

The State Board of Regents met on Wednesday, February 16, 1994, at the University of Iowa. The following were in attendance:

February 16

Members of State Board of Regents

Mr. Berenstein, President	All sessions
Mr. Collins	All sessions
Mr. Dorr	All sessions
Ms. Furgerson	All sessions
Mrs. Hendricks	Arrived at 9:10 a.m.
Mrs. Johnson-Matthews	Arrived at 9:21 a.m.
Dr. Newlin	All sessions
Mrs. Pellett	All sessions
Dr. Tyrrell	All sessions

Office of the State Board of Regents

Executive Director Richey	All sessions
Deputy Executive Director Barak	All sessions
Director Specter	All sessions
Associate Director Racki	All sessions
Minutes Secretary Briggle	All sessions

State University of Iowa

President Rawlings	All sessions
Provost Nathan	Arrived at 1:30 p.m.
Vice President Manasse	All sessions
Vice President Rhodes	Arrived at 1:30 p.m.
Vice President True	All sessions
Associate Vice President Small	Arrived at 1:30 p.m.
Interim Director Staley	Excused at 11:45 a.m.

Iowa State University

President Jischke	Arrived at 1:30 p.m.
Associate Provost Glenn-Lewin	Arrived at 1:30 p.m.
Vice President Madden	Arrived at 1:30 p.m.
Associate to the President Adams	Arrived at 1:30 p.m.
Executive Assistant to the President Dobbs	Arrived at 1:30 p.m.
Director Jensen	Arrived at 1:30 p.m.

University of Northern Iowa

President Curris	Arrived at 1:30 p.m.
Provost Marlin	Arrived at 1:30 p.m.
Vice President Conner	Arrived at 1:30 p.m.
Executive Assistant to the President Stinchfield	Arrived at 1:30 p.m.
Director Chilcott	Arrived at 1:30 p.m.

Iowa School for the Deaf

Superintendent Johnson	Arrived at 1:30 p.m.
Interpreter Green	Arrived at 1:30 p.m.
Interpreter Peek	Arrived at 1:30 p.m.

Iowa Braille and Sight Saving School

Superintendent Thurman	Arrived at 1:30 p.m.
Director Hauser	Arrived at 1:30 p.m.

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GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, February 16, 1994.

APPROVAL OF MINUTES OF BOARD MEETING, JANUARY 19, 1994. The Board Office recommended the Board approve the Minutes, as written.

President Berenstein asked for corrections, if any, to the Minutes.

ACTION: President Berenstein stated the Board approved the Minutes of its January 19, 1994, meeting, by general consent.

CONSENT ITEMS. The Board Office recommended the Board approve the consent docket, as presented.

MOTION: Regent Collins moved, seconded by Regent Furgerson, to approve the consent docket, as follows:

Receive the report of the January 18, 1994, meeting of the Iowa College Student Aid Commission;

Receive the status report on the Board Office budget as of January 31, 1994;

Receive the Board Meetings Schedule;

Receive the Registers of Capital Improvement Business Transactions for the two special schools; and

Receive the notification of continued accreditation of the Iowa Braille and Sight Saving School by the North Central Association and receive information regarding the school's outcomes accreditation candidacy application.

MOTION CARRIED UNANIMOUSLY.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a) Post-Audit Report, Ecology and Evolutionary Biology, Iowa State University. The Board Office recommended the Board (1) receive the post-audit report and (2) approve the continuance of this program.

Iowa State University officials, consistent with Board policy, submitted a post-audit report five years after the initial approval of an interdepartmental graduate major in Ecology and Evolutionary Biology.

The comprehensive post-audit submitted by the university appears to demonstrate that the program has been successful in achieving its original objectives. Enrollment has exceeded expectations. There are currently 22 majors and 14 non-majors. Original estimates were in the 10-15 range for majors. Costs are less than projected. Graduates have found relevant employment in the field. The program is non-duplicative.

Both the Interinstitutional Committee on Educational Coordination and the Board Office reviewed the post-audit and recommended approval.

MOTION:

Regent Collins moved to (1) receive the post-audit report and (2) approve the continuance of this program. Regent Johnson-Matthews seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

ACCREDITATION REPORT. (a) Reaccreditation of Architecture Program at Iowa State University. The Board Office recommended the Board (1) receive the report on the reaccreditation of the Architecture Programs at Iowa State University and (2) request that special attention be given to the Architecture Programs as the university develops its strategic goals and priorities.

The National Architectural Accrediting Board (NAAB) reaccredited the Bachelor of Architecture and Master of Architecture Programs at Iowa State University for a period of 3 years. Normal full reaccreditation is for 5 years, and the Department of Architecture and College of Design initially took exception to the NAAB decision to grant only a 3-year reaccreditation.

Though the department and college feel a 5-year accreditation is warranted, they now believe it is in the best interest of the program to accept and address the NAAB recommendations in order to prepare for the next reaccreditation review in 1995-96.

The NAAB visiting team expressed concern that the relative newness of the current programs, changes in administrative leadership, and the influx of many new faculty may have created a sense of instability and lack of focus in the programs that is adversely affecting student morale. The team also expressed concern about inadequate physical space, a lack of computing equipment, and the quality of students' studio work.

The programs have undergone many recent changes aimed at increasing their competitiveness and achieving national distinction.

The department and college felt that the changes have been very positive, and stemmed largely from recommendations arising out of the previous reaccreditation visit in 1988. Department and college officials felt that the program fulfilled all the requirements for full accreditation and that the visiting team may have incorrectly interpreted an atmosphere of change as a sign of serious deficiencies.

