seconded the motion, and it passed unanimously.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION - REPORT ON DUPLICATION. The Board Office recommended the board receive the report on duplication of programs prepared by the committee.

Vice President Christensen stated the Interinstitutional Committee on Educational Coordination had been interested in learning how the Regent institutions in Iowa compared with universities in surrounding states relative to "duplication of programs." To answer this question, the committee engaged the services of Dr. Jerelyn B. Schultz, Assistant Vice President

for Academic Affairs at Iowa State University, to prepare a report on program duplication.

The study on duplication of programs among state supported colleges and universities in 11 states found that:

1. Iowa had the smallest number of state supported institutions per number of individuals in the population.

2. Iowa's three state supported four-year institutions ranked in the upper half of all of the institutions surveyed in terms of student enrollment.

3. Two of Iowa's institutions, Iowa State University and the University of Iowa, were among the top ten percent of the institutions surveyed in terms of the number of doctoral degrees granted.

4. Greatest duplication of programs existed in programmatic areas that represented the foundation of a solid liberal or general education, i.e., biological sciences, fine/applied arts, languages, math, physical sciences, psychology, and social sciences.

5. Least duplication was found in the areas of agriculture/natural resources, architecture/environmental design, and engineering.

6. Duplication in business, education, and engineering probably reflected a high demand for these majors among students.

In the report Dr. Schultz stated that "it appears from this study that Iowa has consolidated its support for four-year colleges and universities into a smaller number of institutions than most states. The duplication of programs among the Iowa institutions reflects the need for the institutions to provide a solid general education, meet the high demand for certain majors, and provide a solid foundation for the strong graduate and research mission of two of its institutions."

Regent Anderson stated that this was a terribly important report and hoped it would be disseminated widely. She asked if there had been any attempt to include the two-year colleges.

Vice President Christensen stated there had been no attempt to do that, but the committee would be happy to do it if the board felt it would be useful.

Regent Anderson stated she felt it would be useful to have additional information to reinforce that Iowa does not have a lot of duplicative programs and is spending its higher education money very wisely.

Regent Greig stated even in areas where there was duplication in the Regent institution the emphasis was different such as in engineering.

The Board Office noted, in the next three years as the universities go forward with their efforts at reallocation and downsizing, additional efforts should be made to insure that unnecessary program duplication be addressed.

ACTION: President McDonald stated that the report on duplication was received by general consent of the board.

IOWA COORDINATING COUNCIL FOR POST HIGH SCHOOL EDUCATION. The Board Office recommended the board receive the report on the April 1 meeting of the council and refer the proposed process for resolving program disputes (if any) to the Interinstitutional Committee on Educational Coordination for review and recommendation.

Regents VanGilst, Anderson and Tyler attended the meeting of the council. The following is a summary of the meeting.

Summer Institute for Teachers. The Coordinating Council received an update on the status of the Summer Institute for Teachers. Five of the six grant recipients have agreed to proceed with the Summer Institutes, even though there was a possibility that there may not be sufficient funding.

Appointment of Nominating Committee. A Nominating Committee consisting of Mr. Moore (representing independent colleges), Mr. VanGilst (representing the Regents), and Dr. Benton (representing the area schools) was appointed by the council chair to develop nominations for the chair and vice-chair positions for next year's Coordinating Council.

Way Up IV. The Coordinating Council agreed to provide financial backing and sponsorship of the Way Up IV conference, which was tentatively scheduled for November 12-13, 1986, in Des Moines.

Recommended Procedure for Resolving Program Disputes. The Coordinating Council received a report from an ad hoc committee appointed at the March meeting for the purpose of developing recommendations for a process to resolve any program disputes that may arise as a result of the Coordinating Council's adoption of the statement on cooperation. In developing its recommendations, the committee noted the existing policy statements for the Coordinating Council which emphasize its role in the area of program planning and the committee's intent that the process be consistent with the voluntary nature of the Coordinating Council. The committee recommended that a special committee consisting of representatives of all four sectors composing the Coordinating Council be established for the purpose of having responsibility for the development of recommendations regarding any disputes brought to the Coordinating Council. The proposed committee would consist of two persons each from the public two-year and four-year and independent sectors, and one person from the specialized/proprietary sector. The chair of the committee for any given dispute would be from a sector not involved in the matter, and no person from an institution involved in the dispute would serve on the committee.

The ad hoc committee also proposed a seven-step process consisting of: (1) receipt of a complaint by one or more of the persons involved in a disagreement; (2) request for the disputants to meet and discuss the problem in an attempt to reach a voluntary settlement; (3) preparation of a report by each of the disputants explaining their position; (4) review by the committee of the reports submitted, along with any other information essential to the resolution of the dispute; (5) recommendations developed by the committee based on its findings on the matter; (6) formal action of the Coordinating Council (by voting members present) on the action recommended by the committee; and (7) correspondence to each of the disputants explaining the findings and position of the Coordinating Council (if any). The Coordinating Council could, under the ad hoc committee's recommendation, (1) approve the report; (2) modify the recommendation; or (3) not adopt the recommendation. It was emphasized that a primary goal at each step in the process was to seek a voluntary resolution of the disagreement by the parties involved.

The Coordinating Council agreed to refer this matter to the constituent groups for review, with action being taken on the recommendations at a later date.

Faculty Burnout and Professional Development. The council heard a presentation by Dr. Jean Sweat, from Mount Mercy College, regarding a research project in which she obtained data from 17 independent colleges (16 in Iowa) regarding faculty burnout and professional development.

New Programs. The Coordinating Council accepted without comment reports on four new programs in the area schools.

Good Samaritan Law. John Hartung gave a brief report on his efforts to develop a "Good Samaritan Law" for Iowa. He indicated that an attempt will be made, either on the floor or in the conference committee, to insert a provision for "Good Samaritans" into legislation being considered by the Iowa General Assembly.

Regent Anderson stated she continued to have some concern about the policy on intra- and intersector cooperation. She stated she felt that the policy statement was not in the best interest of the Regent institutions at this time to support the ad hoc committee's proposal for resolving program disputes as it is stated. She said that the Regent institutions as public universities had responsibilities to take programs into areas of the state in which perhaps others would see as duplicative. At some point, she noted, that issue had to be discussed directly with the coordinating council and to this point everyone had been talking around the issue. She stated she did not support the monitoring policy as it was presented in the docket and recommended that the board not support it at this time.

President McDonald stated the recommended action was to refer the proposed process for resolving program disputes to the Interinstitutional Committee on Educational Coordination for review and recommendation.

Mr. Richey stated that based on what had happened in governmental reorganization, if the coordinating council does not become a more effective body with interinstitutional cooperation in the avoidance of unnecessary duplication, there is the risk of getting something statutory that could create severe problems for this Board of Regents. He said we had been successful in avoiding a mandated super board in the past, but it appeared that issue was really coming back to the fore.

Vice President Christensen said the instances of unnecessary duplication were practically nil especially in the Regent institutions. He said that the cooperative aspect of the coordinating council has worked extremely well, and he thought it would continue to work well.

President Parks stated he supported Regent Anderson and thought there was a great difference in the responsibility of the mission of a state supported institution. He added there always has been the fear of a super board and would hate to see us make the coordinating council into a super board just to avoid the creation of a super board.

ACTION: President McDonald stated the report of the April meeting of the Iowa Coordinating Council for Post High School Education was received by general consent.

IOWA COLLEGE AID COMMISSION. Mr. Richey stated the College Aid Commission held its regular monthly meeting on April 8. The commission received several staff reports including one on the status of the commission in the reorganization bill under consideration by the General Assembly.

The commission discussed the issue of student loan defaults and received a report on claims paid under the Guaranteed Student Loan Program as of December 31, 1985.

ACTION: President McDonald stated the report of the April meeting of the Iowa College Aid Commission was received by general consent of the board.

THE ASSOCIATION OF GOVERNING BOARDS. President McDonald stated that he and Regent VanGilst had attended the recent AGB meeting in San Diego.

Regent VanGilst stated it had been a very interesting meeting. He said he especially enjoyed the roundtable discussions with other trustees from around the country where common problems were discussed. He said there were 1,300 registrants from 49 states.

President McDonald stated that this was the first AGB meeting he had attended and that it had been a wonderful experience. He stated he had cassette tapes of all the keynote speakers and would be happy to share them with the other board members.

THE ASSOCIATION OF GOVERNING BOARDS SEMINAR. Mr. Richey stated the board members and presidents of the universities were invited to a seminar on trusteeship offered under the auspices of the Association of Governing Boards of Colleges and Universities. The meeting would be held on May 20 at the Hotel Fort Des Moines in Des Moines.

LEGISLATIVE REPORT. Mr. Richey stated the last month had been very busy in the legislature. The major issues have been the reorganization of state government, appropriations and capitals, and the distribution of lottery funds. He said there has been strong new legislation in the conference committee report on the reorganization bill that would strengthen considerably the affirmative action policies of the state with respect to employment and with industries doing business with state agencies and with requirements for doing business with women and minorities. The programs would be overseen by the new Department of Management. He added that requirements for administration of the affirmative action policies have been highly controversial.

Mr. Richey stated there had been a proposal to transfer the board's bonding authority to the State Treasurer but that the way the legislation was currently written the board would have a free standing bonding authority but would be required to have competitive processes for selection of bond counsel. There is also a requirement for everyone including the Regents that underwriters have a tax nexus in Iowa. He added that the legislation would require careful study as to what it means to the Regents.

Regent Murphy asked if there would be cost ramifications to these bonding changes.

Mr. Richey stated that there could be substantial cost ramifications particularly with respect to the Iowa tax nexus portion of the legislation.

Vice President Ellis said that there were Iowa firms currently participating in the boiler bonds.

Mr. Richey said that it was not clear at the moment whether being just a participating underwriter would qualify.

Mr. True stated with regard to economic development issues in the reorganization bill, all economic development plans are to be submitted to the Economic Development Department. An earlier version had required the plans to be approved by the Economic Development Department. He said there had been a great deal of language concerning economic development with regard to coordination of CIRAS and the Small Business Development Centers with

the Economic Development Department. Also amendments were being anticipated to attempt to tie funding of the Extension Service to the Economic Development Department.

Mr. True said that the salary adjustment fund was expected to be reduced by 3.85 percent. He added that the $2 million for faculty and P&S salaries was still in the appropriations bill. He said an amendment had been prepared to give that money to the board for distribution. Tuition replacement was very likely to be funded at $17.3 million. There had been an amendment to reduce the Board Office budget by $300,000 but it was defeated on the floor of the House. The appropriation bill includes a reduction of $13,500 for the Board Office, a $1.2 million reduction from the SUI Hospitals and Clinics as a part of the indigent patient care program, and a reduction of $87,200 from the special schools. There is an amendment which would allow for selective refunding of academic revenue bonds.

Mr. Richey stated there was also language proposed to alter some of the Regents capital procedures. He said that the Board Office and institutional staff had met with Representative Hatch to clarify the current practices concerning capital procedures.

President Freedman stated that the $18 million in salary adjustment funds would fund approximately 4.73 percent of the mandated 5.5 percent salary increase. If the $18 million were reduced further, it would fund only about 4.5 percent which would mean that the universities would have to come up with a full percentage point to fund the 5.5 percent mandated increase.

Mr. Richey stated that the board had $3 million in its budget request to overcome that shortage, and this additional reduction increased the shortage another $700,000.

Vice President Ellis stated he felt it was incumbent upon him to respond to Representative Hatch's allegations concerning capital improvement projects at the university. He said the university had provided voluminous material pertaining to cost estimates, the bidding process, and the administration of construction contracts. He said the university staff had repeatedly indicated to Representative Hatch that they would visit with him and discuss any problems that he saw with the administration of the construction contracts. Representative Hatch had declined until after he had released his statement to the press. Vice President Ellis stated he and other Regent personnel had met with Representative Hatch the day before the board meeting.

Vice President Ellis stated that Representative Hatch was unfamiliar with bidding procedures in the public sector, confused about Regent policies, and misinformed about certain elements of construction contracts. He did not understand that equipment and furnishings funding was itself a capital item and properly included in the bond proceeds. Representative Hatch was unaware to the extent the legislature was informed about the progress of the Law Building.

Vice President Ellis stated that he had provided Representative Hatch with a chronology of the steps involved in the planning of the Law Building. Representative Hatch was made aware that Senate Concurrent Resolution 13 expressly said that the purpose was for construction and equipment. Another House Concurrent Resolution amended SCR 13 to allow $900,000 of the proceeds for the theatre addition equipment. He stated throughout the period the Board of Regents indicated in its Ten-Year Building Plans that in addition to the construction of the Law Building, there would also be a request to equip the building. The Law Building equipment was dropped from the Ten-Year Building Plan with a note that it would be paid for out of bond proceeds.

Vice President Ellis stated the period from planning to construction of the Law Building was a period in which costs were very volatile in the construction industry. The original cost estimate of $18,548,000 was made in 1980. In 1983, the budget was increased to $24,650,000 due to extremely high inflation. A copy of the revised budget was sent to the Legislative Fiscal Bureau.

Vice President Ellis stated that Representative Hatch had also questioned "cost overruns" on the project. He said that this would probably equate to change orders in the Regents capital procedures. Change orders are variations to the original specifications and can be grouped into five categories. The first would be taking advantage of opportunities revealed during construction; the second would be those which are virtually automatic because of the nature of certain construction contracts; the third would become necessary due to the presence of conditions beyond the control of either the contractor or the owner; the fourth would be changes requested by the owner; and the fifth would be changes requested by the architect/engineer.

Vice President Ellis stated that the University of Iowa and the Board of Regents had followed appropriate procedures in cost estimating the Law Building project, keeping the legislature informed, and seeking approval at appropriate times. He added that he felt the University of Iowa and the Board of Regents had utilized their procedures to carefully control the costs.

Vice President Ellis stated Representative Hatch had also questioned the construction of the Carver-Hawkeye Arena. He noted that project did not involve any tax dollars. The increase in the cost of the project was mainly due to the success of fund raising which allowed the University of Iowa to make changes to enhance the quality of the arena.

Vice President Ellis concluded by saying that he would be happy to discuss any of the capital procedures with anyone.

Vice President Madden stated that Representative Hatch had also questioned the agronomy project at Iowa State. He said that much of what Vice President Ellis had said concerning the projects at the University of Iowa would also apply to the agronomy project. He explained the agronomy project first appeared on the ten-year building program in 1975 with bidding actually

taking place in 1984. Because of inflation, the actual cost did exceed what was budgeted. The changes and equipping of the building was presented to the legislature and specifically acted upon. He stated he felt all of the changes were appropriate and done in accordance with board policy. He said that he felt the change orders were modest due to the size and complexity of the project.

Mr. Richey stated he believed the Regents capital planning procedures were exemplary. However, any process can be improved, and he would welcome suggestions for improvement.

Mr. Richey stated there was an amendment proposed in the House that would put basically the same restrictions on self-liquidating, except dormitory, bonds as are on academic revenue bonds. He noted this was very similar to the bill passed by the House last year.

Mr. Richey said that there was an amendment proposed to broaden the existing statute concerning refunding. He said that there is also several resolutions and alternatives being considered to authorize academic revenue bonding for this session of the legislature for critical remodeling projects as well for some of the microelectronics and laser equipment. He noted that the outcome of those resolutions was uncertain at this time but that it was clear that the Governor opposed the legislation to restrict the Regents bonding authority. He said that it was not clear what the Governor's final position was on the bonding resolution for capital projects.

Mr. Richey stated another issue facing the legislature was the lottery fund distribution. Because of the development with respect to the world trade center, the legislature has been working on redistribution of those funds. He said that the board had approved a request to the Development Commission to establish priorities for research and development funds--$10 million priority #1 and about $15 million after adding priority #2. The legislature has been considering FY 1987 funds and the House has proposed that ISU would get $3.5 million per year for biotechnology. The Senate proposed $5 million for ISU biotechnology starting in FY 1987 and beyond. The Senate and House have not been able to agree, and the amendments are now in a conference committee.

Mr. Richey said there was a bill providing for early retirement for state employees, and this would be something the board would have to address in terms of Regent employees and would have a fiscal impact.

President McDonald stated there was some resistance from the Department of Human Services concerning allowing the Regent institutions access to the child abuse registry.

Mr. Richey stated that it was his understanding that DHS has determined it was inappropriate for the Regents to have that information.

Regent VanGilst stated that the board members themselves should remember the impact they can have in the General Assembly. He said that when Mr. Richey called him about the Board Office budget reduction of $300,000, he worked on it and got it corrected in caucus.

ACTION: President McDonald stated that the legislative report was received by general consent of the board.

ANNUAL REPORT ON EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION. The Board Office made the following recommendations: (1) that the board receive the affirmative action reports as submitted by the Regent institutions and the Compliance Office; (2) that each institution and the Board Office review its affirmative action achievements, practices, and procedures and report to the board at an early date with recommendations for more effective measures for increasing the number of minority and women employees; (3) that the Regent universities develop a detailed report and recommendations designed to increase the participation of black youth in the educational programs of the state's colleges and universities, said report and recommendations to be presented to the board at its November 1986 meeting.

Mr. Richey stated, with regard to recommendation #3, there is a relatively small minority population in this state; and it appeared that we could have more appropriate representation of minorities as students in our universities, if we really applied ourselves to it. It is extremely important to Iowa.

Director Maxwell stated the affirmative action officers at the institutional level had very frustrating jobs and needed the support of the institutional heads.

Highlights of the institutional affirmative action programs follows:

UNIVERSITY OF IOWA: The university employed 10,399 full-time employees in 1985. The composition of the work force was as follows:

Men - 4,639 (44.6 percent)	Women - 5,760 (55.3 percent)
Caucasians - 9,977 (95.9 percent)	Minorities - 422 (4.0 percent)

There was an increase of 142 Caucasians, 76 men and 64 women faculty and staff members. Minority faculty and staff decreased by two.

The number of faculty holding tenure and tenure-track positions in 1985 was 1,464. Men held 1,228 positions and women held 236. The university reported that women received 22 (18 percent) of the 121 new full-time faculty appointments to tenure-track positions and minorities received 12 (10 percent) of said positions between October 1, 1984, and September 30, 1985. While the university's report indicated growth, there was a decrease of nine tenured

and tenure-track positions filled by women from 1983-84 to 1984-85. Faculty men increased by 26, and minorities increased by 1.

The number of women and minorities receiving appointments in non-tenure track positions was substantial. Women faculty members increased by 31, and minorities increased by seven.

The university employed 3,625 staff members in Professional and Scientific positions in 1985, representing 34.8 percent of the total university full-time work force. Women increased their representation from 2,209 in 1984 to 2,272 in 1985.

In 1985, the university employed 4,833 staff members in merit system positions. This represented an overall increase of 24 employees from 1984. The university stated that of 921 new merit system appointments during 1984-85, women received 627 (68.1 percent), and minorities received 34 (3.7 percent). While women gained 63 secretarial/clerical positions, they experienced a loss of 27 tech/professional positions and 12 service/maintenance positions. Minorities experienced losses of ten persons in three categories. There was no change for minority employees in tech/paraprofessional positions.

While the overall number of Caucasian graduate and undergraduate students decreased from 26,251 to 26,149, the university continued to attract increasing numbers of minority and women students. The number of Asian students increased by 207 from 1980-81 to 1984-85. The number of Hispanic students increased by 166 during the same period. The number of black students at both the graduate and undergraduate level decreased by 37 from 1984. The decline of black students is not unique to the University of Iowa. Universities and colleges throughout the country continue to experience declining enrollments for black students at both the graduate and undergraduate levels. The number of women students at the undergraduate level continues to increase. Their enrollment increased by 119 from 1984 to 1985 while the number of men decreased by 136. The number of women in graduate programs decreased by 41 during the same period while the number of men in graduate programs increased by 12.

Vice President Ellis introduced June Cargile, Director of Affirmative Action at the University of Iowa.

Ms. Cargile stated that they felt progress had been made at the university in affirmative action efforts although not as much as they would have hoped or desired. She said that, although there were decreases in the number of women in tenure-track positions, there were increases in other areas.

Vice President Remington stated that eight of the nine losses of women in tenure-track positions came out of the instructor rank and were due to a technical change in the College of Nursing where a number of faculty members were converted from instructor to lecturer.

IOWA STATE UNIVERSITY: The university employed 5,474 full-time employees in 1985, an increase of 54 employees from 1984. The composition of the work force in 1985 was as follows:

Men - 3,278 (59.8 percent)	Women - 2,196 (40.1 percent)
Caucasians - 5,212 (95.2 percent)	Minorities - 262 (4.7 percent)

There was an increase of 33 Caucasians, 21 minorities, 45 men, and 9 women faculty and staff members.

The number of faculty holding tenure and tenure-track positions in 1985 was 1,330. This represented an overall decrease of nine from the previous year. Men held 1,113 (83.6 percent) of the appointments while women held 217 (16.3 percent).

The university's report indicated an overall increase of two minorities and a loss of nine women in tenured and tenure-track positions from 1983-84 to 1984-85.

The university reported that 66 applicants received appointments in tenure and tenure-track positions in 1984-85. Of the 66 appointments, women received 11 appointments, and minorities received six. The affirmative action goals established for women in tenure and tenure-track positions were 33. The university employed 11 women. The institution employed two minorities of a projected goal of nine.

The university's experience in the employment of non-tenure track positions is similar to their experience for tenure-track faculty. There was a modest increase of 11 of which a women received one of the appointments. There was no change for minorities.

There were 1,156 staff members employed in Professional and Scientific positions in 1985, an increase of 64 from 1984. The university's affirmative action strength appeared to lie in the number of women and minorities appointed to professional and scientific positions. Of the 64 new positions, women received 30 (47 percent) and minorities increased their representation by 17 (26 percent).

There were 2,311 persons employed in the four merit employment classifications in 1985. The number of merit system positions decreased overall by ten from the previous year. While there was a decrease of nine women in secretarial/clerical positions, men increased by five in similar positions.

The university enrolled 26,529 students at the graduate and undergraduate levels in 1985, an increase of 208 students. The overall number of Caucasian graduate and undergraduate students increased from 25,224 in 1984 to 25,408 in 1985. The university continues to attract increasing numbers of minority and women students. There were 1,121 (4.2 percent) minority graduate and undergraduate students enrolled at the university in 1985. The overall

increase for minority students was 26 students. While the number of Asian students increased by 28 and Hispanic students by eight, blacks lost 17 students and Native Americans lost five students. During the same period, women students increased by 46 at the graduate level and 163 at the undergraduate level for a net gain of 209 women students.

UNIVERSITY OF NORTHERN IOWA: The university employed 1,523 full-time employees in 1985. The university experienced a net increase of 54 faculty and staff members from the previous year. The composition of the work force was as follows:

Men - 795 (52.2 percent)	Women - 728 (47.8 percent)
Caucasians - 1,408 (92.4 percent)	Minorities - 104 (6.8 percent)

There was an increase of seven men and seven women employees. The number of minority employees remained unchanged.

There were 464 faculty holding tenure and tenure-track positions in 1985. Men held 342 positions and women held 122. The university was able to increase the number of women in tenure and tenure-track positions by five from 1984. Minority faculty holding tenure and tenure-track appointments decreased from 23 to 22.

There were 95 faculty members holding non-tenure track appointments in 1985. There was an overall decrease of 12 faculty members form 1984. Women experienced a loss of 15 faculty positions, and minorities lost three faculty positions. Although minorities comprised 5 percent of the non-tenured faculty in 1985, the loss of three members represented 25 percent of the overall decrease of 12 persons in this employment category.

The university employed 230 staff members in Professional and Scientific positions in 1985. There was an increase of 34 positions from the previous year. Of the increase, women received 20 (58.8 percent) of the appointments and minorities received 2 (5.8 percent).

In 1985 the university employed 649 staff members in merit employment positions. Merit System positions constituted 42.6 percent of the university's work force. The overall increase of employees holding merit positions was 48 from 1984. Women employees increased by 58 overall and minorities increased by two.

The total number of graduate and undergraduate students enrolled at the university increased from 11,161 in 1984 to 11,514 in 1985. The total number of women students increased by 240. Of this number, 230 occurred at the undergraduate level. The number of men students increased by 77 at the undergraduate level and 35 at the graduate level. The university experienced modest growth for Asian, Hispanic, and Native American students. The combined growth for the aforementioned groups at both the graduate and undergraduate level was ten students. The decline of black students was felt at both the graduate level (-3) and at the undergraduate level (-30).

Marilyn Monteiro, Director of Affirmative Action at the University of Northern Iowa, stated the university's report contained a recommendation that the Regents should authorize a complete and thorough professional review and re-evaluation by outside consultants of the Regents Merit System secretarial/clerical testing program to determine whether or not disparate impact is in fact effecting the severe underutilization of minorities in this occupational category.

Mr. Richey stated that he could not agree more with the recommendation. He said this had not received as high a priority in the past due to the workload of comparable worth. He said the tests had been reviewed and revised several years ago but that they still needed some help.

Associate Vice President Small stated she was on the Governor's Affirmative Action Task Force. She said that the State Merit System does not use the exact same tests but do have many of the same problems in being able to refer minority applicants. She noted there was a great deal of frustration with the difficulties imposed in a test-oriented hiring process.

IOWA SCHOOL FOR THE DEAF: ISD experienced an overall reduction of three employees in its work force from 1984 to 1985. The following table indicates the changes in the work force from 1984 to 1985:

Area	1984	1985	+ or -
Executive/Ad/Managerial	11	7	- 4
Faculty	77	80	+ 3
Prof/Scientific	16	18	+ 2
Sec/Clerical	10	11	+ 1
Tech/Paraprofessional	81	77	- 4
Service/Maintenance	27	26	- 1

Minority faculty members decreased by two in addition to the loss of one minority Tech/Paraprofessional. The institution was able to employ a minority Secretarial/Clerical staff member. The school also employed two women in Professional/Scientific positions. The school reported that 28 (12 percent) of its faculty and staff members have physical disabilities.

IOWA BRAILLE AND SIGHT SAVING SCHOOL: The school reported that five physically disabled individuals were employed as faculty members at the institution. Two Tech/Paraprofessional employees are physically disabled. The institution experienced an overall reduction of two employees from 1984 to 1985. As the institution does not employ any minorities, the reductions are restricted to Caucasians. The losses included one woman technical employee and one man in service/maintenance.

Regent Anderson asked in the determination of tenure was consideration given to non-traditional work experience that many women may have had and was there a real effort to get the people who make the tenure decisions to recognize that this anomaly may occur.

Vice President Remington stated they recognized that many women because of family responsibilities have the problems expressed by Regent Anderson. He noted that the percentage of tenure-track faculty that actually hold tenure is increasing much more rapidly for women than for men.

Vice President Christensen stated that very clearly at Iowa State more and more faculty members and department heads are becoming aware of the fact that the quality of the institution increases with diversity. That awareness was becoming much more apparent as they looked at the largest school districts in the country where minorities are in the majority. He noted they were going to have to have many more minority students, and they had to be prepared for them to provide a friendly environment by having many more minority faculty members.

Regent Harris stated he would make the motion to approve the recommended action and added that if there was any way especially with #3 that he might be helpful to the institutions either personally or in getting some of his friends to volunteer, he would hope to be called upon.

MOTION: Dr. Harris moved that the board approve the actions as recommended concerning the Annual Report on Equal Employment Opportunity and Affirmative Action. Mr. Greig seconded the motion, and it passed unanimously.

PROPOSED CONTRACT WITH THE BOARD OF REGENTS FOR DEVELOPMENT OF AN ECONOMIC DEVELOPMENT PLAN FOR THE STATE OF IOWA. The Board Office made the following recommendations: (1) approve the negotiation of a contract on behalf of the Board of Regents with the Iowa Development Commission for a study of economic development in Iowa; and (2) approve the University of Iowa as the lead institution in carrying out the study.

The Board Office explained the Board of Regents had been requested by the Iowa Development Commission to develop a plan on economic development for the state of Iowa. It is anticipated that the expertise at all three Regent universities would be used and that one would be given the primary responsibility for carrying out the study. Specifically, the work and services to be provided include the following:

1. Assess the current economic situation in Iowa in terms of any need for more and better jobs.

2. Make a preliminary identification and analysis of issues. Include discussion of how they are affected by the current strengths and weaknesses of Iowa's economy and economic development efforts.

3. Provide working papers on items 1 and 2 to the state staff group for review and comment.

4. Prepare background material for May 8 meeting: Goal statements, ideas/issues, strategies from previous groups' work.

5. Attend May 8 meeting.

6. Review input from meeting. (State staff supply summaries of items discussed in each group.)

7. Draft final version of goals, ideas.

8. Preliminary drafts of five-year strategies and proposed implementation actions. Specify who is involved, their respective roles, specific actions to be taken, expected outcomes, timetables, cost.

9. Cost/benefit estimates for each strategy and implementation activities.

10. Cross-classify implementation activities by who (industry segment, government entity, organization, etc.) will control, participate, or be affected by each activity. (State staff review, distribute to representatives of affected organizations.)

11. Assign proposed priorities for activities.

12. Draft plan, to include background information, goals, issue identification and analysis, ideas, strategies, implementation activities and priorities for action.

The project is to be completed by June 30, 1986. It is recommended that the University of Iowa be the lead institution in developing this plan. The university will rely heavily upon its resources in the Institute for Economic Research and will use expertise at the other Regent institutions, as appropriate.

Since this contract will be with the Board of Regents, it was recommended that the Executive Secretary be authorized to sign the contract after it has been successfully negotiated with the close involvement and assent of the University of Iowa.

Mr. Richey stated that he had pursued the question of funds available for this study and found that to be a blank line in the proposed contract. He indicated also that the target date for the development of the plan was an impossible one. He said later this fall would be far more appropriate. He stated some of the aspects to be negotiated would be the time table, methodo-

logy, expectations, etc. He said there were a lot of unknowns in this, but he recommended negotiations begin and that the University of Iowa be the lead institution in carrying out this study.

President Parks stated that he felt the recommendations were appropriate.

President Curris stated that the people at the University of Northern Iowa had been actively involved in economic development and would do whatever they could to help.

MOTION: Mrs. Anderson moved that the board approve the actions as recommended with the understanding the target date of June 30, 1986, is not feasible.

President Curris asked if the contract would come back to the board.

Mr. Richey stated it would if there was time but that it would be reviewed by the president of the board before it was signed.

VOTE ON MOTION: Dr. Harris seconded the motion, and it passed unanimously.

REPORT ON DISTRIBUTION OF LOTTERY FUNDS FOR RESEARCH AND DEVELOPMENT. The Board Office explained that, during the last legislative session, $10 million in lottery revenues were appropriated to the Iowa Development Commission for allocation to university research and development projects. The board's recommendation for distribution of FY 1986 lottery funds was: SUI - $4.125 million; ISU - $4.655 million; UNI - $1.22 million. It is now anticipated that between $5-$5.5 million in lottery research and development appropriations will be available in FY 1986. Estimates for available funds in FY 1987 are from $6.1 million to $10.7 million depending upon the amendments being considered by the legislature and upon the success of the new Lotto game.

An amendment in the House allocates the first $3.5 million beginning in FY 1987 toward biotechnology research at Iowa State University. A Senate amendment allocates the first $1 million for biotechnology research at Iowa State beginning in FY 1986 and $4 million each subsequent year. The balance of the research and development appropriation is to be available for distribution by the Iowa Development Commission to the Board of Regents.

Mr. Richey stated that he would expect at the May meeting to bring to the board the issue of priorities recommended by the Iowa Development Commission for distribution of the lottery appropriations.

President Freedman stated the whole course of the way in which the lottery proceeds will be spent had disturbing implications. The Board of Regents was asked to bring a set of proposals of how the lottery proceeds could be invested. He said that they asked the faculty to work extraordinarily hard

on proposals. Those proposals were brought to the board, and the board performed its function as an education policy making body and submitted them to the Iowa Development Commission. The process of the Iowa Development Commission completely bypassed recommendations of the board, and the board's role has not been given the respect to which it is entitled. The judgments have been made not on scientific merit but for totally different reasons which makes it very difficult for the faculty to understand. He said that the decision to fund the ISU biotechnology project was done without consultation with the University of Iowa.

Vice President Spriestersbach stated that President Freedman had not overstated how upset the faculty was over this matter.

President Parks stated he was very sorry that this sort of conversation had to take place. He said that he recalled several years ago when this was a common occurrence. He noted that the lottery distribution was not in a 40-40-20 distribution. He said he thought the notion behind the lottery was to put the money where the yield seemed the best. Iowa State was looked upon by the legislature for having pretty good immediate prospects for attracting certain kinds of economic development to the area. Whether this was true or not, he did not know. He said it was true that the industrial groups have been very insistent that ISU be given a strong commitment by the legislature in order to attract companies that are willing and anxious to settle in this state and serve as magnets to other companies. He said he did not know how much the legislature would choose to allocate or whether it would allocate anything at all. He said there were too many questions out there which were unanswered for the board to take a position today. He suggested that it be carried over for another month.

Regent Anderson asked what was going to come back to the board and if the legislature identified the use of the lottery money for these purposes, wasn't that taking the decision away from the board.

Mr. Richey stated the balance of the funds for the current year need to be addressed by this board in terms of priorities for distribution by the Iowa Development Commission in light of the FY 1987 decision as well as the basic issue of what to fund. He said that it was becoming clear based on experience this session that the board may well need to address the issue to the legislature in total as well as to the Iowa Development Commission. He said that the board's action related to the $10 million per year that was estimated to become available to be distributed by the Iowa Development Commission. Now the legislature was addressing the issue for FY 1987 and beyond. The board also addresses these with respect to its basic budget request. There is no question but what the board is going to have to address this issue in terms of its legislative policies in the future if it wishes to as a board because those decisions are being made without the board's input.

Regent Anderson stated the basic question was how the board could regain the initiative and authority to make such decisions in the context of the governance system.

Mr. Richey stated one way would be to consider the aspect of the flow of lottery funds as another state fund such as general fund appropriations. Another way would be to treat it as a fund that the Iowa Development Commission has to distribute as it desires. It is a governance issue that the board ought to address, and it could best be addressed initially by the budget committee chaired by President Curris as we enter into budget deliberations.

President Parks said he did not disagree with anything that was said about preserving the board's powers.

President McDonald stated President Freedman made a valid philosophical point as far as governance was concerned. He indicated that the board would be taking up the lottery appropriation issue again at the May meeting.

REPORT ON POSSIBLE REFUNDING OF SELECTED ISSUES OF ACADEMIC REVENUE BONDS AND CONVERSION OF VARIABLE RATE SECURITIES. The Board Office explained the Board of Regents has several bond issues which could be refunded or converted favorably under present bond market conditions. Since last fall municipal bond yields have declined by 2 percent to 2.5 percent. In September 1985, The Bond Buyer index of "AA" general obligation bonds ranged from 9 percent to 9.3 percent. On March 13, 1986, the same index was 6.8 percent. Since March 13, 1986, the index has risen slightly as the result of talk in Congress of taxing municipal bond interest payments under the federal minimum tax. Despite this latest increase in municipal bond yields, the market for municipal bonds remains excellent.

Five academic revenue bond issues from 1981 and 1982 could be economically refunded at present interest rates with a net savings of $1.6 million. Additionally, the $68 million in variable rate demand bonds sold by the board last December to finance ISU and the SUI utility improvements could be partially converted to fixed rates now. Such a conversion would be a hedge against rising interest rates between now and 1989 when the projects are to be completed. Over the next several months, the Board Office and affected Regent institutions may be requesting board action on these bond refunding and conversion opportunities.