The visiting team also found many strengths in the program, including:

- o The program has maintained its good reputation in the state and region.
- o Strong student demand, from both in-state and out-of-state students.
- o The stability of the older faculty combines well with the energy and talent of the junior faculty.
- o Several of the new faculty hires are women and the "integration of women faculty demonstrates a progressive position for the school."
- o The university administration has indicated it "wishes to solve the problem of inadequate space."

The visiting team's report listed specific "program deficiencies" and made the following recommendations:

1. Improve departmental lines of communication and dialogue between the college and the university administration.
2. Improve the formal and informal lines of communication among the architecture students, faculty and administrators. Involve more students in significant ways in the affairs of the department and the college.
3. Use appropriate media to celebrate individual and group (student and faculty) accomplishments.
4. Publicize the events which signify the department's national stature to the university and the public, including the local and national professional community.
5. Establish and implement a Professional Advisory Council at the department level.
6. Establish programs that build confidence in students regarding their design abilities such as competitions and collaborative efforts.
7. Enlarge and improve the space and facilities.
8. Improve accessibility to and use of computers by architecture students across the curriculum.
9. Creatively and resourcefully develop interdisciplinary program efforts.
10. Improve quality and increase comprehensiveness of studios. Coordinate design project sequence and faculty throughout the curriculum. Develop syllabi that include clear educational goals and grading criteria and processes.
11. Distribute responsibility and duties more equitably among junior and senior faculty.

University officials indicated that the department and college will fully respond to the visiting team's recommendations prior to the next accreditation review in 1995-96.

The accrediting team's visit and report provides a valuable outside perspective that indicates there may be a significant cause for concern about the programs.

David Glenn-Lewin summarized the report for the Regents.

Regent Dorr noted that the report contained some concerns. Were there any major policy deficiencies that caused the accreditation to be granted for 3 years instead of 5 years? Are there significant policy issues that need addressed in this matter?

Professor Glenn-Lewin responded that the accrediting board will accredit for 3 to 5 years. The 3-year accreditation is a full accreditation. The 3-year term was recommended because the program is undergoing some changes. He did not believe there were fundamental policy issues that were of concern.

President Jischke stated that three items of concern related to resources. University officials have committed funds this year to expand access to computing. In searching for a new dean for the College of Design, he has said the university is committed to solving the program's space problem. He believes it will require private sources to do that. It is important for the new dean to be on board to assist in this effort.

Regent Newlin asked about the availability of computers for the program. President Jischke responded that what has recently been committed is a first step but is not the final step because of the evolution in computing. Computing systems are constantly being upgraded and expanded.

MOTION: Regent Tyrrell moved to (1) receive the report on the reaccreditation of the Architecture Programs at Iowa State University and (2) request that special attention be given to the Architecture Programs as the university develops its strategic goals and priorities. Regent Newlin seconded the motion.
MOTION CARRIED UNANIMOUSLY.

SALE OF \$13,050,000 (ESTIMATED) RECREATIONAL FACILITY REVENUE REFUNDING BONDS, SERIES I.S.U. 1994. The Board Office recommended the Board, subject to receipt of acceptable bids:

- (1) Adopt A Resolution providing for the sale and award of \$13,050,000 (estimated) Recreational Facility Refunding Bonds, Series I.S.U. 1994, and approving and authorizing the agreement of such sale and award.
- (2) Adopt A Resolution authorizing and providing for the issuance and securing the payment of \$13,050,000 (estimated) Recreational Facility Refunding Bonds, Series I.S.U. 1994, for the purpose of refunding the callable bonds (1998-2009 maturities) of the Board's Recreational Facility Refunding Bonds, Series I.S.U. 1987, presently

outstanding in the principal amount of \$11,600,000 heretofore issued by the Board to defray costs of constructing, improving and equipping a combined recreation/athletic facility located on the campus of Iowa State University.

- (3) Adopt A Resolution authorizing the execution of an Escrow Agreement to provide for the payment of the callable bonds (1998-2009 maturities) of Recreational Facility Refunding Bonds, Series I.S.U. 1987.

The receipt and opening of bids was scheduled for 11:30 a.m. on Wednesday, February 16, 1994. The award was scheduled for 1:30 p.m.

The interest rate savings as a result of the refunding was estimated at approximately \$1.2 million on a present value basis, with an average annual cash flow savings of slightly over \$100,000.

The issue amount will be variable up to the acceptance of the winning bid, because the amount of the bond proceeds required to fund the escrow account for the 1987 bonds will be dependent on the actual yield on the new bonds and available investment yields.

On Friday, February 4, 1994, the Federal Reserve raised the rate on short-term lending among banks. The resulting market turbulence may impact the rates on the refunding bonds.

Bond Specifics:

Average maturity:	10.66 years
Bonds dated:	March 1, 1994
Interest due:	January 1 and July 1 commencing July 1, 1994
Optional call:	Bonds maturing on or after July 1, 2005, are callable commencing July 1, 2004, and any date thereafter at par
Denomination:	\$5,000 and integral multiples thereof

President Berenstein recognized Luther Anderson.

As Mr. Anderson approached the podium, the Board meeting was interrupted by students opposed to the University of Iowa policy on notification of students on class content. The students chanted and displayed signs for approximately two minutes before filing out of the meeting room.

Mr. Anderson quipped that usually the only ones who get that excited about bond sales are the underwriters (laughter).