Mr. Richey stated that academic revenue bond refunding had been actively considered by the legislature and that there was a strong directive at this point with respect to urging the board or mandating that the board refund the bonds as feasible in order to relieve the tuition replacement fund.

ACTION: President McDonald stated the report on Academic Revenue Bond Refunding was received by general consent of the board.

TUITION POLICY. The Board Office recommended the board receive the report and defer final action on mandatory tuition and fees until the May meeting of the board.

Mr. Richey stated it was his intent to come to the board in May with a recommendation for a tuition and mandatory fee policy for the coming year.

Regent Harris asked if it was possible if you give consideration to the matter of increasing tuition that we could take into consideration the per capita income of Iowans and look at that figure very closely and carefully and make sure we don't take all of that money from Iowans.

Mr. Richey stated that information could be provided.

Regent Harris asked that similar information be supplied for the states surrounding Iowa from which most of the nonresident students come.

President Parks stated that students had been present to speak to the board concerning the tuition policy but that they had to leave. He asked that the discussion concerning tuition be postponed until the following day so that the students could be present.

Regent Harris asked that the University of Iowa provide the charges for treatment at emergency rooms used by students during the time that the student health center was not open.

REGENTS MERIT SYSTEM PAY PLAN HEARING. Regent Anderson stated she had chaired the pay plan hearing which was held the evening preceding the board meeting. She indicated that one employee had attended the hearing and that no opposition was voiced to the pay plan recommendations.

RETIREMENT OF SUPERINTENDENT GIANGRECO. The Board Office recommended acceptance of the resignation for the purpose of retirement of C. Joseph Giangreco as Superintendent of the Iowa School for Deaf, effective August 1, 1987, with Superintendent Giangreco agreeing to serve in a consulting capacity for two or three months following the effective date of his retirement, to facilitate the transition of a new administration; and that the board authorize the Board Office to develop a process for board consideration in early fall by which the board will select a successor for Superintendent Giangreco.

Mr. Richey stated Dr. Giangreco has had a long and distinguished career of service to children and to educational institutions. He was selected by the board to be Superintendent of the Iowa School for the Deaf in 1964. He joined ISD as a high school principal in 1954 and was promoted to Assistant Superintendent in 1959.

Mr. Richey stated that the Board Office will prepare a proposed selection process for a successor for Dr. Giangreco for the board's consideration in the early fall with the search process starting at that time.

President McDonald stated the board's appreciation and respect for Dr. Giangreco's service to the Iowa School for the Deaf and to the children in the state.

MOTION: Dr. Harris moved that the board approve the actions as recommended with respect to the resignation of Dr. C. Joseph Giangreco. Mr. Greig seconded the motion, and it passed unanimously.

BOARD OFFICE PERSONNEL REGISTER. The following action was approved as a part of the consent docket:

Change of Status: Patricia Perry Weigel, Receptionist/Secretary I, to permanent status after a six-month probationary period, effective April 14, 1986.

MEETING OF TRUSTEES OF BIG 10 UNIVERSITIES. Regent Harris explained that he had been asked to attend a meeting of representatives of trustees of universities in the Big 10 Athletic Conference recently in Chicago. The purpose of the meeting was to see if there would be any willingness to have a meeting of the Big 10 schools to discuss common problems. There was consensus within the group that such a meeting would be beneficial. As a result a meeting has been scheduled for June 1-2 in Bloomington, Indiana.

President McDonald indicated there was some restrictions on travel but that he would like to see at least three Regents and the Executive Secretary attend. He asked that any Regents interested in attending should contact the Executive Secretary.

Mr. Richey stated he would make a special effort to explain the importance of the meeting to the Executive Council which must approve out-of-state travel requests.

REGENTS CONFERENCE ON BUILDING PARTNERSHIPS WITH BUSINESS AND INDUSTRY. On April 30, 1986, the Board of Regents will host a conference on Building Partnerships with Business and Industry. It is hoped that this conference will be instrumental in the development of new cooperative relationships between the Regent universities and business and industry in Iowa. The meeting will be held at the Marriott Hotel in Des Moines. Participants in the conference will consist of selected representatives from business and industry, legislators, the Governor, labor, the governmental officials, the Board of Regents, the university presidents, and selected Board Office staff.

Mr. Richey stated that this conference arose as a result of President McDonald's instructions to the staff following meetings between the Board of Regents and the legislators to bring about closer consultation and interaction.

Meeting recessed at 5 p.m. on April 23, 1986, and reconvened at 9 a.m. on the following day.

REVIEW OF PROGRAMS AND OPERATIONS OF IOWA BRAILLE AND SIGHT SAVING SCHOOL AND IOWA SCHOOL FOR THE DEAF. The Board Office made the following recommendations:

1. Direct the staff of the Board Office and the Superintendents of ISD and IBSSS with the assistance of necessary specialists:

   (a) to develop a proposed organizational structure and staffing plan with a view to reduce costs wherever possible in fiscal year 1988 while maintaining high quality educational programs;

   (b) to develop a plan for reducing the number of buildings and amount of space utilized and maintained to be submitted to the board with the proposed FY 1988 budget;

   (c) to review the vocational education and life skills programs at the School for the Deaf and submit findings and recommendations with the budget request for FY 1988;

   (d) to review and bring up to date each employee job description before submittal of the FY 1988 budget request this fall;

   (e) to develop accounting procedures to more closely identify costs of outreach services to non-residential students for the FY 1988 budget request.

2. Direct the Board Office staff and the administrators of ISD and IBSSS to develop a long range facilities plan in conjunction with 1(b) above.

3. Adopt the recommended processes for immediate action to review expenditures in FY 1986 and FY 1987 to reduce unnecessary costs and control costs.

4. Postpone further consideration of co-location of the two schools until funds for the costs of relocation are available or conditions change.

5. Authorize the executive secretary to bill ISD and IBSSS for reimbursement of the costs of the Task Force that cannot be funded from the Board's budget.

6. Receive the reports.

Mr. Richey stated that the work on the issue of the possible consolidation of IBSSS and ISD was assigned to two groups. The task force consisted of the three unit directors and the two superintendents. The other aspect related to the alternatives to co-location was primarily assigned to the Business and Finance Unit of the Board Office.

Director Barak stated the task force consulted with a number of people and also retained consultants who met with the task force on several occasions.

These consultants were Dr. Dean Tuttle, Professor of Special Education at the University of Northern Colorado; Sister Mary Delaney of Canisius College; and Dr. Barry Griffing, Superintendent of the Arizona School for the Deaf and Blind. The task force also engaged the services of an architectural firm. The task force completed a survey of various schools around the country and utilized a survey done in Nebraska which provided information on the operation of dual schools. The task force determined it was feasible to combine these schools. He noted that no one the task force had contacted said the consolidation was not feasible. He indicated there were both advantages and disadvantages of combining the two schools.

The major advantages would be:

- More effective use of state resources including facilities, medical personnel, transportation and administrative personnel.

- Savings are long term, whereas most of the disadvantages are temporary.

- Co-location would allow the institutions to adjust to lower future student populations and budget reductions with less impact on program quality.

- The annual cost savings from co-location would free funds for greater opportunities for future improvements in facilities and programs.

- It would increase the flexibility of management to meet the needs of the deaf and visually impaired students because there would be greater freedom for adjustment to meet emergencies.

The major disadvantages would be:

- It would take from 4-5 years of operating budget savings to recapture the initial outlay of cost required by co-location.

- The move of the IBSSS to the campus in Council Bluffs would cause uncertainty because some experienced staff members including teachers might not move.

- The loss of the residential neighborhood in Vinton and the unique involvement of the people in that community with the school at Vinton and the longer distance of the campus at ISD from community could affect quality.

- Professionals in the field state that there could be regression requiring relearning because of the transfer to

another setting and the time taken by any new program to get fully underway.

- The loss of the experienced staff and the current relationships between staff and students could have a major effect on current students during the transition.

- The losses for employees who move because of the necessity to sell property and purchase new homes; the losses to employees who decline to move may also be significant; the uprooting of families from community and friends.

Director True explained the Business and Finance Unit looked at two aspects. They examined the savings possible as well as the fixed costs and nonrecurring costs. The annual savings of co-location are estimated to be about $911,000 per year in operational costs, assuming no change in budgets for instruction. Non-recurring costs amounting to $4.2 million would be incurred of which $3.2 million would be for facilities, $.5 million would be for moving costs, $.5 million would be for unemployment insurance and other miscellaneous costs.

Associate Director Runner stated the task force had worked with John Birge, AIA of Omaha. The group toured both facilities with the architect, the staff on campus, and the consultants. At the conclusion of each of those tours, they sat down and had a debriefing session to make sure they had as good an understanding as possible. It was the consensus of the task force that the facility at Vinton could not accommodate both programs while it appeared that the ISD campus could accommodate both programs. The architect began to develop a cost model to determine what types of remodeling would be required to accommodate the Braille programs. The remodeling costs were calculated to duplicate the quality and quantity of space the program had in Vinton. A new 20,000 square foot building would be constructed to house the gymnasium and swimming pool. Remodeling costs would be $1.5 million, and $1.1 million for new construction and exterior campus improvements.

Director Wright stated the consultants, the staff of the school and the administrators and the Board Office staff found that one of the most important concerns that should be addressed in any final decision about the schools was that key staff must be retained. There was also a concern expressed that citizens were intimately involved with the school and that would be lost in relocating IBSSS. It was determined as much notice as possible should be given to staff, and a great deal of inservice work would have to be done between the students and staff. Outplacement services were considered. Consideration was also given to the need to have a small work force remain to maintain the facility.

Director Barak stated the report concluded that combining of the two schools was feasible and that it had worked in other states, but there were advantages and disadvantages of such a move. He noted that Superintendent DeMott had not agreed with the task force's recommendations.

Director True stated the consolidatio task force consultants felt economies existed without combining the campuses and that they should be pursued. The Board Office staff worked with Dr. Barry Griffing and Dennis Curry to develop estimates of savings possible at each campus. The examination concluded that IBSSS could save $358,000 with the reduction of seven positions; and ISD could save $1 million per year with the reduction of 45 positions. Also significant possibilities existed for condensing the amount of space utilized currently at each campus and mothballing buildings for savings in utilities and maintenance and for alternative uses by others. These estimates were prepared with the notion of maintaining educational quality of the schools. Staffing ratios were supplied by Dr. Griffing. The task force suggested a process to go forward to examine what was realistic at both schools. The process would be in three phases:

> Phase I: A major review between now and the September-October board meetings to identify possible budget reductions that might be incorporated into the request for fiscal year 1988, including a plan for reducing the number of buildings and square footage of space utilized, a review of the vocational and student life programs at ISD and the review of outreach services to non-residential students.
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> Phase II: A long-term facilities plan should be developed to reduce the number of buildings actually utilized.
>
> Phase III: Immediate imposition of a series of recommended processes to eliminate unnecessary expenditures and to insure that current decisions are made with regard to the longer term reductions and reallocations that may be possible. (a hiring freeze on all budgeted positions and vacated positions to be filled only with written approval of the superintendent and the board president or the president's designee; any remodeling expense or equipment purchase over $500 approved in advance by the superintendent and the board president or designee, etc.)

Mr. Richey stated, after receiving the task force's reports, he reached the conclusions as laid out in the docket memorandum. One of the major problems which led to his recommendations was the requirement of upfront costs of $3.2 million. Another problem was the disadvantages which were very real and very important. Also alternative uses of the Vinton facility have not yet been identified which could have major economic impact on the Vinton Community. He said he felt the board should be presented with an alternative that would take into consideration what had happened in those institutions in the last 15 to 20 years with respect to population and programs. He noted it became apparent that there were substantial savings that could be made based on maintaining the two institutions as they currently are. The actual savings would be revealed during the proposed study. He indicated it was clear with the magnitude of possible savings that while those might not

be realized, there were important opportunities there that could result in real savings. Of course, the caveat throughout this would be that an acceptable level of high quality be maintained. He stated, therefore, the co-location of the two schools should not be proposed at this time. The $910,000 in annual projected savings from locating those two programs on a single campus is quite conservative and understated the real savings of co-location. However, for the purpose of decision making, the $910,000 was realistic. He indicated the process of budget and facility evaluations would go through with the involvement of the administration of the two schools, and a report would be presented to the board in the fall.

Superintendent DeMott stated we had been looking at the issue with respect to quantitative measures and that qualitative measures be kept in mind when the decision was made. Over the course of about eight years, the school attempted to develop services in response to identified needs of handicapped children and have attempted to preserve it as a school responding to educational needs of those children. In the narrow perspective, they focused on one population. In attempting to identify those needs, they have tried to look at it in the context of how those services might be more effectively and efficiently delivered. Our basic concept has been that every child can receive service as close to their home setting. As a result, there has been a very intentional effort to return those children as quickly as possible to the local environment which has us re-examine the education provided. As we have looked at it, we found it was important that you must make a difference. It is not sufficient to institutionalize a child, it must make a difference in that child. It means providing as high a quality education as possible. I think you are very well familiar with the variety of services provided by the school. When we talk about quality issues, I hope you recognize the way the school has progressed with your assistance. There are certainly expenses involved, and the population served has declined. He asked that these things be balanced with the quantitative measures and evaluated.

Superintendent DeMott indicated he had received the information regarding the study just this week and stated he would hope, before enacting the provisions of the memo, he would have some opportunity to look at it in some detail and respond before the provisions would be enacted by the board. He indicated the school wanted to work with the board in finding ways that economies may be made while delivering an excellent service.

Superintendent Giangreco stated he wanted to assure the board that the staff at ISD was willing to work with the board regardless of the decision. He indicated they were not intentionally spending money and that it all boiled down to the child and what happened to it. The children were receiving an excellent education at both sites, and they wanted to keep it that way.

Regent VanGilst stated he felt the task force and the Board Office did an excellent job in bringing the alternatives to the board. He indicated he could weigh the advantages and disadvantages and make up his mind based on what the task force did. The action recommended was very good in that it

would cause the schools to work to see where money could be saved. However, he said he had a problem with recommendation #4 and felt it left IBSSS hanging on a limb and would deter any real progress in saving funds.

MOTION: Mr. VanGilst moved to amend recommended action #4 to read as follows: Postpone further consideration of co-location of the two schools.

President McDonald introduced Morris Eckhart, Chairman of the Vinton Action Committee to Save Our School.

Mr. Eckhart stated the committee had reviewed the final report of the task force. He offered congratulations to Dr. Barak and the other members of the task force for conducting a thoughtful and objective study of the complex and troublesome issues involved in the proposal to merge IBSSS and ISD. He indicated the advantages identified by the task force were primarily financial in nature; and at least seven of the nine disadvantages directly concerned educational issues. He stated the disadvantages identified tremendously outweighed the advantages and noted that the committee disputed the contention that most of the consolidation disadvantages were temporary.

President McDonald stated he agreed with Regent VanGilst's remarks. He complimented Dr. Barak, the task force and the Board Office for the professionalism and excellence with which they conducted the study.

Regent VanGilst stated he had not talked with Dr. DeMott or Mr. Eckhart concerning his amendment to the recommended action.

Regent Anderson stated she felt this was justified and was disturbed at the way it had been handled in Vinton. The board studied the issue, and there was nothing that would indicate a prior decision had been made. She said she thought it was to bad that it had caused such distress in the Vinton community and at the school. She said she did not agree with the conclusion of that study which said that from a long term moving the school was highly desirable. She felt there was nothing in the material which lead her to see it as highly desirable. She indicated she believed the weight of the evidence really was against co-location at ISD; and, as a result of that assessment, she would go a step further than Regent VanGilst and request a total deletion of recommendation #4 which would lay this issue to rest so that the board could get on with the business of developing economies at these two campuses and better programs that would include its relationship with the DPI programs. She stated she visited the school in Arizona and visited with Dr. Griffing and that was a totally different situation. Dr. Griffing is the superintendent but is also director of sight and hearing impaired education in the entire state and reports directly to the Governor. Over half of the students at the school in Tucson are day students, and one could not really compare staffing patterns and other needs that campus with the needs in Iowa. The campus was built for the purpose of a co-located dual school. Dr. Griffing had told her that he could not say that this

would be in the best interest in Iowa. He felt that, if the board wanted to spend funds on co-location, the direction would be a new building in a central location. She indicated she was not opposed to combined the schools at a new facility; she was opposed to combining them at ISD. She stated she was sorry the whole thing had taken place in a political and emotional atmosphere and hoped it would be laid to rest so that the board and the special schools could get on with other matters.

Regent Harris stated he was totally opposed to the thought of combining the schools in Council Bluffs but indicated he must say the task force did do an excellent job. He said he felt the reaction of the community while it was a little rough was understandable, and he was sure that the board held no ill feelings toward that community. He said he was opposed to the change because of the concerns about what may happen to the quality of education at those schools. He said the board knew what it had now but did not know in terms of quality of education what a change would result in. He was also opposed from the point of view that the school and the community had become one, and he would not want to be a part of separating that unity which had grown to mean so much to so many both in and outside of the community of Vinton. He was also opposed because he liked the location of the school which was particularly good in terms of its proximity to the three universities. He thought the board should dispose of this matter today primarily to relieve the anxiety under which the citizens of Vinton, the students at the school, and the employees of the school have lived these past few months. He was in favor of voting today to end the study and concentrate on the other economies that could come about.

Regent Murphy stated it had been no secret that she had been opposed to the consolidation of the two schools. She stated she came to that feeling quite simply. She asked herself if it would improve the educational situation at the two schools, and she felt in no way would it improve the quality. In addition, the students would never be able duplicate the mobility afforded to them in Vinton. It then came down to economics, and she said she had always questioned the figures. She said she, too, would like to put it to rest.

Regent Duchen stated he wanted to thank the task force. The report was splendidly done. He stated he wanted to put it to rest fast. He indicated that, during this whole process over the period of the past few months, he was quite uncomfortable because this injured Iowa's reputation of caring for these students.