Mr. Anderson stated that two bids were received. The first bid was from a group led by Piper Jaffray for a dollar amount of \$12,855,860.90, net interest cost of \$6,332,754.10 for a true interest rate of 4.5750 percent. The second bid was from a syndicate led by George K. Baum and Company for a dollar amount of \$12,854,250, net interest cost of \$6,315,043.33 for a true interest rate of 4.5703 percent. Mr. Anderson noted that the bids were very close. The bid submitted by George K. Baum was the better of the two and he recommended the Regents accept the bid. He noted that one of the provisions of the bond sale was to permit adjustment of the size of the bond issue. Only a small adjustment needed to be made in the final dollar amount of the bond issue. The total adjusted principal was \$13,060,000. As a result of the best bid, the total present value savings was \$1,300,000 for an average cash flow savings of just over \$109,000/year.

MOTION:

Regent Hendricks moved to adopt the three resolutions as previously outlined. Regent Dorr seconded the motion, and upon the roll being called, the following voted:

AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.

NAY: None.

ABSENT: None.

President Berenstein thanked Mr. Anderson for another great job on the Regents' bond sales.

REPORT OF THE BANKING COMMITTEE. The Board Office recommended the Board adopt reports on current Banking Committee items.

Regent Hendricks stated that the most important activity of the Banking Committee this month was to meet with Steve Berger from Cambridge Associates to review the management of the Regents' endowment portfolios. Mr. Berger made some recommendations concerning asset allocation which the committee members will be

discussing further with the Board at next month's meeting. She noted that it was necessary for the committee to defer several items on its agenda.

Regent Hendricks stated that motions were needed on several actions taken by the Banking Committee: amendments to bond indentures changing bond payment dates for Utility System Revenue Bonds, Series ISU 1988 and 1993, modification of the Regents' investment policy related to South Africa investments in accordance with recently-enacted legislation, and approval of a custodian agreement for the University of Northern Iowa. The Banking Committee voted to recommend that up to 10 percent of a university's portfolio shall be invested in an international equities fund, as specified by the Board. The Banking Committee is in the process of investigating international fund managers.

MOTION: Regent Hendricks moved to approve amendments to bond indentures which change bond payment dates for Iowa State University Utility System Revenue Bonds, Series 1988 and 1993. Regent Collins seconded, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Hendricks moved to modify the Board of Regents' investment policy related to South Africa divestiture, ratify the Executive Director's administrative approval of investment in South Africa-related securities, and modify the investment policy contained in the Regents Procedural Guide accordingly. The motion included revising the Procedural Guide to reflect that up to 10 percent of a university's portfolio shall be invested in an international equities fund as specified by the Board. Regent Furgerson seconded, and upon the roll being called, the following voted:

AYE: Berenstein, Collins, Dorr, Furgerson,
Hendricks, Johnson-Matthews, Newlin, Pellett,
Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Hendricks moved to authorize the Executive Director to sign a certificate which authorizes the University of Northern Iowa to utilize Norwest Bank of Des Moines, Iowa, as custodian and safekeeping agent. Regent Furgerson seconded the motion.

MOTION CARRIED WITH PRESIDENT BERENSTEIN ABSTAINING.

CONTRACT REGARDING SALE OF WOI-TV. The Board Office recommended the Board adopt the following resolution to complete the sale of WOI-TV:

WHEREAS, on September 23, 1992, the State Board of Regents ("Board") approved the sale and lease of certain assets of Iowa State University and Iowa State University Broadcasting Corporation ("Broadcasting Corporation") pursuant to the Asset Purchase Agreement, attached as Exhibit "A", following appropriate action by Iowa State University, Iowa State University Equities Corporation ("Equities Corporation"), and Broadcasting Corporation; and

WHEREAS, the Federal Communications Commission ("FCC") on December 15, 1993, issued an order consenting to the assignment of the license for WOI-TV to the Buyer, which was a condition to the closing of the Asset Purchase Agreement, but that order has been appealed; and

WHEREAS, it has now been proposed that the sale of assets contemplated by the Asset Purchase Agreement, Exhibit "A", be closed in accordance with a Post-Closing Agreement, attached as Exhibit "B", notwithstanding the appeal of the FCC order; and

WHEREAS, after public input and deliberation, including consideration of:

- (a) a report from Iowa State University indicating there has been no significant change in material facts, or the understanding of those facts, that were the bases of the Board's September 23, 1992, approval of the Asset Purchase Agreement, which report included a new appraisal which indicates the assets being sold have a current market value of \$13 million, and
- (b) the proposal from Capital Communications Company that the sale be closed notwithstanding the appeal by opponents of the sale of the FCC consent and a review of the written documents approved by the Board's FCC counsel, Mr. Levy, setting forth the terms of that proposed closing, and
- (c) a report from the Board's FCC counsel, Mr. Levy, as to what reasonably prudent business people in the industry do when a final closing of the sale of a television station is held up by an appeal from the FCC's order consenting to the transfer of the license, and
- (d) the opinion of the Board's FCC counsel, Mr. Levy, that it is very unlikely that the FCC consent to transfer of the license will be reversed on appeal, and
- (e) receiving other reports and information on, and considering and weighing the advantages and disadvantages of, closing in accordance with the proposed Post-Closing Agreement,

the Board has determined that the policy decision previously made to sell the assets in question, should not be reversed, and that it is in best interests of that policy decision to now close the sale; and

WHEREAS, there are no other legal impediments to completion of the transaction, the Asset Purchase Agreement between the Buyer and the Sellers remains in effect, and the Buyer has agreed to enter into a Post-Closing Agreement with the Sellers governing a possible retransfer of the Station to the Sellers upon a further order of the FCC;

(The Board Office recommended the insertion of the following additional "Whereas" statement:)

WHEREAS, the Board, after noting the actions taken in the Iowa General Assembly opposing the sale of the assets in question, has given serious consideration to not proceeding with the sale in order to accommodate the desires expressed by the General Assembly; however, given the multi-year study of the issues as to whether the assets in question should be sold, the 1991 study of the issue by the University which resulted in a recommendation in September of 1991 that proposals be sought for the sale of the assets, the subsequent proceedings that resulted in approval and execution of a binding contract to sell the assets for a fair price, the circumstances that created the delay in closing the sale of the assets, and the recognition that further delay is not in the best interests of any of the parties and would result in significant additional costs and expenses for all parties, the Board regrettably concludes that it cannot defer to the desires expressed in the General Assembly and must proceed to close the sale previously entered into in the manner proposed.

NOW, THEREFORE, the Iowa State Board of Regents herewith resolves as follows:

1. The President and/or Executive Director of the Board of Regents are herewith directed to enter into the Post-Closing Agreement with Capital Communications Company and to cause the completion of the sale of the Station in accordance with the terms of the Asset Purchase Agreement, including agreeing to waive the condition of Closing that the December 15, 1993, order of the FCC become final, with the net proceeds resulting from such closing placed in the trust previously created for Iowa State University to receive such funds,
2. Iowa State University shall execute and cause Equities Corporation and Broadcasting Corporation to execute and take steps to see that such documents, agreements, leases and other understandings with the Buyer necessary and appropriate to complete the sale of the Station in accordance with the terms of the Asset Purchase Agreement, other than the condition

of FCC finality, are executed in a timely and prudent manner, including the Post-Closing Agreement,

3. The Lease of Broadcasting Facilities Agreement (Alleman Tower Facility) and Lease (WOI-TV Ames Studio), which were previously approved by the Board of Regents on September 23, 1992, are hereby approved as amended and attached hereto as Exhibits "C" and "D", respectively, in order to accommodate the Post-Closing Agreement; and
4. The President and/or Executive Director of the Board of Regents and Iowa State University may, in order to implement the basic terms and purposes of the Asset Purchase Agreement, enter into such further ancillary agreements and/or modifications of the Asset Purchase Agreement and Post-Closing Agreement reasonably necessary to complete the sale of the Station.

The Board Office analysis of the proposed transaction included the following:

Termination of the existing Asset Purchase Agreement for the sale of WOI-TV would expose the Board and Iowa State University to certain financial risks.

Iowa State University through Iowa State University Equities Corporation has submitted extensive current financial reports and a new appraisal of WOI-TV indicating that no unanticipated material changes in facts have occurred that were the bases of the Board's decision in September 1993 to approve the Asset Purchase Agreement for WOI-TV.

A new appraisal by Blackburn and Company, Inc., substantiates the September 1991 estimated value of \$13 million.

Capital Communications proposed that the sale be closed notwithstanding the appeal of the consent of the Federal Communications Commission (FCC) by opponents of the sale.

Counsel has advised that it is very unlikely that opponents of the sale will prevail in their court efforts to reverse the FCC action and order a re-transfer of the station to the sellers.

The Board has received advice from counsel that it has the authority to approve a non-final closing agreement. Non-final closings are used frequently in the communications industry.

Thousands of sales of broadcast stations have been approved by the FCC in its 60-year history, of which probably fewer than six transactions have resulted in a retransfer of the license to the seller.

Capital Communications Company, Inc., has agreed to the terms of the proposed Post-Closing Agreement and proposed to give certain other commitments:

- o Capital agrees to reimburse the Board of Regents and Iowa State University "for any litigation costs (including reasonable attorneys' fees) that might be incurred by the sellers with Capital's prior consent (which shall not be unreasonably withheld) between the time of the Board of Regents approval of a non-final closing...and the actual closing..." and finality.
- o Upon a non-final closing by the Regents, the sellers will have no further obligation to Capital for reimbursement of litigation costs relating to defense of the sale of WOI-TV.

No material changes in facts have occurred to affect the original policy decision of the Board to sell WOI-TV.

The Board of Regents desires to maintain the confidence of the public in its fundamental fairness in its contractual relationships.

The educational services to Iowa State University will be maintained on equal or greater level than now provided.

- o WOI-TV has budgeted an expenditure of \$12,000 for student assistants this year, which is lower than the level required by the contract with Capital Communications.

The improvement in cash flow of WOI-TV has occurred on the expenditure side, not in revenue. Reductions in expenditures have occurred because of lower outlays for programming and because of staff vacancies caused by the pending sale of WOI-TV.

Capital investments for the transition to high definition television will be substantial in the future.

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Years of delay in closing the transaction because of seemingly endless litigation, which is very unlikely to change the outcome, is not in the interest of Iowa State University or of the general public.

The recommended post-closing agreement approved by Capital Communications protects the interests of Iowa State University in the unlikely event that a re-transfer of the station is ordered.

Earnings on the proceeds of the sale will be invested under Board investment policies or retained by Iowa State University pending final closing.

Iowa State University will continue to earn income from rental of the building housing the studios for WOI-TV.

Attorney Joel H. Levy of Cohn and Marks, FCC Counsel for the Board and Iowa State University, after detailed analysis of the issues relating to the recommended Post-Closing Agreement asserts,

In their entirety these provisions, in our judgment, represent a commercially reasonable and prudent basis for the Sellers to proceed with a Non-Final Closing. They also constitute concessions by the Buyer that go beyond what might normally be expected when a Non-Final Closing and the transfer of significant amounts of money occurs in the face of a challenge to the transaction.

Mr. Richey reviewed the history of the sale of WOI-TV. He noted that the docket included extensive detailed information, far beyond the usual disclosure. He recommended that the Board proceed to sell the station and that the proposed resolution include the additional "Whereas" statement mentioned earlier.