Regent Greig stated he didn't think the quality issue was something to argue about. He said he didn't think the payback would be as short a time as estimated. He felt it would be more like 8-10 years while maintaining the Vinton facility and during that period it may be determined the facility may not be needed at all. He said he wanted to drop the issue and go on to improve the schools where they now are.

MOTION: Mrs. Anderson moved that it was the conclusion of the board, based on a review of the

study, that the disadvantages of moving IBSSS to the ISD campus outweigh the advantages and therefore opposed such action.

Regent VanGilst withdrew previous motion and seconded the motion on the floor.

VOTE ON MOTION: Approved unanimously.

Mr. Richey stated the recommended process should get underway as soon as possible. He said the process recommended was designed to get information needed for preparation of the FY 1988 budget request, and one way to put this issue firmly to rest was to get these processes in place and identify possible savings.

Regent Anderson stated she assumed the recommendations would be done in conjunction with the two superintendents.

President McDonald stated that both superintendents would be involved.

Regent Anderson asked if the hiring freeze that was part of Phase III was a new procedure.

Mr. Richey said it was an interim measure until the plan comes to the board in the fall. He said, obviously, if there were differences of opinion, the board would always be the final arbiter.

Regent Anderson stated it would be a temporary measure for four or five months and not a precedent.

Mr. Richey indicated it was only temporary and stated that kind of management was particularly obnoxious to him.

MOTION: Mr. Tyler moved that the board approve the following recommended actions:
(1) Direct the staff of the Board Office and the Superintendents of ISD and IBSSS with the assistance of necessary specialists:
(a) to develop a proposed organizational structure and staffing plan with a view to reduce costs wherever possible in fiscal year 1988 while maintaining high quality educational programs; (b) to develop a plan for reducing the number of buildings and amount of space utilized and maintained to be submitted to the board with the proposed FY 1988 budget; (c) to review the vocational education and life skills programs at the School for the Deaf and

submit findings and recommendations with the budget request for FY 1988; (d) to review and bring up to date each employee job description before submittal of the FY 1988 budget request this fall; (e) to develop accounting procedures to more closely identify costs of outreach services to non-residential students for the FY 1988 budget request. (2) Direct the Board Office staff and the administrators of ISD and IBSSS to develop a long range facilities plan in conjunction with 1(b) above. (3) Adopt the recommended processes for immediate action to review expenditures in FY 1986 and FY 1987 to reduce unnecessary costs and control costs. (4) Authorize the executive secretary to bill ISD and IBSSS for reimbursement of the costs of the Task Force that cannot be funded from the Board's budget. (5) Receive the reports. Dr. Harris seconded the motion.

Regent Anderson asked what kind of costs were referred to in recommendation #4 of the motion.

Mr. Richey said about $8,000 at ISD, and there may be $1,500 to $2,000 additional still coming in. He said that the Board Office would reduce the amount to the extent it could.

Regent Anderson asked if the payment would cause a hardship in the budgets.

Mr. Richey stated they were toward the end of the year, and savings of fuel and in other budget categories had been realized. The school had not indicated reimbursement would be a problem.

VOTE ON MOTION: Approved unanimously.

TUITION POLICY. The board continued discussion of tuition policy.

The Board Office explained in March, the University of Iowa requested the Board of Regents to raise tuition and mandatory fees by assessing a mandatory student fee to be earmarked for student health services beginning with the fall semester, 1986. The mandatory fee was proposed to be $27.92 per semester and $13.96 for the summer session. That level of fee would be expected to generate $1.4 million in income during fiscal year 1987. That amount of income was proposed to release all state appropriations and tuition income presently used to support the university's student health service. The board deferred action on the University of Iowa's proposal until discussions could take place with Iowa State University and the University of

Northern Iowa to assess the needs of those institutions for increased tuition and mandatory fee income.

Iowa State University and the University of Northern Iowa, like SUI, have significant general fund support in their student health programs. State appropriations and tuition income support of student health services at Iowa State University and the University of Northern Iowa are presently budgeted at $767,000 and $432,000, respectively. Because of Iowa State University's voluntary student health fee, only 47 percent of its student health service budget is financed from tuition income, whereas approximately 85 percent is financed with tuition income at the University of Northern Iowa and the University of Iowa.

University budget difficulties at each campus involve much more than the continuing general fund support of student health services. The board has previously identified to the Governor and General Assembly these budget problems which require either additional state appropriations or increased student tuition and mandatory fee income support. Student enrollment has grown and not declined as had been projected, thereby diluting state appropriations for higher education. Simultaneously, state appropriations have been reduced, most recently through a 3.85 percent across-the-board budget cut. The university faculty and staff salary increase policies adopted by the state have been consistently underfunded. For fiscal year 1987 underfunding of the appropriations share of the state's salary policy is expected to be $3.2 million. The underfunding of tuition replacement appropriations in the current year and FY 1987 also has to be addressed.

These financial problems have affected each of the Regent universities. Partial relief through an increase in mandatory tuition and fees is now being analyzed by the Board Office and has been discussed with each university. However, the General Assembly has not yet appropriated funds for FY 1987 and there is substantial uncertainty on funding levels. Consideration of bond refunding alternatives may also affect estimates of funds needed to supplement the state's tuition replacement appropriation. It is, therefore, recommended that the board defer action on tuition and mandatory fees until the May meeting at which time a recommendation for each university will be made by the Board Office. It is expected that the recommended tuition/mandatory fees will range from an increase of $25 to $50 per semester.

The $56 mandatory fee requested by the University of Iowa represents a four percent increase in 1987 student tuition and mandatory fees and is expected to generate $1,437,000 in additional income. If the same fee were applied to students at the University of Northern Iowa and Iowa State University, approximately $602,000 and $1,470,000 in additional income would be generated respectively at those universities.

Since the March board meeting, Iowa State University has had discussions with the Board Office on changing the computer course fee previously approved by the board. The computer fee approved by the board ranges from $5 to $30 per

course and is based upon the degree of computer usage in the course. Iowa State University has been considering a $20 per semester mandatory fee earmarked for computer services in lieu of the present course fee. The income generated by that level of mandatory student fee would be approximately equal to that of the $5-$30 computer course fee. The university believes the mandatory fee would be far simpler to administer, but recognizes it would redistribute computer service charges to students differently. Students in the Engineering College would be exempt because of the $100 per semester Engineering College computer fee beginning this fall. The institution has not proposed a mandatory computer fee of $20 and indications are that it will defer further consideration of the issue until this fall when tuitions are reviewed for FY 1988.

At the University of Northern Iowa, a $20 per semester mandatory student fee earmarked for computer services has been approved by the board and will be implemented this fall. Even with this computer fee, total UNI tuitions and mandatory fees are below those at SUI and ISU. At the University of Iowa, such a fee for non-engineering students has been discussed with student leaders. A fee of $100 per term will be assessed engineering students at SUI, effective fall 1986, to support the Iowa Computer Aided Engineering Network.

President McDonald stated that there were students present from each of the universities who wished to address the board concerning the tuition issue.

President Parks introduced John Reiher, Vice President of the Government of the Student Body; Brian Kennedy, President-elect; and Amy Anderson, Vice President-elect.

Mr. Kennedy stated the student government was concerned about the timing of dealing with the tuition issue at this time and about the direction the board was going with tuition in the future. He stated that, if a tuition increase was being considered, it would be beneficial considering the differences in the state universities that the students be included in the process of deciding what types of areas those fees should go to at the local institution.

President Freedman introduced Circe Stumbo, Treasurer of the Collegiate Associations Council.

Ms. Stumbo stated she felt it was important that they clarify their position on the student health fee and thanked the administration for involving them in the process. She indicated that in no way did they support fees because fees were subject to much less scrutiny than tuition. If, however, this fee was implemented, she was glad the administration involved the student groups. She stressed how any fee or increase in tuition was detrimental to students in light of the federal financial aid reductions, and she hoped that the board would look at the students' ability to pay.

President Curris introduced Connie Hessburg, President of the UNI Student Body.

Ms. Hessburg stated that at UNI the students were facing a 10 percent increase due to the computer fee. She indicated that UNI was in no position

to offset any additional increases. She asked where it would all end. The state was not holding up with its moral responsibility for tuition replacement; and, because of increasing tuition and reductions in federal financial assistance, students will not be able to get a higher education. She asked that, if the board was going to levy an increase, then it should call it what it was--a tuition increase.

Vice President Ellis stated that it had been his intention to proceed with the approval of the student health fee. He felt it was best since the students were still on campus and would be gone by the time of the May board meeting. However, the student government leaders told him that it was their wish that the issue be postponed in light of what may happen in the legislature. He said the university still has the matter of spouses and dependent children being included in the student health services under consideration. He indicated that it did raise a number of issues. For example, there currently are no pediatric services available in the student health service.

Vice President Ellis introduced Mary Khowassah, Acting Director of Student Health, would provide the information Regent Harris had requested concerning the costs of emergency services at the hospital outside of the student health service hours.

Dr. Khowassah stated the student health services were not available to students in the evenings and on weekends. The University of Iowa Hospital and Mercy Hospital in Iowa City emergency room charges range from $25 to $120 depending on the type of illness. The charges of approximately 70 percent of the students who use the emergency room services were covered by health insurance. She indicated that most students do have health insurance or opt to buy into the university sponsored health insurance.

Regent Harris asked if the students' policies would cover a visit to the emergency room for a medical problem.

Dr. Khowassah stated they probably would not and such a visit including labwork could range up to $90.

Regent Harris stated he hoped that the University of Iowa would rethink the fee schedule and give some thought to providing 24-hour health care as is done at Iowa State University. He said that he also hoped the University of Northern Iowa would give a 24-hour health service consideration. He asked how many students at the university used the emergency rooms during a year.

Dr. Khowassah stated approximately 800 per year and approximately 70 percent were covered by insurance.

Vice President Ellis stated they would certainly consider providing 24-hour health care. He indicated that this was not a matter the students had raised as being a major problem and were talking about 260 visits per year that were not covered by insurance.

Regent Harris stated that at the same time there were students who do not get after-hours health care because of the cost.

MOTION: Mr. VanGilst moved that the board receive the report on the tuition and defer final action on mandatory tuitions and fees until the May meeting of the board. Mr. Duchen seconded the motion, and it passed unanimously.

President Curris stated he would like to comment on the tuition policy but waited until after the vote was taken. He indicated that the presentations from the students reflected a degree of fatalism. The comments were far more subdued than in past years. The question was raised where it would end. He said he did not see an end in sight. He said that it was of grave concern to look at tuition at any time other than in the fall. He said there was almost a hostile attitude toward education and especially higher education in the legislature and that the board should brace itself for an erosion of quality and significant increases in tuition. He indicated unless there was some change in attitudes, there would be pressure for major increases. He noted that the problems were not going to be resolved by the board and the institutions that the problems would have to be resolved by the legislature.

REPORT FROM THE BANKING COMMITTEE. President McDonald stated that the Banking Committee had met earlier in the day. He stated that the Banking Committee consisted of himself, Regent Duchen, Regent VanGilst, and Regent Tyler.

Director True stated that the committee had met on three different occasions to discuss changes in the Regent investment policies in light of the prudent person rule approved by the legislature last year. The investment policy developed by the committee is as follows:

MOTION: Mr. Tyler moved that the board approve the investment policy as presented. Dr. Harris seconded the motion, and it passed unanimously.

I[illegible]STMENT POLICY - STATE [illegible]OARD OF REGENTS

I. Authority

The treasurers of the institutions under the control of the State Board of Regents are authorized to manage all cash and investment portfolios for the use and benefit of the respective institutions and to perform all related activities as specified in Section 262.23 of the Code of Iowa. This authorization is subject to the limitations and provisions of 262.14 of the Code of Iowa, as amended by Senate File 27 during the First Session of the Seventy-first General Assembly, and subject to the provisions of this policy.

The treasurers may, with the approval of the Board of Regents, contract on behalf of the respective institutions for the services of an investment manager.

II. Investment Goals

The treasurers are directed to manage the investment portfolios for the use and benefit of the respective institutions in a manner that will:

A. Produce a favorable investment return while accepting only prudent risks.

B. Maintain an orderly cash flow and contingencies to cover the operating needs of the institutions.

C. Produce a yield described as acceptable by conservative investment managers when compared to the current marketplace.

D. Produce a prudent, diversified, and marketable investment portfolio which properly considers the consequences of all events which could reasonably be expected to occur.

E. Maintain security safekeeping controls and internal controls to prevent losses.

F. If consistent with the other investment goals, investments shall be made in a manner that will enhance the economy of this state and, in particular, will result in increased employment of the residents of this state.

III. Investment Policy

The institutions shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in their own affairs as provided in Section 633.123(1), Code of Iowa.

The institutions' operating funds and all other funds except endowment shall be managed with the intention of obtaining the highest possible current income within a typical business cycle, while adhering to the

Investment Policy set by the Board. These funds will be invested in a Cash Portfolio consisting of authorized investments defined in IV(A).

The endowment funds of the institutions shall be managed with the intention of obtaining the highest possible total return (current income plus net realized and unrealized appreciation), while adhering to the Investment Policy set by the Board. The endowment income should be sufficient to satisfy the needs of the various endowment funds. These funds shall be invested in an Endowment Portfolio consisting of authorized investments defined in IV(B).

Investments of construction funds, reserve funds, or other funds derived from the issuance of bonds shall be invested in conformance with this policy as well as any bond issue related agreements. If this policy and bond agreement restrictions are in conflict, the most restrictive requirements shall apply.

IV. Authorized Investments

The treasurers of the institutions are authorized to invest in the following instruments, subject to the limitations set forth hereafter.

A. Cash Portfolio

1. Direct obligations of the United States government;

2. Obligations of agencies of the United States government;

3. Commercial paper rated in the top two generic rating categories. Such investments are, by definition, limited to instruments with a life of no longer than 270 days.

4. Corporate bonds rated in the top two generic rating categories.

5. Certificates of deposit and savings accounts in federally insured financial institutions protected by pledged collateral having a market value of at least 110 percent of the investment. Federal insurance means agencies such as the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Association. Uncollateralized certificates of deposit and savings account balances are allowed if they do not exceed the federally insured deposit limit.

6. Eligible bank acceptances limited to 180 days and endorsed by the bank's acceptance stamp.

7. Repurchase agreements. Limited to banks having a combined capital and surplus of not less than $20 million. Overnight lending shall not exceed 20 percent of the cash portfolio without authorization of the Executive Secretary of the Board of Regents; repurchase agreements for up to 21 days shall not exceed 10 percent of the cash portfolio without authorization of the Executive Secretary of the Board of Regents. Repurchase agreements shall not exceed 21 days.

8. High quality money market funds with $500 million or more in assets.

9. Guaranteed Income Contracts with insurance companies rated at least A in Best's Reports.

B. Endowment Portfolio

1. All investments designated as qualified investments for the institutions cash portfolios as defined in Section IV(A) of this policy.

2. Investment grade securities of companies listed on the New York Stock Exchange, American Stock Exchange, or National Association of Security Dealers Automatic Quotation System. Investment grade bonds are defined as being rated at or better than Baa by Standard and Poor's Corporation or BBB by Moody's Corporation. Investment grade preferred stock is defined as being rated at or better than baa by Moody's Corporation.

3. Shares of investment companies, if underlying security of investment substantially meets this policy.

4. New issues of investment grade common stock registered with the Securities and Exchange Commission.

C. General Restrictions

1. Short sales, purchase of letter (restricted) common stocks, stock index and interest rate futures, purchases on margin, purchases of options or investments in commodities or transactions of a similar nature are not authorized investments.

2. The institutions may continue to hold in their endowment funds any gifts-in-kind where it is prudent to so so, without regard to the foregoing list of authorized investments. Cash gifts accompanied by donor instructions to purchase an unauthorized investment are allowed if notice of such investment is provided to the Executive Secretary and the Banking Committee.

3. There shall be no borrowing for investment purposes.

4. Investments shall not be made in companies or financial institutions making loans to, or doing business with or in, the Republic of South Africa, as defined in Senate File 110, acts of the Seventy-first General Assembly.

5. The following restrictions shall apply to the endowment portfolio and shall be measured by market value:

a. No more than five percent of the portfolio shall be invested in securities issued by one company.

b. No more than ten percent of any outstanding issue shall be held.

c. No more than five percent of the portfolio shall be invested in initial common stock offerings sold to the public within the prior 12 months.

d. No more than one percent of the portfolio shall be invested in any initial offering of common stock.

e. Common and preferred stocks and convertible bonds shall not normally comprise more than 70 percent of the total value of all endowment funds.

6. Exceptions to the restrictions noted in Section IV. C.5 may occur when stocks or bonds are donated to the endowment funds or as a result of significant price movements in the market or in a particular issue. The Executive Secretary and Banking Committee shall be informed immediately of any exception.

V. Reporting Requirements

The treasurers shall report to the Executive Secretary and the Banking Committee on all invested funds no more frequently than quarterly and no less frequently than annually to the Board.

The reports are to be in a format and are to contain such information as determined by the Banking Committee. The reports shall include a summary of the Endowment Portfolio investments and a summary of the Cash Portfolio investments. The report shall be prepared in a format developed by the Board Office and institutional treasurers and shall include:

1. A listing of all material transactions in the Endowment Portfolio since the last report.

2. A listing of all initial common stock offerings purchased since the last report.

3. A listing of securities in each portfolio including date of acquisition, purchase price, date of maturity, yield to maturity at the time of acquisition, present market value, and realized and unrealized gains and losses.

4. Appropriate comparisons with bond indexes, stock indexes, and the performance of other similar funds.

5. Other information as deemed necessary by the Banking Committee or the Board.

Any extraordinary losses or conditions which could reasonably be expected to lead to an extraordinary loss shall be reported to the Executive Secretary immediately.