Mr. Richey indicated that the trust agreement contained in the original Asset Purchase Agreement needed to be amended.

President Berenstein recognized Richard Smith of the Ahlers law firm, counsel of the Board of Regents and Iowa State University Equities Corporation.

Mr. Smith stated that the Board of Regents had asked for the opinion of his firm as to whether the Board could close the Asset Purchase Agreement previously entered into by entering into the Post-Closing Agreement. They have advised the Regents that the Board has the authority to close and to carry out the policy decision previously made.

Considering the matters now before them, he concluded that it was the reasonable and prudent thing to do and he believed it would be upheld by the courts.

President Berenstein recognized Joel Levy, Cohn and Marks firm, Board of Regents' FCC counsel.

Mr. Levy stated that when the Board approved the Asset Purchase Agreement in September 1992 one of the conditions to completing the transaction was the consent of the FCC to the transfer of the license. Approval of the FCC was obtained in December 1993. He noted that the final order was being challenged in the U.S. Court of Appeals. There will not be a final order until the Appeals Court finishes its deliberation which could be several years or more into the future.

Mr. Levy was approached by representatives of Capital Communications to close the sale on a non-final basis. The Board was being asked to approve a negotiated Post-Closing Agreement which takes into account a hypothetical reversal of the FCC order approving the transfer of the license. Mr. Levy said that entering into the Post-Closing Agreement was a reasonable and commercially prudent thing to do. He has examined the merits of the challenge of the FCC order and it was his opinion that a reversal was unlikely.

Vice President Madden discussed the appraisals of the television station, particularly the most recent appraisal which was requested by ISU Equities Corporation and which was the third appraisal of WOI-TV since the sale of the station process began. The value of the station is \$13 million. He said all of that information had been introduced as part of the public documents.

Vice President Madden discussed the potential income tax liability. He noted that information had also been provided in the public records. The estimated income tax liability as the result of the sale of WOI-TV is \$600,000. He outlined how those expenses could be met.

President Berenstein stated that lowans for WOI-TV had requested 15 minutes in which to address the Board of Regents on this matter. He then recognized Don Payor.

Mr. Payor stated that he was appearing as an officer and director of lowans for WOI-TV. He said that 2 years ago this month this matter came before the Board of Regents in this same location. He reviewed some of the history of the sale. He referred to Minutes of a Board of Regents meeting that took place earlier in the sale process which indicated Regent Berenstein stated that as a quasi-public officials they must make sure there is no risk in this transaction. The Minutes also indicated Regent Berenstein said

that if the Regents do not have a first lien position, the State of Iowa might be out the entire amount. He was there because he was concerned about that very issue.

Mr. Payor asked that the Regents not waive the requirement of the final order of the FCC and proceed with the Post-Closing Agreement. He said they were not required to proceed since there was not yet a final order of the FCC. The appeal of Iowa for WOI-TV assured a final order is a long time away. Mr. Payor then read a letter from Iowa for WOI-TV's attorneys in Washington, D.C., concerning their review of the Post-Closing Agreement.

Mr. Payor stated that now is a financially unsound time to complete this sale. He said the value of the television station has increased substantially and referenced a letter from Iowa State University Broadcasting Corporation dated December 10, 1993. Another reason he gave for the Regents to not complete the sale is because they can still cancel the contract by giving 10 days' written notice. Also, he believes the Post-Closing Agreement is deficient in many areas, noting that it had been examined by three parties for Iowa for WOI-TV. He felt the Regents had a responsibility to hear from those parties. He said Neil Harl is an eminent tax consultant who said the sale of the station would trigger at least \$1.5 million in tax liability. The firm of Hawkins and Norris and Iowa for WOI-TV's Washington, D.C., attorneys agree with Mr. Harl that there are glaring deficiencies in the Post-Closing Agreement.

Some of the concerns are the same as those raised 2 years ago including whether Iowa State University will be protected if the station is transferred to the buyer and then reconveyed to the university. Mr. Payor said that if a reconveyance were to occur, he anticipated several potential problems. What happens to the \$1.5 million in income taxes paid to the Federal government? He said the Post-Closing Agreement should have the same standard warranties and guarantees as in the Asset Purchase Agreement. There are no assurances that all obligations will be paid by the buyer or that the property will be maintained in the same fashion and returned to Iowa State University free of any environmental problems. There is no limit on the buyer in placing security interests on the property while the buyer has possession of the station. What if Capital Communications goes bankrupt? There is no assurance that the university will be protected.

Mr. Payor read the following excerpt from Iowa for WOI-TV's attorney's letter: "Similarly, the failure of the Post-Closing Agreement to include certain essential and critical covenants, representations and warranties is troubling. Given that the station will be under the control of another party for an extended period of time, it is important that the agreement contain adequate restrictive covenants that will govern operation in

the interim and that appropriate representations and warranties be made in favor of ISUBC effective upon the reconveyance.”

Mr. Payor stated that the attorney concluded that the agreement was bereft of standard features. He urged that the Regents not make any decisions today. He said they have plenty of time to review the information and address the questions.

Mr. Payor thanked the Regents for their time. He then asked Weldon Walsh to complete the statement of lowans for WOI-TV. He noted that Mr. Walsh was an assistant to two past presidents at Iowa State University.

Mr. Walsh stated that history was being made today -- bad history. He said this may be the day on which Iowa State University property is sold without the consent of its creators, owners and developers: Iowa State University. This may be the day when the Regents acted without the consent of anyone but themselves. The students, the faculty, the administration and the legislature oppose the sale of WOI-TV.

Mr. Walsh said this may be the day the Regents refuse to terminate the sale of WOI-TV even though the contract allows them to do so legally and without penalty. This may be the day the Regents sold State assets at less than they were worth in the marketplace; but, more importantly, less than what they're worth as an educational and communications tool. This may be the day the Regents sold a profit-making enterprise, as it has been since its inception, and which never cost the taxpayers a cent.

This may be the day when the Board of Regents sold its commercial television station while Boston University is buying two commercial stations, anticipating further development of television as a means of education and information transfer with a means of financing. Mr. Walsh said this may be the day when the autonomy and sovereignty granted the Regents by a gracious state through legislative action was abused. This is the day on which the Regents will be judged individually and collectively for their conduct as trustees of public property by the people of the state of Iowa and their elected representatives in the legislature. This is a day on which the Regents will be judged for their conduct as fiduciaries of university property by the students, faculty and alumni of Iowa State University.

Mr. Walsh stated that this sale strikes a blow to the heart and soul of Iowa State University, its educational and outreach mission. WOI has been one of the identifying symbols of Iowa State University akin to the Campanile and Cy the Cardinal. It will be an irrevocable loss if she is forcibly removed from the Iowa State family and community.

Mr. Walsh said this is a sad day for Iowa State University and the citizens of Iowa. It will not be forgotten. History rarely forgets. Iowa will long remember what the Regents do here.

In the days to come the Regents will learn the consequences of their actions, for each action usually has an equal and opposite reaction. And reaction there will undoubtedly be in some form or another.

Mr. Walsh urged the Regents to oppose the sale of WOI-TV and to rescind the contract.

President Berenstein thanked Mr. Walsh for his comments. He then asked Mr. Levy to express his views pertaining to the deficiencies in the Post-Closing Agreement alleged by Mr. Payor.

Mr. Levy stated that it was very important to understand two basic facts. The FCC has no jurisdiction over the assets other than the license. No one can place a security interest in the license. When and if the hypothetical reconveyance of the television station is ordered, the FCC can only order that the license be retransferred. The fiscal assets are not within its jurisdiction. The physical assets are governed by the Post-Closing Agreement which is a simple, normal commercial contract between two parties.

Mr. Levy said the second important point is that Iowa State University will have \$12.7 million of the buyer's money. That money does not have to be given back. The FCC cannot order that the money be given back; it can only order the buyer to return the license. When the university decides to take the license back, the physical assets must be returned in essentially the same condition in which they were given to the buyer. If there are environmental problems which have arisen under the buyer's control, the university has civil remedies including withholding return of the purchase price or that amount which is attributable to what needs to be done to place the station in the same condition it was in when it was handed over to the buyers. He said there are effective, practical remedies governing a hypothetical future when the assets are presumed not to be in the same condition that they were when the station was turned over to the buyer.

As far as liens placed on the station as hypothesized by Mr. Payor or a sale to a third party, Mr. Levy said the same considerations will govern. The university will have the \$12.7 million. If there is a \$15 million loan on the equipment of the station that is not paid off by Capital when they are ordered to give back the license, the university does not give them the money but it will take the license. The license cannot be withheld if the FCC orders it returned. In the worst case, the entire \$12.7 million would be

available to reassemble the physical assets necessary for broadcast along with the license.

Mr. Levy stated that he believed there was no practical scenario that would expose the State of Iowa to any significant risk in the future along the lines that have been hypothesized. He agreed there should be protections in the Post-Closing Agreement, and there are. There is a requirement that there be no liens on the assets at the time of retransfer and the agreement would govern any loans which might have a security position. If Capital Communications cannot retransfer the assets free of liens, the money will remain with the university.

Mr. Levy said Mr. Payor is correct that it will take some time before the station's final status is established because of the court appeal. He said another point Mr. Payor alluded to is that there should be some provisions in the agreement to protect against misuse of the station during the interim. Mr. Levy said that might be desirable but it is clearly not permitted by FCC policy. Once the license has been assigned to Capital Communications Company, it is the licensee and must be free to run the station in its discretion. They are answerable to the FCC. If the FCC orders the license returned to the university, it will come back free of infirmities. The university would not be an heir to any misdeeds that may have been committed during the time Mr. Lombardo ran the station.

Mr. Levy stated that all this was said without regard to the likelihood of a retransfer after the Court of Appeals process has been completed. On that he stands by his opinion that it is highly unlikely. Mr. Levy believes there is adequate protection for the sellers, both on the physical aspects of the assets that are being transferred as well as on the license which is the key asset and which will be controlled by the FCC's actions.

President Berenstein stated, on behalf of himself and the Board of Regents since they are relying on advice of counsel, that it was important that Mr. Levy have an opportunity to respond to the statements made by Mr. Payor. He then recognized Philip Lombardo, President, Capital Communications Company, the buyer in this transaction.

Mr. Lombardo stated that he last appeared before the Board of Regents on May 20, 1992. At that time the Board of Regents decided, after years of debate, to sell WOI-TV. Mr. Lombardo has never bought a television station from a university before so this had been an educational experience. He was prepared to close this transaction. The Federal government has approved it. The State Supreme Court has affirmed its legality. His company will take the burden of any last-ditch, desperate legal challenges, so the Regents will be spared that expense. Mr. Lombardo said he has resisted temptations to dive into the political turmoil generated by this transaction. He

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is aware of the pressures which have been brought to bear to convince the Regents to change their minds about selling WOI-TV. He said the materials collected by the Board's able staff should convince all but the most zealous opponents that the sale is in the best interest of all Iowans.