More detailed investment policies and procedures adopted by individual institutions shall be submitted to the Banking Committee and the Executive Secretary. Institutional treasurers shall develop a list of investment grade common stock for consideration by the Banking Committee.

SETTLEMENT OF LAWSUIT. The Board Office recommended that the board accept the decision of the Iowa District Court of Black Hawk County and adopt the remedy recommended by the court in the matter of Tenney v. Board Of Regents, as presented below and that Dr. Tenney be awarded an additional sum of $1,000 for attorney fees:

> . . . to obtain a joint withdrawal or repurchase of all the funds in Dr. Tenney's annuity contract; that the amount that each of the parties would have contributed to IPERS, along with the accumulated earnings on those contributions had they been placed in an IPERS account for petitioner; and the balance of the funds be distributed to the parties in proportion to the amount of their contributions. In this manner each of the parties would be placed in the position they would have been had Dr. Tenney been enrolled in IPERS rather than TIAA and each of the parties would receive back the excess contributions and accumulated earnings.

Director Wright explained that, on January 9, 1986, a decision was issued on a petition for judicial review in the Iowa District Court for Black Hawk County. The decision was issued on the basis of the record before the Board of Regents and additional evidence presented to the Court as provided by the Code of Iowa, Section 17A.19(7) (1985). The court reversed the decision of the Regents and remanded the case to the Regents for further action in compliance with the court's decision.

MOTION: Dr. Harris moved that the board accept the decision of the Iowa District Court of Black Hawk County and adopt the remedy recommended by the court in the matter of Tenney v. Board of Regents and award Dr. Tenney an additional sum of $1,000 for attorney fees. Mr. Duchen seconded the motion, and it passed unanimously.

President Curris stated this issue arose at the March meeting; and, prior to the March meeting, Mr. Wright had contacted the institution about objections to the acceptance of the settlement. He indicated that the university had no objections to the settlement. Subsequently in April, this matter was resolved and included the settlement of $1,000 with the law firm which has been recommended by the Board Office. He stated there had been no contact with the university concerning that additional settlement. He stated that his wife does consulting work and has accepted an position with the firm involved in this case.

ELECTION OF BOARD OF REGENTS PRESIDENT. Mr. Richey stated that the Code of Iowa provides that the board shall elect from its members a present in each even-numbered year who shall serve for two years. President McDonald was elected one year ago to fill the vacancy created by the expiration of the term on the Board of Regent S. J. Brownlee.

Regent Harris stated he had been impressed with President McDonald's diligence and receptiveness during the past year and would like to see him continue.

MOTION: Dr. Harris nominated John McDonald as President of the Board of Regents. Mr. Tyler seconded the motion.

MOTION: Mr. VanGilst moved that the nominations cease and a unanimous ballot be cast for Mr. McDonald. Mr. Greig seconded the motion, and it passed unanimously.

President McDonald stated he appreciated the support of the board and would try to serve the board well.

INTERAGENCY COOPERATIVE AGREEMENT. The Board Office recommended approval of the Interagency Cooperative Agreement between the Iowa Department of Public Instruction and the Iowa Board of Regents.

The Board Office explained that in 1977 the Board of Regents and the Department of Public Instruction began discussions regarding a possible interagency cooperative agreement to insure compliance with the federal "Education for all Handicapped Children Act of 1975" and to insure that there would be a smooth flow of children between the institutions under the two boards. This agreement culminated in 1978 with a written agreement between the two agencies. This interagency agreement specified the common goal of providing an appropriate educational accommodation for all handicapped children and indicated that the boards of the participating agencies agree to the following:

1. To cooperatively monitor, on a continuing basis, the educational programs and administrative practices in schools for handicapped children operated by the State of Regents so as to insure compliance with all applicable state and federal laws and attendant rules, standards, and regulations governing the education of handicapped children in the state of Iowa.

2. To cooperatively arrange for an exchange of administrative and programmatic technical assistance, when needed and requested, by professional personnel affiliated with the parties to this agreement.

3. To accomplish the activities stipulated in Item #1 of this agreement by mutually arranging for on-site evaluation and monitoring visits by appropriate personnel from the Iowa Department of Public Instruction to each of the educational programs for handicapped children operated by the Iowa State Board of Regents. This arrangement would provide for a comprehensive evaluation of the educational programs every four years. A follow-up review of a less comprehensive scope would be conducted on an annual basis to monitor program performance and educational compliance.

This agreement was approved by the Board of Regents and the Iowa Department of Public Instruction with the understanding that it would be subject to a renewal every three years. The agreement is now due for renewal. Since the

agreement has benefitted both agencies, and particularly the handicapped students in Iowa through improved relations and procedures between the two agencies, it was recommended for approval.

MOTION: Dr. Harris moved the board approve the Interagency Cooperative Agreement between the Iowa Department of Public Instruction and the Iowa Board of Regents. Miss VanEkeren seconded the motion, and it passed unanimously.

Mr. Richey stated that an issue has come up relating to the distribution of lottery fund whereby there was a suggestion that some of the equipment requests for biotechnology at ISU, laser equipment at ISU, microelectronics equipment at SUI and the center for decision making at UNI be included in a resolution for academic revenue bonds. Mr. Richey recommended that the board amend the long-range capital plan to include funding for this equipment from academic revenue bonds. The amounts would be $1 million at UNI; $2 million at ISU; and $2 million at SUI. He indicated there was nothing that precluded the legislature from amending the long-range capital plan but that was a precedent that should not be started.

MOTION: Mr. Duchen moved that the board amend the long-range capital plan to allow for funding through academic revenue bonds for equipment in the amount of $2 million at SUI, $2 million at ISU, and $1 million at UNI. Mrs. Anderson seconded the motion, and it passed unanimously.

Regent Anderson stated she wanted to say something that every one in the could probably say. She said she had sat all day yesterday listening to reports of the University of Iowa health and graduate colleges, hearing people were absolutely excellent in what they do, sitting on a campus that is one of the finest in the country, across the river from one of the finest hospitals, recognizing in the report that there was very little duplication, in one of the finest educational systems in the country. She said she listened to Vice President Ellis eloquently and correctly defending the board from an attack. She said it was her experience that the could not have better stewards of the public money than it did in its institutions. She said Iowa had a governance system that was probably the most efficient in the country, three fine universities, and the potential, it seemed to her, because of this governance system and because of these universities and because we also have some very fine private colleges in the state, to zero in on education as being the image of the state of Iowa for the future and for this country.

She stated, instead, the board found itself continually having to buck attacks from the legislature or a lack of recognition of the importance of these institutions. She stated if the board was a corporate board governing a corporation that was the size of these institutions, that brought in the millions of dollars to the state that these institutions bring in, that brought the fine minds and the fine people in to this state that these institutions bring in, the board would have the whole state at its feet.

The board would have everybody responding to it and saying, "What do you need to expand and to do better? You are a great contributor to the state." She stated she felt the board and the institutions must find a way to identify education as the new image of the state of Iowa, recognizing that the human resources of our educational system in these educational institutions are probably the greatest resource that Iowa has and that we must get the rest of the country to recognize that and to help us, and to build on that to help us improve the quality. She indicated it was essential that the institutions do this together. She felt the board and the institutions had the potential to change the image of the state and get it identified as a center of excellence in education. She said she felt that should be the mission of the board and of the heads of the universities.

President McDonald thanked Regent Anderson for her remarks and stated they had touched the spirit and feelings of the entire board.

NEXT MEETINGS

**	May 21-22	Iowa State University	Ames
**	June 18-19	University of Northern Iowa	Cedar Falls
**	July 16-17	University of Iowa	Iowa City
	August	No meeting	
**	September 17-18	Iowa State University	Ames
**	October 15-16		Des Moines
	November 19-20	Iowa School for the Deaf	Council Bluffs
	December 17-18	University of Iowa	Iowa City
	January 21-22, 1987		Des Moines
	February 18-19	University of Northern Iowa	Cedar Falls
	March 11-12	Iowa State University	Ames
	April 22-23	University of Iowa	Iowa City

(** Long Range Planning Seminars scheduled for one-half day of the first day of the board meeting)

Regent VanGilst stated he felt it would be appropriate if the board met for a half-day for one of the meetings at the Iowa Braille and Sight Saving School. He felt it would boost the morale of the employees if the board was on the campus at some time.

President McDonald stated he would look into that possibility.

President McDonald then asked the board members and institutional executives if there were additional matters to be raised for discussion pertaining to general or miscellaneous matters.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Thursday, April 24, 1986.

REGISTER OF PERSONNEL CHANGES. The register for the month of March 1986 was approved as a part of the consent docket.

APPOINTMENTS. The following appointments were approved as a part of the consent docket.

> Nancy C. Noth as Director of Placement Services, at a fiscal-year salary of $45,000, effective May 19, 1986.
>
> John H. Smith as Head of the Department of Accounting, College of Business Administration, effective May 19, 1986, at an academic year salary of $54,000.

PHASED RETIREMENT REQUESTS. The following phased retirement requests were approved as part of the consent docket.

> Professor Clifford E. Howe, Special Education and Professor Earl D. Eyman, Electrical and Computer Engineering, effective August 25, 1986.

Each professor plans to reduce his appointment to half-time for the entire phasing period by carrying out full responsibilities for only one semester each year. Released funds totaling $39,908 for the first year will be used by their departments for instructional and related purposes. The university reported that each professor meets the age and service requirements for eligibility for phased retirement.

REPORT ON OPERATION OF THE PHASED RETIREMENT POLICY FOR 1985-86. The report was accepted as a part of the consent docket.

The university reported ten faculty, five professional and scientific, and eleven merit system staff members participated in the phased retirement program during the year. The cost of incentives paid under the policy during 1985-86 was $135,468. Released funds in the amount of $270,774 were used as needed to replace the responsibilities of the faculty and staff members. The university reported that 39 individuals have participated in the phased retirement plan since it began in 1982-83. Responses to the program by participants and their departments continue to be positive.

The Board Office suggested that, in order to facilitate planning by employees and their departments, a review of the program and action necessary to continue the policy beyond June 30, 1987, be scheduled for consideration by the board at its meeting in November.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for March 3 through April 11, 1986, and that the university be directed to present to the board for approval an expenditure plan for any funds in the Power Plant Replacement Project that might be available for other utility system improvement.

Highlights of the register are as follows:

PERMISSION TO PROCEED WITH PROJECT PLANNING:

Recreation Building--Roof Repair

The university requested permission to initiate a project that would repair the roof structure on the Recreation Building. The university reported last October on the deteriorating condition of the roof; and, during the past few months, the university has been considering various alternatives for repairing or replacing the roof's structure.

Consulting engineers reported to the university in November that the condition of the roof was such that the facility should be closed. The university evacuated the entire structure and authorized the project engineers to undertake immediate temporary shoring of the roof to prevent collapse. The temporary shoring has now been installed, and the lower level of the building has been reoccupied.

Several courses of action were developed, including permanent shoring, repair of the existing roof structure, and complete replacement of the roof. The costs range from $1,010,000 for repair, to $3,275,000 for complete replacement of the roof structure and sidewalls. Working with Hodne Architects, campus planning consultant, and the consulting engineers, the university has elected to proceed with planning of the repair option. The university would like to undertake further planning on the project in order to develop more certainty in the appropriateness of this approach. The university noted the cost advantage of the repair option over other considered approaches.

The university requested permission to select an architect or engineer to develop the necessary plans for the repair of the existing roof. The university also requested that the executive secretary be authorized to approve the agreement with the consultant. The university indicated it would return to the board when the feasibility of proceeding with the repair option was established and present a preliminary budget and project description for the repair solution.

Regent Tyler stated the university had assured the board it would be notified as to who was liable on the Recreation Building.

Vice President Ellis indicated that the roof had to be regardless of who was liable and that the Attorney General's office had not yet concluded its investigation.

Main Power Plant Replacement Program--Phase I-Electrical Substation L

The university requested permission to initiate a project that would construct a new 15 KV electrical substation on South Capitol Street and connect it to an existing substation on Burlington Street. The substation and underground duct bank would be located on property recently acquired by the university for this purpose. The first phase would provide power for the Main Power Plant Boiler Replacement Project, and electrical service to the east campus. The university indicated that subsequent phases would be required to meet future projected growth in electrical demand.

The project was estimated to cost approximately $5 million with approximately $3 million devoted to the initial construction phase.

The planned source of funds for the project would be from funds that potentially would not be needed in the Main Power Plant Boiler Replacement Program--Phase I. The surplus funds would be available as a result of favorable bids that have been received and are expected on future contracts. The Board Office recommended that if contracts awarded on the Power Plant Boiler Replacement Program result in an available surplus, the university should bring to the board an overall plan for use of those surplus funds before any expenditures are committed. Such a plan should consider redemption of outstanding variable rate demand bonds as an alternative.

The university also requested board approval of an engineering agreement amendment for design services of the electrical substation.

PROJECT DESCRIPTIONS AND BUDGETS:

Oakdale Hall-HVAC Revisions-Third Floor North and West Wing
Source of Funds: Balances From Tenant Rental Operations Budget $350,900

This project involved installation of central air conditioning on two wings of Oakdale Hall third floor and included necessary improvements to the building's electrical system to handle the new air conditioning system.

The university planned to use Durrant Group, Inc., Dubuque, Iowa, for design services on the project.

University Hospital--CSS Air Supply and Exhaust Upgrade
Source of Funds: University Hospital Building Usage Funds Budget $450,325

According to the university, this project would "upgrade the current ethylene oxide sterilization and aereation facilities within the Central Sterilizing Division of Material Services to meet new ethylene oxide standards," recently adopted by the Occupational Safety and Health Administration (OSHA). The project included reconfiguration of the walls, replacement of the ventilation

and exhaust system, and installation of new sterilization equipment. In December 1985, the board approved the selection of Hansen Lind Meyer, P.C., Iowa City, Iowa, as project architect.

Kinnick Stadium--Replace Seats
Source of Funds: Men's Intercollegiate Athletics Department Revenues — Budget $576,000

This project involved the replacement of the existing fiberglass seat planks in Kinnick Stadium with new aluminum seats. The new seats would be a similar bench or plank design as the existing seats. The university's Architectural Engineering office would serve as project designer. Removal of the existing seats, estimated at $24,000, would be accomplished by university personnel. The remainder of the project would be contracted through the public bidding process.

Quadrangle Residence Hall--Pharmacy Offices
Source of Funds: General University Building Repairs and Income From Treasurer's Temporary Investment — Budget $548,850

This project would remodel approximately 8,000 square feet of space in the Quadrangle Residence Hall to provide faculty and graduate offices, conference and seminar rooms for the College of Pharmacy. The project included removal and construction of interior walls, installation of new doors, windows, ceilings, and upgrade of the heating, ventilating, air conditioning, and electrical systems. The project would relieve the serious overcrowding in the College of Pharmacy Buildings. The space would be leased from the residence hall system at a reasonable rate. The rental cost has not yet been established.

The university requested approval of Brooks, Borg, and Skiles, architects, as project architects that the executive secretary be authorized to sign the agreement for professional services on behalf of the board. The agreement provided for a fixed fee of $44,210 for basic services.

University Hospital School--Third Floor Inpatient Remodeling-Phase II
Source of Funds: University Hospital School Building Usage Funds — Budget $284,000

This project would remodel four outdated patient rooms on the third floor of the University Hospitals School into two patient suites. Each suite would contain two patient rooms with shared bath and toilet facilities, specially constructed to meet handicapped requirements of children.

CONSULTANT AGREEMENTS:

Main Power Plant Boiler Replacement Program--Phase 1
Stanley Consultants Inc., Muscatine, Iowa — Increase $363,000

The university requested approval of an amendment for additional engineering services on the Main Power Plant Replacement Program. The additional

services covered by the amendment involved the engineering design work associated with the Electrical Substation L project.

In September 1984, the board approved a $984,000 amendment to the engineering agreement for construction management on the Power Plant Replacement Project. The amendment proposed in this capital register would increase the agreement amount to $3,847,000. Engineering services on the project represent 9.7 percent of the $29.5 million project cost.

The funding source for this project and payment of this consultant agreement amendment is potential surplus funds in the Main Power Plant Boiler Replacement Project.

University Hospitals--Dietary Kitchen Renovation-Phase II
Hansen Lind Meyer, Iowa City, Iowa — Increase $10,747.20

The university requested approval of Amendment #3 for additional architectural services on this project which would cover the design work associated with bid alternates developed as part of the construction bid documents.

The original agreement with Hansen Lind Meyer, approved in March, 1985, was for $63,830. With approval of this amendment, the agreement would be for $88,257.20. Project budget is $982,000.

University Hospitals--Diagnostic Radiology Completion Phase
Hansen Lind Meyer, Iowa City, Iowa — Increase $78,801

The university requested approval of Amendment #1 for additional architectural services on this project. The additional services were related to bid alternates for the general construction, wall systems, flooring, carpeting, and lightning protection. In September 1985, the board approved a design agreement with Hansen Lind Meyer with a fee of $477,227. The project, which would create a centralized diagnostic radiology center on the third floor of the Colloton Pavilion, had a budget of $8,998,000.

CONSTRUCTION CONTRACTS REFERRED TO THE BOARD FOR ACTION:

College of Law Building--Equipment (Library Automation Software)
Award to: Northwestern University, Evanston, Illinois — $147,750
(3 bids received)

The university requested award of this contract. Provisions of academic revenue bonding statute in Section 262A of the Code of Iowa require that equipment purchases over $25,000 funded with proceeds from academic revenue bonds be awarded by the Board of Regents.

The following contracts were awarded by the executive secretary on behalf of the board:

Main Power Plant Boiler Replacement Program--Phase I-Contract #1-Coal Handling Work and Electrical Annex
Award to: M. A. Mortenson Company, Minneapolis, Minnesota
TOTAL AWARD OF: (4 bids received) $4,527,775

This contract is one of 17 individual contracts on the Power Plant Replacement Project. Eight contracts have been awarded by the board on the project.