The appraisal and valuation materials speak for themselves. Capital's all-cash bid was and is the highest bid. Mr. Lombardo said the television business no longer has the comfortable days of 3 networks. Today they must compete with independents and cable channels. They have all read about the 500-channel Information Superhighway. Interactive video entertainment options are at our doorsteps. Capital Communications Company officials believe they can succeed in the television business by operating more efficiently and by consolidating WOI-TV into full participation in an Iowa-wide television network which will include Capital's stations in Sioux City and the Quad Cities. As high-definition television and the information superhighway are rolled out, it will demand more capital, more risk, and more time and attention than ever before. He reminded the Regents that they made the decision once before that a university had no business in the commercial television industry. As true as that may be today, it will be dramatically more so in the future.

Mr. Lombardo discussed the educational services which WOI-TV offers. He has pledged to continue those services. Internship opportunities will remain and will be expanded. He looked forward to working with the university to provide real world laboratory experiences for students. He stated that two years ago both he and the Board of Regents promised to consummate this deal. He said the Regents' authority and governance have been challenged. It is now time for each of them to honor the commitment made to each other 2 years ago. It remains the right decision today.

President Berenstein asked for a motion prior to opening the meeting for discussion among the Regents.

MOTION: Regent Hendricks moved, seconded by Regent Furgerson, to adopt the recommended resolution including the additional "Whereas" clause distributed by the Board Office (see page 607).

Regent Collins commented on the recommendation of the Board Office. He said he was addressing his remarks particularly to people such as Mr. Walsh whose sincerity permeates the entire room. He said the sincerity of the people who have opposed this sale is beyond doubt including the legislature, certain faculty of Iowa State University, the students who have spoken to it, and the alumni. There is no doubt about the honest and straight-forward position from the people who oppose this sale.

Regent Collins said he came to this situation with no "baggage"; he was not on the Board when the agreement to sell was entered into. He said he wished to address the rightness and the wrongness of this matter which they all have to look at, whatever side of the issue they are on. He felt that much of the problem was not necessarily that people were being given misinformation so much as the information was given in pieces. For example, somebody said the station might be worth upward of \$19 million. He said that was totally unsupported. Somebody did say that but that did not make it so.

Regent Collins continued, stating the Regents have the responsibility to look for the truth in this matter. Blackburn and Company has handled 4,000 or more sales of broadcasting units throughout the country. He said it was true that in San Diego they might get prices of 10 to 1 on their past income streams but, clearly, in Cedar Rapids, or in Ames, or in Des Moines they are only going to get 7 or 8. That is established and is a fact.

Regent Collins stated that in his judgment, they have a binding deal whether the price went up or not. He noted that they got an exceptionally good price when this deal was put together. He said there have been three different appraisals -- one in 1991, one in 1992, and one in 1993. He said he wanted to put to rest the question of whether this has become a tremendously more valuable asset -- it hasn't.

Regent Collins stated that we made a deal, "we" being the State of Iowa. A deal was made to sell the television station. The contract was signed and they gave their word. He said the question then came that a contract provision said that if the transaction did not close by December 31, 1993, either party could "walk". With 42 years of experience in business dealings and in law, Regent Collins said he has never seen the situation where there was a "walk" provision whereby a party, through actions of its shirttail relatives or otherwise, could walk. He said they are all together in this, whether it's Mr. Harl or whoever -- Iowa, Iowa State, all of us, are in this.

Regent Pellett stated that this matter had been difficult for her. The three most-recently appointed Regents have been brought up to date in six months on three years of material. She said she had read biased and unbiased rationales. This television station, as nearly as she could tell, had never been used to its potential. She hadn't a clue why past university administrations let this happen. Possibly economic growth and educational potential were incompatible. She feels the potential of the station educationally is unlimited especially considering the potential in world-wide telecommunications.

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Regent Pellett said they may be at a point in the decision making where they are not voting about whether they oppose or support selling the station. However, she had to go on record as opposing the sale. She said she was appalled at some of the personal stress on the Regents of these past few years. On the other hand, if this motion passes, she was pleased to have a buyer who will offer the same and even additional educational opportunities.

Regent Dorr stated there was no question that this decision was very difficult and was the most important type of decision with which policy makers are charged: the periodic reallocation of resources. He felt that the Board, when the decision was made, looked at this as an issue that revolved around that very concept. It is their fiduciary responsibility and that was what the Board felt at the time it made its decision. In reallocating resources there is a repositioning and restructuring of assets but that is the beauty of this country and this system. He referred to where we as a country have come from in the last 10 years when at that time we were destined to go down the tubes of failure to the Japanese and the Europeans. The United States is now one of the most productive and one of the most efficient countries in the world.

Regent Dorr stated that this was not a pleasant task to do. It will disrupt people's lives. As they reallocate resources in the direction intended throughout this process, there is unquestionably an on-going commitment to distance learning. There is still a commitment to cooperative education. There is no question that the private organization buying this station is committed to the continuing journalism program at Iowa State University.

Regent Dorr concluded by stating that this was one of those many historical tough decisions of having to reallocate resources. He believed it was a prudent decision and one that had been done with good intentions. He said he would vote in favor of the motion.

Regent Newlin stated that he shared much of what Regent Pellett had to say particularly with regard to the stress to which many of the other Regents had been subjected. He said that in his opinion WOI-TV has an opportunity to continue to serve the state and even better than it has in the past. Therefore, he would oppose the motion.

Regent Johnson-Matthews stated that she saw merit in all of the arguments. She said she would support selling the station because she believed the university should not be in the business of running a for-profit television station.

Regent Furgerson stated that she would support the motion. She had to make tough decisions while on the Waterloo School Board including closing schools and changing attendance. She felt this was the best resolution of this matter for everyone.