Hawkeye Drive Apartments Domestic Water Piping Replacement--Phase II
Award to: AAA Mechanical Contractors, Inc., Iowa City, Iowa
TOTAL AWARD OF: (4 bids received) $249,997

This project involved the removal and replacement of the water piping system in the Hawkeye Drive Apartments.

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS

The university reported acceptance of one construction contract. The inspection found that the contractor complied with the plans and specifications, the university recommended that the work be accepted as complete. The project is the Phase B of the John W. Colloton Pavilion at the University Hospitals. The contractor was Mid-America Construction Company of Iowa.

Semi-Annual Report on Project Status

This month, the University of Iowa presented a status report on all ongoing capital projects with budgets over $250,000. The status report was attached to this month's capital register. The university indicated that 22 capital projects with a combined budget of $142,865,010 were underway.

Vice President presented a supplemental item to the register. He indicated board approval was necessary so that a certificate of need process could be initiated by the hospital. The project is as follows:

University Hospitals - Shipping and Receiving Facility and Material Distribution System

The university requested permission to proceed with project planning and approval of the selection of Hansen Lind Meyer, P.C. as project architect and permission to negotiate a contract for architectural services. The project would relocate and expand the General Purpose Receiving Facility on a site immediately east of the Medical Research wing on the east side of the University Hospital.

The entire register is on file in the Board Office.

MOTION: Mrs. Anderson moved that the board approve the Register of Capital Improvement Business Transactions. Miss VanEkeren seconded the motion, and it was approved unanimously.

LEASE. The Board Office recommended approval of the lease with Global Connections, for the corporation's use of approximately 152 square feet of office space (Room No. 204) in the Technology Innovation Center on the Oakdale Campus for a term of one year, beginning May 1, 1986, at an annual rent of $912.

Vice President Ellis stated that Global Connections was the 13th tenant in the Technology Innovation Center.

MOTION: Mrs. Murphy moved that the board approve the lease with Global Connections, for the corporation's use of approximately 152 square feet of office (Room No. 204) in the Technology Innovation Center on the Oakdale Campus for a term of one year, beginning May 1, 1986, at an annual rent of $912. Mr. Greig seconded the motion, and upon the roll being called the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.

PROPERTY PURCHASE. The Board Office recommended the board authorize the acquisition of property at 324 South Madison Street, Iowa City, Iowa, from the University of Iowa Facilities Corporation, effective June 30, 1992, subject to Executive Council approval and authorize the university of enter into a lease/purchase agreement with the University of Iowa Facilities Corporation for financing the acquisition of the property over a five-year period with an initial purchase price of $515,000.

The university requested permission to acquire property adjacent to the campus. In November, the university informed the board of the intention to acquire the property at 314 South Madison Street. The property is located on the east side of Madison Street, between Burlington and Court, and measures 215' x 115', for a total of 33,250 square feet. The lot contains a 15,721 square foot commercial building. The building consists of office and storage space and was constructed in four phases from 1949 through 1965. The property is within the university's land acquisition plan.

The university indicated that the facility would provide additional laboratory space for the Engineering College. However, in November the university indicated to the board that acquisition of the property would provide needed warehouse space and enable the university to terminate other existing leases. The Board Office noted, while the building in its current

configuration was in a good state of repair, the facility would need significant renovation before it could be used for engineering laboratories.

The university initially expressed interest in acquisition of the property in 1982. Two appraisals were obtained at that time on the property. The two 1982 appraisals placed the valued of the property at $512,000 and $540,000. New appraisals were obtained in October, 1985. These more recent appraisals indicated the value of the property is $525,000 and $540,000. The university and the Facilities Corporation established a purchase price of $515,000, which is within the Regents' guidelines for the purchase of property.

The present owners of the property, the Breese family, have told the university that they are interested in selling the property only through a non-taxable exchange arrangement. Because of the university's long desire to obtain the property and its close proximity to the remainder of the campus, the university proposed the following financial arrangements:

The University of Iowa Facilities Corporation has entered into an agreement to acquire a second parcel of land in the Braverman Center addition to Iowa City, and will finance the construction of a replacement facility on that land. The Facilities Corporation's total investment for the purchase and improvements on the Braverman Center property is to be $515,000. The Braverman property would then be acquired by the Breese family from the Facilities Corporation in exchange for the Madison Street property. The agreement between the Breese family and the Facilities Corporation is subject to board approval of a lease/purchase agreement between the Facilities Corporation and the university by April 30, 1986.

The transfer of titles and possession would occur on June 30, 1987, for both properties. The university then would lease the Madison Street property from the University of Iowa Facilities Corporation for a period of five years on a lease purchase arrangement. The lease terms would have the university fully reimbursing the Facilities Corporation for the $515,000 cost plus finance charges, at an estimated 7.4 percent interest rate. The principal and interest payments are calculated using a 10-year amortization schedule, with $70,000 payable annually for five years, and a $300,000 balloon payment in 1992. The university indicates that treasurer's temporary investment would be used to pay the annual debt service or mortgage payments and would be the probable source of funds for the final balloon payment. The Facilities Corporation financing would be through a mortgage on the property.

The Breeses' would be responsible for handling the necessary planning and contracting for the construction of the new building on the Braverman Center replacement property.

The university estimates the annual operating cost for utilities and maintenance of the 15,700 square foot building to be $75,000-80,000. Any remodeling that will be undertaken in the building to create engineering laboratories will be funded from income from treasurer's temporary investment. The university has not developed an estimate of the required remodeling, but the cost could be substantial.

Vice President stated when the possibility of the purchase of the property was brought to the board last fall, the university had planned to use the building for additional storage for the physical plant. Subsequent to that, they toured the building and found the nature of the building was such that it would be appropriate for additional space for engineering research. He indicated that the university had a request for planning money for an engineering addition in its capital request. He stated they realized that such money would probably not be coming, and this project would relieve the conditions existing in the College of Engineering building.

MOTION: Mr. VanGilst moved that the board authorize the acquisition of property at 324 South Madison Street, Iowa City, Iowa, from the University of Iowa Facilities Corporation, effective June 30, 1992, subject to Executive Council approval and authorize the university of enter into a lease/purchase agreement with the University of Iowa Facilities Corporation for financing the acquisition of the property over a five-year period with an initial purchase price of $515,000. Mrs. Anderson seconded the motion, and upon the roll being called, the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.

STUDENT HEALTH SERVICE FEE. The board deferred consideration of this item until the May meeting in conjunction with the tuition policy.

President McDonald stated that Mr. Richey would provide an update of the recent legislative activity.

Mr. Richey stated the House had adopted the refunding provision. Representatives Hammond and Lloyd-Jones had sponsored an amendment to provide residents of three sister states in China be treated as residents for tuition purposes. He indicated this was not a good precedent and there would be an attempt to get it removed in the Senate. He stated the House was still debating the appropriations bill.

Vice President Ellis asked if anything had been heard about a bonding resolution. He stated that he recalled what had happened last year and hoped that, if such a resolution were passed, they would have the assistance of the board to persuade the Governor to sign the resolution.

Mr. Richey stated that the board had said it would accept bonding if the tuition replacement were provided, but the refunding provision now would take care of tuition replacement.

MOTION: Mrs. Anderson moved that the board support a bonding resolution for capital improvement requests and urge the legislature to pass such a resolution and urge the Governor to sign it. Mrs. Murphy seconded the motion.

Regent Greig stated he could not support issuing bonds if the legislature did not approve the refunding provisions.

VOTE ON MOTION: Approved unanimously.

President McDonald then asked board members and institutional executives if there was additional matters to be raised for discussion pertaining to the State University of Iowa. There were none.

IOWA STATE UNIVERSITY

The following pertaining to Iowa State University was transacted on April 24, 1986.

REGISTER OF PERSONNEL CHANGES. The register for March 1986 was approved as a part of the consent docket.

PROMOTION AND TENURE REQUESTS. The promotion and tenure requests were approved as a part of the consent docket. The university will submit an annual report on the operation of the tenure policy that will be analyzed by the Board Office and presented at a future meeting of the board.

PHASED RETIREMENT REQUESTS. The following phased retirement requests were approved as a part of the consent docket:

Eleanor J. McKee, Cataloger and Associate Professor, Library
Richard L. Lundvall, Professor, Veterinary Clinical Sciences
Irvin C. Christiansen, Assistant Business Manager Athletics
Richard C. Vaughn, Professor, Industrial Engineering
George W. Thomson, Professor, Forestry Department

Ms. McKee plans to reduce to 80 percent time through June 30, 1990, and to 50 percent, July 1, 1990, through June 30, 1991. Dr. Lundvall proposed to reduce to 80 percent time through June 30, 1988; to 60 percent from July 1, 1988, through June 30, 1990; and to 50 percent July 1, 1990, through June 30, 1991.

Mr. Christiansen plans to reduce to 50 percent from July 1, 1986, through June 30, 1991. Professor Vaughn previously had been approved to reduce his appointment from 80 percent to 50 percent effective August 1986 through May 1987. He requested that this be changed to continue at 80 percent through May 1988. Dr. Thomson will reduce to a 75 percent time appointment effective July 1, 1986, through June 30, 1988.

The university reported that $31,174 would be available during the first year as a result of the above phased retirements and would be used for other instructional and related purposes. Each of the participants met the age and service requirements established by the board for eligibility for phased retirement.

POST-AUDIT REPORTS. The post-audit reports on the Bachelor of Fine Arts Degree and the Bachelor of Science Degree in Surveying were referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation as a part of the consent docket.

APPOINTMENTS. The following appointments were approved as a part of the consent docket:

James Thomas Emmerson as chair of the Department of Journalism and Mass Communication, effective July 1, 1986, through June 30, 1991, at a salary of $46,500.

Dean L. Isaacson as head of the Department of Statistics and director of the Statistical Laboratory, effective July 1, 1986 at the budgeted salary.

Jerald Ray DeWitt as Assistant Dean, University Extension, Associate Director, Cooperative Extension Service, and Professor of Entomology, effective immediately at a salary of $55,000.

George O. Strawn as director of the Iowa State University Computation Center, effective July 1, 1986 at a salary of $68,000.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period March 14 through April 24, 1986.

Highlights of the register are as follows:

PERMISSION TO PROCEED WITH PROJECT PLANNING:

Athletic Practice Facility
Source of Funds: Intercollegiate Athletic Budgets

The university requested permission to initiate a project that would provide a demountable air-inflated structure over the existing Jack Trice field. This approach was under consideration because of the recent defeat by student referendum of a combined $11 million recreation and athletic facility. The student body indicated through the referendum that it was unwilling to finance through increased student fees the construction of the recreation portion of the facility. The air-inflated structure now proposed would provide the Athletic Department with space for practice of athletic teams.

The estimated project cost is approximately $2 million. The project would be funded from Intercollegiate Athletic Department funds.

The university requested approval of an agreement with Bussard-Dikis Associates, Ltd., of Des Moines, Iowa, to provide architectural engineering services for this project. Compensation would be on an hourly basis, with the maximum fee not to exceed $80,000.

Beyer Hall Addition

The university requested permission to initiate a project that would provide additional recreation space by constructing an addition to Beyer Hall. A recreation facility planning fee, which is currently in place, could fund a modest facility of approximately $3 million. The addition would avoid duplication by utilizing existing support facilities in Beyer Hall, such as locker rooms.

The university indicated a small amount of space in the addition may be designated for exclusive use by the Athletic Department. The planning and construction of any dedicated space would be funded by the Athletic Department.

The university requested approval of an agreement with Bussard-Dikis Associates, Ltd., of Des Moines, Iowa, to provide architectural engineering services on the project. Compensation would be on an hourly basis with a maximum fee not to exceed $53,000.

Source of funds for the planning portion of the project involved special student activity fees and intercollegiate athletic funds.

PROJECT DESCRIPTIONS AND BUDGETS:

Utilities--Replace Steam Generator No. 1 and 2

Source of Funds:	Utility System Revenue Bonds, Series ISU 1985	Budget $26,500,000

The amended budget reflected the award of the contract for the chimney construction and related facilities to Commonwealth Dynamics, Incorporated, for $567,050.

Printing and Publications Building-Roof Replacement

Source of Funds:	Printing Department	$300,000	
	Overhead Reimbursement for Use of Facilities	$ 60,000	
	Extension Publications	$ 50,000	
	69th General Assembly Academic Revenue Bonds Energy Conservation Program--Phase I)	$ 30,000	
			$440,000

The amended project budget reflected the award of the contract for extension of the Chilled Water System to ACI Mechanical Corporation, for $37,150.

Agronomy Addition and Remodeling

Source of Funds:	70th General Assembly Academic Revenue Bonds	$25,825,000	
	Alumni Achievement Foundation	$650,000	
	Income from Treasurer's Temporary Investments	$90,000	
			$26,565,000

This budget was been revised to reflect the consultant amendment for Bussard-

Dikis Associates that was approved by the board in March. The amendment to the consultant agreement was for services involved in developing the Biotechnology Laboratories in the basement of the Agronomy addition. The revised budget also reflected a reduction of $225,000 for funds that were transferred to the Utilities--Campus Distribution Switchgear Project for construction of the electrical switchgear to support the Agronomy addition. The funding of this electrical distribution equipment is consistent with previous project planning and bonding authorization.

Gilman Hall Renovations--Phase 2

Source of Funds:	Income from Treasurer's Temporary Investments	$506,000

This revised budget reflected an approved consultant amendment with Wehner, Pattschull & Pfiffner of Iowa City, Iowa. In March, the board approved the consultant agreement amendment for additional services involved with renovating the southeast wing of Gilman Hall. The revised budget reflected the increase in design services.

Two new projects over $250,000 were presented for board approval:

Central Campus--Parking Lot No. 2 Extension

Source of Funds:	ISU Achievement Foundation	$100,000	
	Parking Systems Reserves	$150,000	
			$250,000

This project involved construction of a lighted parking lot near Beyer Hall to replace existing parking lots that would be lost through construction of new buildings. The lot would contain approximately 250 parking spaces. The university would negotiate a design agreement and return to the board for approval of the negotiated agreement.

The need for the new parking lot was prompted in part by the proposed construction of the new Computation Center Building. Therefore, a portion of the construction cost would be financed though fund raising efforts of the ISU Achievement Foundation.

Willow Hall--Pipe Replacement
Source of Funds: Dormitory System Surplus $280,000

This project involved replacement of a major portion of the heating, cooling, and piping system in Willow Residence Hall. The university indicated that design services would be provided by university personnel, and construction work would be contracted.

CONSULTANT AGREEMENTS:

Friley Hall Renovation--Phase 5
Story Construction Company, Ames, Iowa $87,000
(Construction Management Services)

This project is a continuation of the multi-phased remodeling program throughout Friley Hall. This phase would renovate 65 student rooms and associated living spaces. In February, the board approved the project description and budget. At that time, the university indicated that Story Construction Company of Ames, Iowa, would be used as construction manager. This month, the university presents for board approval an agreement with Story Construction Company. Compensation would be on an hourly basis with a maximum fee of $87,000.

Brooks Borg and Skiles, Architects-Engineers, of Des Moines, Iowa, are providing design services on the project. Source of funds for the construction project are dormitory system surpluses.

MacKay Hall--Fire Damage Repair and Equipment Replacement
Architects: Rudi/Lee/Dreyer & Associates, Ames, Iowa $7,250

This project involved renovation of two laboratories in MacKay Hall that were badly damaged by a fire in the building. The project, with a budget of $232,900, includes purchase of replacement laboratory equipment and casework.

Initially, the university intended to accomplish the design and portions of the construction work with university personnel. The board approved the use of physical plant staff for a portion of the construction work. However, due to the current workload, the university has entered into a design service agreement with Rudi/Lee/Dreyer and Associates, architects, and all construction work would be contracted.

Source of funds for the repair project are emergency funds allocated by the Executive Council under Section 29C-20 of the Code of Iowa. Executive Council approval of these funds was granted on January 20, 1986.

CONSTRUCTION CONTRACTS:

Agronomy Addition
Award to: Tri-State Carpets Unlimited
West Salem, Wisconsin (9 bids received) $35,560

This project involved the purchase and installation of carpeting in the Agronomy Building addition. Source of funds for the project is 70th General Assembly Academic Revenue Bonds.

Friley Hall--Partial Kitchen Renovation
Award to: Rotert Construction Company
Halbur, Iowa (6 bids received) $104,900

This project involved renovating the food refrigeration and storage areas in the Friley Hall Kitchen.

Printing and Publications Building--Roof Replacement

General Construction:
Badding Construction Company, Carroll, Iowa
Base Bid of $334,870 (5 bids received)

Chilled Water Extension:
ACI Mechanical Corporation, Ames, Iowa
Base Bid of $37,150 (5 bids received)

The project involved replacement of the roof and heating, ventilating, and air conditioning system for the Printing and Publications Building. Other contracts have been previously awarded for other work on this project.

Utilities--Replace Steam Generator No. 1 and 2-Chimney
Award to: Commonwealth Dynamics, Inc.
Norwood, Massachusetts (5 bids received) $569,900

This contract is part of the power plant replacement project which replaces two outdated boilers with new fluidized bed boilers.

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS:

The university reported completion of one construction contract during the reporting period. Inspection of the work found that the contractor complied with plans and specifications. The university recommended that the work be accepted as complete.

Semi-Annual Report on Project Status

This month, Iowa State University presented a status report on all ongoing capital projects with budgets over $250,000. The status report on the capital projects at Iowa State University was attached to this month's capital register in accordance with board procedures. The university

indicated that 29 capital projects with a combined budget of $117,790,030 were active.

Vice President Madden presented a supplemental item to the register. He indicated that bids had just been received on the project, and board approval was necessary to move ahead with the project.

Hamilton Hall--Partial Remodeling
Award to: Peterson Construction Company
Webster City, Iowa $397,800

The original budget of $373,500 was approved in October 1985. The budget was increased to $510,000 to accommodate the contract award to Peterson. The higher and increase in the budget were necessary to cover additional cost of changes to handicapped ramp and addition of an enclosed exit stairway.

The entire register is on file in the Board Office.

MOTION: Mr. VanGilst moved that the board approve the Register of Capital Improvement Business Transactions as presented. Mr. Greig seconded the motion, and it passed unanimously.

LEASE AMENDMENT. The Board Office recommended approval of an amendment to its lease with Dayton Road Development Company for the purpose of permitting the Small Business Development Center to change the date of occupancy of 944 square feet of space from June 1, 1986, to May 1, 1986, at the rental rate provided in the lease.

The Board Office explained the board approved a lease with Dayton Road Development Company for the operation of the Small Business Development Center (SBDC). The SBDC is administered by the university's College of Business Administration and is sponsored jointly by the U. S. Small Business Administration and the State of Iowa. The lease provided that the SBDC would occupy 1,036 square feet of space, commencing January 1, 1986, and would occupy an addition 944 square feet of space, beginning June 1, 1986. The 944 square feet of space is available a month earlier than was anticipated in December, and the university would like to occupy the space beginning May 1.

MOTION: Mr. Duchen moved that the board approve the lease amendment with Dayton Road Development Company for the purpose of permitting the Small Business Development Center to change the date of occupancy of 944 square feet of space from June 1, 1986, to May 1, 1986, at the rental rate provided in the lease. Miss VanEkeren seconded the motion, and upon the

roll being called, the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.

SPECIAL STUDENT FEES -- 1986-87. The Board Office recommended the board grant preliminary approval to the university's proposed schedule of student activity fees for 1987.

The Board Office explained that each year, the Regent universities, with the active participation of the student governments, propose the distribution of student activity fees for a variety of activities and purposes. Student activity fee income is part of the Regent-approved annual tuition and fees. Once approved, however, the activity fees are removed from the general fund. Typically, the proposed allocation of student activity fees is acted upon when university preliminary budgets are approved each May or June.

This year, ISU and student government leaders are breaking precedent by proposing preliminary approval of student activity fee allocations before consideration of the university's proposed general operating budget. This is done to allow student government leaders currently in office the opportunity to participate actively in the activity approval process. The university noted that student government offices expire at the end of April.

The university offered assurances that the proposals for student activity fee allocation were consistent with the university's general budget plans for FY 1987.

The proposed annual fee of $145.64 is 3.8 percent higher than the current year fee of $140.28. Activity fee budget increases over the last two years have averaged 4.4 percent, while tuition increases for the same two years have averaged 5.8 percent at the resident undergraduate level.

Student activity fees as proposed for FY 1987 amount to 10.5 percent of the Regent-approved tuition and fees. This is approximately the same as the current year activity fee share of tuition and fees. Actual revenue distribution between the general fund and the student activity fee fund will be reported when final university operating budgets are presented in July.

The following table summarizes by category Iowa State University's student activity fees for the most recent two years and those proposed for next fiscal year.

IOWA STATE UNIVERSITY
STUDENT ACTIVITY FEES

Support Category	Annual Fees 1984-85	1985-86	1986-87	Summer Fees 1984	1985	1986
Student Activities	$ 56.05	$ 56.05	$ 58.14	$28.03	$28.03	$29.07
Student Services*	43.10	45.60	47.50	21.55	22.80	23.75
Debt Service	27.00	27.00	28.00	13.50	13.50	14.00
Building Development	7.50	11.65	12.00	3.75	5.82	6.00
TOTAL	$133.65	$140.30	$145.64	$66.83	$70.15	$72.82

*Memorial Union operations and Cy-Ride operations

Historically, Iowa State University has established summer session fees at the same rate as a semester. The University of Iowa and the University of Northern Iowa summer fees are 32.5 percent and 43.4 percent of semester fees, respectively, for the current year.

The university reported the allocation for debt service on the Memorial Union has been less than payments required for several years. A 50 cent increase in the allocation (16.7 percent) would bring the allocation up to actual debt service requirements. The university and student government propose to maintain the Hilton Coliseum debt service allocation at its current level until reserves available allow for retirement of the associated revenue bonds. This is anticipated to occur in the early 1990's.

There is a new 25 cent fee for Student Union Board space remodeling. The university reported that there was a shortage of student office space, and the initial year's fee would be used to renovate some space in the lower level of the student union for additional student offices. Approximately $14,000-$15,000 in renovation support should result from the new allocation.

The university and Government of the Student Body recommended a 5 cent increase in the Memorial Union operating allocation. Also, a 50 cent increase (12.8 percent) in student activities is proposed, primarily in support of the university intramural program. It would, in part, support ice programs at the Cyclone Area Community Center. This center has been a cooperative venture between the university and the city of Ames. Presently, the building belongs to the university while the city manages it. A 55 cent (4 percent) increase for the Government of the Student Body is to support various recognized student clubs and activities.

The proposed fee allocations recommended no academic year increase for the United Students of Iowa but did propose that the fee be extended to include

summer session. Iowa State University reported that the University of Iowa and the University of Northern Iowa have reviewed a similar proposal and plan to recommend the same extension of the fee to the summer session when their activity fee proposals are submitted for board action. The United Students of Iowa is the student government's lobbying organization. It is estimated that, if all three universities should extend this fee to the summer session, the lobbying group could receive an additional $15,000. Projected uses for the increased allocation are for existing staff salary increases, expanded campus student staffing, and a new Legislative intern position (part-time). The USI budget would be $97,000 in FY 1987 compared to $82,000 in FY 1986 when contributions from all three universities are considered.

Brian Kennedy, President-elect of the Government of the Student Body, indicated that the students were pleased with what had happened in the negotiating process concerning student fees. He explained that the USI fee was extended to include the summer session given what the USI had done recently and what they had planned for the future.

Regent VanEkeren asked if the ISU students would continue the additional support of the USI if the other two universities did not approve it.

Mr. Kennedy stated he felt that they would.

The proposed Cy-Ride or city-university transit system student service fee would increase from $17.90 to $19.20 (7.3 percent) in FY 1987. The student activity fee allocation would yield approximately $557,000 in support of the transit system. The Cy-Ride transit agency of the city of Ames reported that about 71 percent of the system's riders were students. In addition to the student activity fee allocation, the students are charged 25 cents per ride or may purchase an unlimited semester pass for $40. The university and Government of the Student Body remain fully supportive of this cooperative venture. The Cy-Ride city management reported that even with the increase in the university's and city's allocations, services would be reduced about 5 percent. Loss of state and federal subsidies and significant increases in liability insurance premiums are the cause.

For more than a year, the university has been studying various plans to increase student recreation/athletic facilities to meet documented needs. A student activity fee for new recreational facility development was established two years ago and increased this year. The university proposed to increase the fee again for FY 1987. The proposed cost per student would be $12 for two semesters, and an additional $6 for a summer session student.

A recent student referendum caused the university to conclude that there was insufficient support for a major recreation/athletic facility with a projected cost of approximately $11 million. Consequently, the intercollegiate athletic department, whose financial support was included in earlier proposals, now proposed a demountable, air-inflated structure to use over the existing Jack Trice Field. Support for this facility would be independent of student activity fee allocations. In place of the earlier proposed recreation/athletic facility, the university, with student

concurrence, now seeks project approval for an addition to Beyer Hall, an existing student recreation building. This addition would cost approximately $3 million and would be supported by the $6 per term facility development fee. These projects were reported in the university's capital register this month.

In addition, student government, with the support of the university administration, proposed to set aside $100,000 again next year from the recreation facility development reserve for Work Study student aid. Use of an additional $250,000-$300,000 in this reserve will be proposed to relocate and rebuild outdoor tennis courts currently adjacent to Beyer Hall. The university reported that both the student aid set-aside from this reserve and the rebuilding and relocating of the tennis courts were worthy projects.

MOTION: Mr. Tyler moved that the board grant preliminary approval to the university's proposed schedule of student activity fees for 1987. Mrs. Anderson seconded the motion, and it passed unanimously.

MEATS LABORATORY -- DEVELOPMENT OF A MEAT IRRADIATION TECHNOLOGY CENTER. The Board Office recommended the board authorize Iowa State University to proceed with project planning for a Meat Irradiation Technology Center.

Vice President Madden stated this was the first stage of a capital planning project. It provides the board an opportunity to comment on proposed major capital undertakings. This project would expand the programs of the meats laboratory by incorporating irradiation technology and add space to the existing Meats Laboratory.

Iowa State University reported that it has been chosen for the meat irradiation technology center because of existing staff and facilities. Iowa State University is currently negotiating with the Department of Energy to fund a study that would lead to a comprehensive proposal for a Meat Irradiation Technology Center. The proposal, should it be accepted, would lead to a cooperative agreement between the Department of Energy and the Board of Regents, for construction and operation of a Meat Irradiation Technology Center. Preliminary plans call for an addition to the Meats Laboratory in the $15 million range.

The university reported that the proposed Meat Irradiation Technology Center was part of Congress' effort to establish a few regional centers to further the use of the irradiation process on meats, fruits, vegetables, and grains. The irradiation process is reportedly used in other parts of the world but has not been generally accepted in the United States. Recently, the Food and Drug Administration has authorized low-dose irradiation of fruits, vegetables, and pork, the latter for the purpose of controlling the trichinosis parasite.

Vice President Madden stated the university was very excited about this proposed project in terms of the potential for ISU as a research facility.

MOTION: Mr. VanGilst moved that the board authorize Iowa State University to proceed with project planning of a Meat Irradiation Technology Center. Mr. Greig seconded the motion, and it passed unanimously.

RECREATION/ATHLETIC FACILITY PROGRESS REPORT. The Board Office recommended the board receive the report.

In May 1984, the board approved a recreation facility development fee as part of the student activity fee. Additional support was anticipated from the university Department of Athletics. The initial fee was to fund a comprehensive planning and feasibility study for the recreation facility. The initial student fee of $7.50 annually was expected to generate approximately $200,000 a year. Subsequently, the Regents authorized the hiring of professional consultants to aid in the feasibility study. Based on preliminary estimates, a project cost of approximately $9 million was identified. In May 1985, the Regents approved an increased activity fee for the building development fund to $11.65 annually.

In October 1985, the board received a progress report on a proposed recreation/ athletic facility. The university had selected an architectural firm to conduct the planning study for a facility to be used jointly for student recreation and intercollegiate athletics. A program statement was developed for a large multi-purpose building for a variety of recreational and organized intercollegiate athletic purposes. A revised estimate of cost for the building was set at $11 million. A tentative sight was selected south of the campus and west of the towers dormitories, where other athletic facilities already existed. A proposed sharing of costs identified a potential athletic department contribution of $3.5 million, with the balance to be paid from student activity fees. Construction was anticipated to begin in the summer of 1986, and the building to be in use by the fall of 1987. The October progress report noted that a student referendum was scheduled to determine student support for the facility, and the associated increase in student fees.

A recent student referendum indicated the Iowa State University student body did not want to commit to the financing necessary for the proposed project. It was also the position of student government leaders. Opposition to moving forward on the recreation/athletic facility centered on several issues. Concerns were primarily costs, potential difficulties with site development relating to a proposed road extension by the city of Ames, and how the facility might be shared between student recreation and intercollegiate athletics.

The university administration accepted the results of the referendum. Concurrently, the progress report noted that further study would be undertaken of alternative recreational facilities from remaining reserves and the ongoing student activity fee allocation for building development.

MOTION: Mr. Duchen moved that the board receive the progress report on the Recreation/Athletic Facility. Mrs. Anderson seconded the motion, and it was passed unanimously.

COMPUTATION CENTER FINANCING--AUTHORIZATION TO PROCEED WITH SALE OF REVENUE BONDS. The Board Office made the following recommendations:

1. Adopt a resolution to fix a date for the initiation of proceedings for the issuance of $9.9 million Computation Center Revenue Bonds, Series ISU 1986.

2. Adopt a resolution providing for the Notice of Meeting for issuance of Computation Center Revenue Bonds, Series ISU 1986, of the State Board of Regents of the State of Iowa.

3. Adopt a resolution directing the advertisement of the sale of $9.9 million Computation Center Revenue Bonds, Series ISU 1986.

4. Authorize the university to negotiate a formal agreement between the board and the ISU Achievement Foundation regarding the Foundation's contributing approximately $12.5 million over a ten year period to finance the Computation Center.

5. Consider as part of the 1988-89 Regents' Legislative budget process a request for approximately $410,000 in annual operating and maintenance costs for the building.

Associate Director Runner stated Iowa State University had previously briefed the board regarding the need for a new Computation Center and the planning that had taken place. The university has been working with the Board Office, the board's bond counsel and financial advisors, to develop a financing plan for the building. The Iowa State University Achievement Foundation has pledged approximately $12.5 million for the construction of this project and is currently raising funds for the Computation Center. Fund raising for the Computation Center is the Achievement Foundation's number one priority.

Current favorable interest rates and pending changes in the Federal Tax Code lead the board staff and the university to request the board's authorization to proceed immediately with the issuance of bonds on this project. The sale of bonds would be scheduled for the May 22, 1986, meeting.

The university proposed to establish an enterprise to finance the construction of the Computation Center. The project would be financed through issuance of bonds with a 23-year maturity. The enterprise would be supported by user's fees (rental charges) to the departments occupying the Computation Center. Rental charges would pay the annual debt service costs which are approximately $900,000 each year.

The Foundation would contribute $2.7 million from donations on hand and pledged contributions that would be received through the completion of

construction. In addition, the Foundation pledged to contribute $1 million annually over ten years toward the debt service on the bonds. During the first ten years of the project, the Achievement Foundation's contributions of $1 million would minimize the need for user fees.

Beyond 1999, the university identified several resource options to offset debt service cost. The $600,000 annual lease payments for the computer system would expire in 1990 and may be reserved for the Computation Center Building. A second alternative is designating the student fee currently pledged to retire the Hilton Coliseum bonds. Third, the university's Telecommunication bonds would be paid off, and a portion of the user charge could be committed to the Computation Center project.

The following are the sources and uses tables for the project financing:

Sources		Uses	
Bond Proceeds	$ 9,900,000	Project Costs	$10,900,000
Interest Earnings	1,173,747	Issuance Expenses	60,000
Foundation Funds	2,700,000	Reserve Funding	933,000
Accrued Interest	44,275	Sinking Fund Req.	1,790,250
		Cont. and Rounding	35,772
Total Sources	$13,818,022	Bond Discount	99,000
		Total Uses	$13,818,022

The construction project was estimated to cost $10.9 million. Construction was expected to begin by fall of this calendar year and be completed in November of 1988.

The university also requested approval at this time to include estimated, annual operating, and maintenance costs in the Regents' 1988-89 operating budget request. The university proposed that the Computation Center be a state-
supported structure due to the academic purposes of the building. Therefore, it was appropriate that the operating funds be requested for the building, when completed, in a similar manner as a project financed through appropriation or sale of academic revenue bonds.

The Computation Center would house the central computer facilities for the university and the Department of Computer Engineering. The building would contain classrooms, laboratories, and office space with the Computer Engineering Department in the Computation Center.

The university requested authorization to begin the process that will lead to the sale of $9.9 million in Computation Center Revenue Bonds at the May meeting. The Computation Center Revenue Bonds would be issued under the authority granted to the board in Section 262.44 of the Code, and would be issued for a period of 23 years.

The resolution directing the advertisement for the sale of the $9.9 million in Iowa State University Computation Center Revenue Bonds, Series ISU 1986, fixes the date for the sale of these bonds for May 22 in the Memorial Union on the Iowa State University campus, in Ames, Iowa. A public hearing would be held on that date in a manner required by the Code. The executive secretary will publish notice of the sale of these bonds in the customary form, and in the manner required by Chapter 262.44 of the Code as amended.

Vice President Madden stated the university appreciated the help the Board Office had given in working through this project. He stated this was a critical building on the campus. He said that, with the current bond market, this appeared to be an opportune time to move forward with the project. He said that the Achievement Foundation would sign the necessary resolutions which commit them to the their obligations.

MOTION: Dr. Harris moved that the board approve the following recommendations: (1) Adopt a resolution to fix a date for the initiation of proceedings for the issuance of $9.9 million Computation Center Revenue Bonds, Series ISU 1986; (2) Adopt a resolution providing for the Notice of Meeting for issuance of Computation Center Revenue Bonds, Series ISU 1986, of the State Board of Regents of the State of Iowa; (3) Adopt a resolution directing the advertisement of the sale of $9.9 million Computation Center Revenue Bonds, Series ISU 1986. Mr. VanGilst seconded the motion, and upon the roll being called, the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.

MOTION: Dr. Harris moved that the approve the following recommendations: (1) Authorize the university to negotiate a formal agreement between the board and the ISU Achievement Foundation regarding the Foundation's contributing approximately $12.5 million over a ten year period to finance the Computation Center and (2) Consider as part of the 1988-89 Regents' Legislative budget process a request for approximately $410,000 in annual operating and maintenance costs for the building. Mr. VanGilst seconded the motion, and it passed unanimously.

COOPERATIVE AGREEMENT FOR TRANSIT SERVICE. The Board Office recommended approval of an agreement, subject to the board's counsel's approval of the agreement, between the university, the university's Government of the Student Body, and the City of Ames for a five-year period commencing July 1, 1986, for the purpose of providing a transit service in the city of Ames with a first year cost to the university of approximately $146,300 and subsequent years' costs anticipated to be approximately equal to the first year's cost with normal annual adjustments in the cost of operation prorated among the parties.

The Board Office explained that this agreement was the successor to a five-year agreement the board authorized in 1981. The terms and conditions of the proposed agreement are essentially the same as in the 1981-86 agreement, except that a liability clause has been added. The clause states that:

> If the City of Ames is liable for any damage, loss, obligation, claim or demand of any kind whatsoever, directly or indirectly resulting from or arising out of this agreement or the operation of the aforesaid transit system, each of the parties hereto shall assume and share that liability in equal amounts to the extent that the liability is not compensated by insurance, bond or other indemnification.

The university that the Transit Authority, which provides the service under this agreement, presently carries a $2 million liability policy with $25,000 deductible on property damage. During the five year of this system's operation, insurance premiums have amounted to approximately $1 million; and claims have been approximately $20,000.

The board's counsel, the Attorney General's office, has been consulted about the matter of liability under this agreement and was not prepared to provide advice as to the affect of the liability clause without further review. The Board Office proposed that the executive secretary be designated to approve a final agreement concerning the liability clause or other matters of contract language on the board's behalf.

Vice President Madden stated that this had been a very successful venture and that the university agreed with the Board Office recommendation to consult the Attorney General's office concerning the liability clause.

Mr. Richey stated that, if the Attorney General indicated that it was permissible to subject this to the state's self-insured liability, it would be appropriate to consult with the Governor's office and the Comptroller's office.

MOTION: Mrs. Anderson moved that the board approve the agreement, subject to the board's counsel's approval of the agreement, between the university, the university's Government of the Student Body, and the City of Ames

for a five-year period commencing July 1, 1986, for the purpose of providing a transit service in the city of Ames with a first year cost to the university of approximately $146,300 and subsequent years' costs anticipated to be approximately equal to the first year's cost with normal annual adjustments in the cost of operation prorated among the parties. Miss VanEkeren seconded the motion, and it passed unanimously.

President McDonald then asked board members and institutional executives if there were additional matters concerning Iowa State University. There were none.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on April 24, 1986.

REGISTER OF PERSONNEL CHANGES. The register was approved as a part of the consent docket.

PHASED RETIREMENT REQUEST. The phased retirement request for Dr. Virgil E. Dowell, Professor of Biology, effective July 1, 1986, was approved as a part of the consent docket.

Professor Dowell proposed to reduce his appointment to 50 percent by teaching only the spring semesters of each year until full retirement. The university reported the cost of incentives he would receive during FY 1987 would be $4,172. Released funds in the amount of $16,690 would be used for other instructional purposes. Professor Dowell met the age and service requirements established by the board for eligibility to participate in phased retirement.

REPORT ON THE OPERATION OF THE PHASED RETIREMENT PROGRAM FOR 1985-86. The board accepted this report as a part of the consent docket.

The university reported that there were nine participants during 1985-86. Four participants were faculty members; four were professional and scientific staff; and one was a merit employee. The cost of incentives paid to participants during the year was $23,905. Released funds in the amount of $91,626 were used for instructional and related purposes. The university noted that the phased retirement policy assisted it in staffing programs to meet its needs.

The Board Office suggested that review of the policy for continuance of the phased retirement policy at the University of Northern Iowa as well as at the other Regent institutions be scheduled for consideration at its meeting in November 1986.

NAMING OF BUILDING. The board approved the naming of the University Library to the Donald O. Rod Library as a part of the consent docket.

President Curris noted that Mr. Rod, Director of Library Services and Professor of Library Services, had served the university with great distinction and devotion since 1966 and would retire later in the year.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period February 27 through April 27, 1986.

Highlights of the register are as follows:

PROJECT DESCRIPTIONS AND BUDGETS:

Approvals Requested:

Auditorium Building--Auditorium Rooms 131 and 239 Renovation
Source of Funds: Fiscal Year 86 or Fiscal Year 1987
Building Repairs Budget $485,000

This project would renovate the auditorium and associated rooms in the Auditorium Building. The renovation is intended to upgrade and modernize the facility and includes new seats and improved lighting, heating, and ventilation systems. The construction work and the equipment acquisition would be accomplished by contracts and purchase orders.

The university also requested approval of an architectural agreement with Thorson, Brom, Broshar, Snyder, Architects, Inc., Waterloo, Iowa, to provide architectural and engineering services necessary to prepare contract documents for this project. The consultant's fee was not to exceed $33,300.

CONSULTANT AGREEMENTS

Institutional Roads--Reconstruction of Campus Street and Wisconsin Street
Jensen, Cary, Shoff, Consulting Engineers, Cedar Falls, Iowa $24,600

In March, the university obtained board approval of the project description and budget for reconstruction of Campus Street and Wisconsin Street. The $175,000 project is part of the Regents' 1986-91 Institutional Road Program.

Last month, the university indicated that it was in the process of negotiating a design agreement with an engineering firm to provide design services on this project. Negotiations have been completed with Jensen, Cary, Shoff, Consulting Engineers, Cedar Falls, Iowa, to provide design services. The university requested the board's approval of the engineering contract.

Because the roadway reconstruction would be financed from State Parks and Institutional Road funds, the Iowa Department of Transportation participates in the design and construction of the project. The consultant's agreement, once acted upon by the board, will be sent to the Iowa Department of Transportation for their concurrence.

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS:

The university reported acceptance of one construction contract on the Communication Arts Center. Two other contracts on the Communication Arts Center were accepted in January 1986.

Inspection of the work on the electrical contract for the Communication Arts Center-Final Phase, found that the contractor complied with the plans and specifications, and the work was substantially complete. The university requested that the contract listed in the capital register be accepted by the board.

Semi-Annual Report on Capital Project Status

The university prepared a status report on all construction projects with an estimated budget of more than $250,000. The status report on the capital projects at the University of Northern Iowa was presented to the board as part of this capital register in accordance with board procedures. The university indicated that nine capital projects with a combined budget of $26,131,000 are active.

The entire register is on file in the Board Office.

MOTION: Dr. Harris moved that the board approve the Register of Capital Improvement Business Transactions as presented. Mr. Tyler seconded the motion, and it passed unanimously.

LEASE. The Board Office recommended approval of the farm lease for the benefit of the University of Northern Iowa with Mike Bovy for approximately 6.5 acres at the site of the UNI broadcasting tower for term March 31, 1986, to February 28, 1987, at an annual rent of $215.

The Board Office explained this land was the site of the UNI broadcasting tower on property owned by Northern Natural Gas Company and under lease to the board for ten years. The lease was approved by the board in February 1985 at a rate of $550 per year.

Because of drainage problems, only about two-thirds of the land is tillable. The proposed rate of approximately $50 per tillable acre represents a decrease of 42 percent from the current lease. This decrease is considered reasonable considering the deterioration of the farm economy and encumbrances on the land. This lease was not secured through the bid process because of the many encumbrances involved for the tenant. The university required that the crops be low profile, that due care be given to the tower and associated guy wires, that the tenant keep weeds under control on the non-tillable portion of the land, and that no tall equipment be used on the land.

MOTION: Mr. Greig moved that the board approve the farm lease for the benefit of the University of Northern Iowa with Mike Bovy for approximately 6.5 acres at the site of the UNI broadcasting tower for term March 31, 1986, to February 28, 1987, at an annual rent of $215. Mrs. Murphy seconded the motion, and upon the roll being called, the following voted:
AYE: Anderson, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.
ABSENT: Duchen.

President McDonald then asked board members and institutional executives if were other matters to be raised concerning the University of Northern Iowa. There were none.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on April 24, 1986.

REGISTER OF PERSONNEL CHANGES. The register for the month of March was approved as a part of the consent docket.

AGREEMENT WITH LEWIS CENTRAL FOR WRESTLING PROGRAM. The Board Office recommended the board authorize the school to enter an agreement for joint sponsorship of high school varsity wrestling with Lewis Central High School for the 1986-87 school year.

The school indicated that it had seven students out for wrestling this year, four of whom were in the same weight class. Because of this small number of students, it was extremely difficult to schedule meets with other schools. With a cooperative program, the students would be assured of more meets being scheduled. There would also be a cost savings to the school in terms of transportation and expenses for officials, head coach, and uniforms.

The agreement would also have to be approved by the Lewis Central board and recorded with the Iowa High School Athletic Association.

The school indicated that this joint program would result in stiffer competition for ISD students going out for wrestling and that some students who have wrestled previously on the varsity team may become junior varsity team members. Notwithstanding this fact, the school believed that a better wrestling program at lower cost would be in place for ISD students.

MOTION: Mr. Greig moved that the board authorize the school to enter an agreement for joint sponsorship of high school varsity wrestling with Lewis Central High School for the 1986-87 school year. Mr. Tyler seconded the motion, and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The register contained no transactions for the month.

EASEMENT. The Board Office recommended approval of the easement agreement between the State Board of Regents and the West Pottawatamie Soil Conservation District, Council Bluffs, Iowa, for the purpose of constructing an erosion control project on the property on the Iowa School for the Deaf.

The Iowa School for the Deaf requested approval of an easement with the West Pottawatamie Soil Conservation District that would enable the soil conservation district to construct an erosion control project. The soil erosion control project would be constructed on land adjacent to the Iowa School for the Deaf campus. The project includes construction of a box culvert attached to an existing culvert under Highway 92. This would raise the level of water in the creek that flows along the east edge of the property, serving to stabilize the banks on both sides of the creek.

Under Section 262.7 of the Code of Iowa and the Regents Procedural Guide, the board (subject to Executive Council approval) is authorized to grant easements of public lands under its jurisdiction. The easement must, in the judgement of the board, be desirable and beneficial to the state of Iowa.

The Iowa School for the Deaf requested approval of this easement because of its desire to cooperate with the West Pottawatamie Soil Conservation District, and in consideration of the benefit of the soil erosion control project to ISD property.

The easement was in an acceptable format and contained a standard liability clause. No cost of the facilities to be constructed in this easement would be assessed or charged to the state of Iowa. Approval by the State Executive Council would be requested after the board action.

MOTION: Miss VanEkeren moved that the board approve the easement agreement between the State Board of Regents and the West Pottawatamie Soil Conservation District, Council Bluffs, Iowa, for the purpose of constructing an erosion control project on the property on the Iowa School for the Deaf. Mr. Tyler seconded the motion, and upon the roll being called, the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.

President McDonald then asked board members and institutional executives if there were other matters to be raised concerning the Iowa School for the Deaf. There were none.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to the Iowa Braille and Sight Saving School was transacted on Thursday, APril 24, 1986.

REGISTER OF PERSONNEL CHANGES. The register for the period February 23 through March 22, 1986, was approved as part of the consent docket.

AGREEMENT. The Board Office recommended approval, subject to review by the executive secretary, agreements with the Vinton Community Schools by which selected IBSSS students participate in the athletic programs of the Vinton Community Schools.

The Board Office explained that there are certain athletic programs in which IBSSS is unable to compete because of its size and the limitations of students at the school. The Department of Public Instruction and the Iowa High School Athletic Association provide for schools to join together to offer a single athletic program. IBSSS has participated in such a joint effort in the past and wished to continue such an arrangement for the 1986-87 school year.

Because a copy of the agreement was not provided to the Board Office prior to the meeting, it was not possible for the Board Office to analyze the obligations and responsibilities accepted and assigned by the parties to the agreement. Therefore, the Board Office recommended that the agreement be approved contingent upon satisfactory review by the executive secretary.

Superintendent DeMott stated the IBSSS students participated in track and field and swimming.

MOTION: Mr. Duchen moved that the board approve, subject to review by the executive secretary, agreements with the Vinton Community Schools by which selected IBSSS students participate in the athletic programs of the Vinton Community Schools. Mr. VanGilst seconded the motion, and it passed unanimously.

ON-SITE REVIEW BY THE NATIONAL ACCREDITATION COUNCIL FOR AGENCIES SERVING THE BLIND AND THE VISUALLY HANDICAPPED AND NORTH CENTRAL ASSOCIATION OF COLLEGES AND SCHOOLS. The Board Office made the following recommendations:

1. Receive the report of the on-site accreditation visit; and

2. Request that the Iowa Braille and Sight Saving School Advisory Committee review the joint site visit report and final recommendation and the report on the compliance review conducted by the Iowa Department of Public Instruction and provide recommendations to the board with respect to the implementation of the recommendations and other implications of the reports.

The Iowa Braille and Sight Saving School has received a copy of the On-Site Review Report conducted jointly by the National Accreditation Council for Agencies Serving the Blind and the Visually Handicapped and North Central Association of Colleges and Schools. The report, therefore, represented the regional accrediting organization for Iowa (North Central Association of Colleges and Schools--NCA) and the professional accreditation organization associated with the schools of the blind and visually handicapped (National Accreditation Council--NAC). The Iowa Braille and Sight Saving School was originally accredited in April 1971 for the maximum period of five years. It was reaccredited in 1976 and 1981, each time for the maximum period. This on-site review was conducted as part of the school's application for reaccreditation after fifteen years of accredited status.

Normally, when the board received reports on accreditation, the reports include the on-site visit, self-studies, related correspondence, and the official letter providing the action of the accrediting organization. This docket item consisted only of the site visit report. Presumably these other materials will be provided later. It is the understanding of the Board Office that the review also took place at the same time as a compliance review by the Department of Public Instruction. This report by DPI should also be provided to the board at a future meeting.

The NAC/NCA site visit team's assignment consisted of an evaluation of the school's administrative, instructional, residential, and other programs. The review was done in light of the applicable NAC standards and the school's own philosophy of service and objectives. NCA does not have specific standards for special schools like IBSSS.

The joint committee used several methods to carry out its review, including first-hand observation of classroom and other activities, discussion with members of the staff and student body, and review of school records, manuals, and other written materials. The members of the team also met with representatives of a number of local and state groups and organizations but not including the Board of Regents or staff.

The site visit report consisted of some 140 commendations and over 100 recommendations. Many of the recommendations involved matters of budget and policy that would need to be approved by the Board of Regents prior to implementation. Below is a summary of the major commendations and recommendations:

MAJOR COMMENDATIONS

1. The IEP process, which uses a multidisciplinary approach, has been revised to focus on functional skills, has increased parent involvement, as recommended in 1981, and has improved communications between educational and residential staff and assures that each child has an advocate.

2. In response to identified student needs, IBSSS has developed innovative programs, such as the low vision clinic, outreach services, community integration, and a simulated group home, which demonstrate initiative and creativity.

3. A well-qualified staff provides services and instruction using a child-centered approach.

4. The school has developed comprehensive annual and long-range plans, with significant input from a wide range of staff and others, which is tied to the budgetary process.

5. The intent of PL 94-142 is being implemented as demonstrated by an extensive integration of students into a variety of programs and an emphasis upon a statewide continuation of services for visually handicapped and multihandicapped children.

6. The school has implemented its plan to establish a schoolwide curriculum planning committee with broad representation of staff to evaluate and improve curriculum, as recommended in 1981, and has completed several curricula in a variety of areas.

7. IBSSS personnel has [sic] made significant progress in improving relations between area education agencies, the Iowa Commission for the Blind, and other state, public, and private organizations.

8. Many beautification and renovation efforts have taken place on the IBSSS campus since the last on-site visit which enhance the lives and ensure the safety of the students and staff.

MAJOR RECOMMENDATIONS:

1. The school maintain its separate identity as a viable school and statewide service agency and continue to review its mission in light of the changing needs of the blind and visually handicapped students of Iowa.

2. As planned, the school coordinate its student evaluation procedures and services for annual reviews and three year evaluations, and assure that results are utilized in placement and programming decisions of students.

3. The curricular approach utilized in the multihandicapped program receive ongoing review, refinement, and evaluation.

4. The school develop a process for initiating, coordinating, implementing, and evaluating programs both inter- and intradepartmentally.

5. The school continue its efforts to implement a coordinated public information system to inform and to heighten awareness at a state level relative to blindness and the services provided by IBSSS.

6. IBSSS continue to utilize recently developed and acquired career education curricula/resources in developing a comprehensive career development program based on the infusion approach.

7. Immediate steps be taken to fill the cisterns located in front of and behind Old Main.

In light of the number of recommendations and their potential budgetary and educational impact, it was recommended that the board refer the site visit report (including the final action of the NAC/NCA), along with the Department of Public Instruction's Compliance Review to the IBSSS Advisory Committee for review and recommendation. The Board Office noted that there have been conflicting recommendations in the past between the accreditation reports and the DPI Compliance review. The Advisory Committee had been helpful in sorting out these differences.

A complete copy of the site visit report is on file in the Board Office.

MOTION: Mr. Greig moved that the board approve the actions as recommended. Dr. Harris seconded the motion, and it passed unanimously.

SCHOOL CALENDAR FOR 1986-87 SCHOOL YEAR. The school calendar and holiday schedule for the 1986-87 school year was approved as a part of the consent docket.

The Board Office explained that state-approved schools must meet for at least 179 student-teacher contact days plus one teacher training day per school year. The IBSSS calendar has 180 student-teacher contact days plus at least one teacher training day. The calendar contains 17 at-home weekends including Thanksgiving, Christmas, and Easter holidays. On the at-home weekend, the students leave school immediately after lunch on the day of departure and that is counted as a day of school. Students usually return to school from an at-home weekend on Sunday; but, when it is a week day, that day is not counted for attendance purposes.

The calendar gave consideration to the statutory requirement that local schools begin their school year no sooner than the first day of September. This law, passed by the General Assembly in 1985, does not apply to the special schools; however, because of the mainstreaming that occurs between the special schools and the local schools and because of the desire to provide some consistency between the summer vacations of students in local schools and the special schools, IBSSS would begin its school on September 2.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office submitted a supplemental capital register item and recommended its approval.

Associate Director Runner explained the project would continue repair of the utility distribution system and water cisterns which have been a continuing problem. The project budget was estimated at $42,500. The General Assembly had appropriated $25,000 to undertake a study of the problem and repair as much as possible. The school felt it would like to move forward to make repairs.

MOTION: Mr. Greig moved that the board approve the Register of Capital Improvement Transactions as presented. Mrs. Murphy seconded the motion, and it passed unanimously.

President McDonald then asked board members and institutional executives if there were additional items to be raised concerning the Iowa Braille and Sight Saving School. There were none.

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 12:35 p.m. on Thursday, April 24, 1986.

R. Wayne Richey
Executive Secretary