President Berenstein asked for a roll call vote on the motion.

VOTE ON THE MOTION: Upon the roll being called, the following vote:
AYE: Berenstein, Collins, Dorr, Furgerson,
Hendricks, Johnson-Matthews, Tyrrell.
NAY: Newlin, Pellett.
ABSENT: None.

MOTION CARRIED.

Regent Hendricks was recognized by President Berenstein on a second motion relating to the sale of WOI-TV.

MOTION: Regent Hendricks moved to ratify the first amendment to the Trust Agreement, specifically Section 3 and Section 6, as presented. Regent Furgerson seconded the motion.

President Berenstein asked for an explanation of the amendments.

Regent Hendricks responded that the amendment of the agreement clarifies that the trust fund can also accept funds from other donors. It details the power of the trust and limits what can be done with the money.

Mr. Smith added that the proposed amendments resulted from recommendations of CPAs. Language was added to enhance the tax consequences of the trust and to set out the duties and responsibilities of the trustee.

The Regents asked for time to read the information prior to voting on the motion. President Berenstein called for a 5-minute recess. Upon reconvening, President Berenstein asked for a vote on the amendment to the Trust Agreement.

Regent Newlin stated, in view of the vote on the previous motion, he would vote for this motion.

President Berenstein said he believed the motion did not require a roll call vote but since they are dealing with assets, he felt they should have "belt and suspenders".

VOTE ON THE MOTION:

Upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson,
Hendricks, Johnson-Matthews, Newlin, Pellett,
Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL REPORTS ON OUTCOMES ASSESSMENT. The Board Office recommended the Board (1) receive reports on student outcomes assessment, (2) request annual updates on progress in implementation of student outcomes assessment, and (3) future reports should emphasize utilization of the student outcomes assessment information for the improvement of student learning and achievement as reported by some units.

The student outcomes assessment effort began in 1989 when an interinstitutional committee was formed to develop a Board of Regents policy on student outcomes assessment (SOA). The committee recommended adoption of a statement developed by the National Association of State Universities and Land Grant Colleges (NASULGC) that spells out the general principles that should be followed in a State policy on student assessment.

The policy was approved by the universities, by the Faculty Senates at each of the three Regent universities, and in December 1990, by the Board of Regents.

In May 1991, the universities reported on their policies and procedures to provide for implementation of assessment programs during 1992-93. It was the intent of the policies that student outcomes assessment would become a factor in the institutional program review procedures and for the systematic improvement of instruction.

The Regents were provided with summaries of comprehensive reports on progress in implementation of student outcomes assessment at Regent universities that took place during 1992-93. Overall, the reports demonstrated a major effort to improve instruction primarily at the undergraduate level which is a major goal of the Board and the institutions.

Additional follow-up efforts may be needed in some instructional areas to:

1. Enhance student outcomes assessment where current efforts are minimal or totally lacking.
2. Make greater utilization of the outcomes data to improve instruction.

UNIVERSITY OF IOWA

University of Iowa officials reported that all the professional colleges have plans in place and have collected and begun to use some data in the review and improvement process.

In the College of Liberal Arts, 53 of the 57 programs have already adopted and begun to implement their plans. The remaining 4 programs are scheduled to complete their plans this year. Some program areas are in need of additional work to develop more effective outcomes measures.

University officials noted challenges that were faced in the initial plans and their responses to them.

- o Some programs expressed confidence that grades in core courses for the major were the single best indicator of student achievement of outcomes. University officials stated that course grades in the absence of detailed description of the performance basis for the grades will not communicate the actual outcomes that students as a group have achieved.
- o Faculty reported difficulties in formalizing outcomes assessment activities without taking resources away from direct instruction. University officials stated that a proposed solution would be to collect evidence and report outcomes for representative samples of students.
- o Faculty noted problems in collecting standardized test data when the testing has neither direct benefits nor consequences for students who take the tests. University officials proposed that programs rely on standardized test data from board exams, admission exams for graduate/professional study, or other exams that are meaningful to the students taking them.

IOWA STATE UNIVERSITY

Each unit began implementation of assessment plans during the 1992-1993 academic year. In program areas where professional objectives are clear, faculty have evaluated and refined their practices. In other areas, particularly in the liberal arts where SOA

has only recently made an impact, faculty are developing goals statements and evaluative procedures.

Many of the units at Iowa State University reported on the actual utilization of the student outcomes assessment data for the direct improvement of student learning and achievement.

UNIVERSITY OF NORTHERN IOWA

During 1992-1993 department assessment plans were revised and implemented for actual use. The goal of full operations of the student outcomes assessment plans at the University of Northern Iowa is at the end of the 1993-94 school year.

University officials noted that departments are now able to look at assessment plans and decide which parts are good, which are bad, which are too ambitious, or which parts could be expanded.

The Strategic Planning Committee is currently working on a formal statement that summarizes the ways in which the efforts of the Student Outcomes Assessment Committee, the Strategic Planning Committee, and the Program Review Committee will complement each other in an overall effort at institutional improvement.

University officials indicated that the process-oriented function of the SOA Committee is best understood in the broader context of these three related processes: outcomes assessment, program review, and strategic planning.

Provost Marlin introduced Bill DiBrito, Coordinator of Institutional Research, University of Northern Iowa.

Coordinator DiBrito stated that he has worked on outcomes assessment for the past 7 years. He said that when outcomes assessment is done well, it is time consuming and asks difficult questions. The assessment efforts presented to the Regents at this meeting were very time consuming for faculty. The materials demonstrated that faculty worked long and hard. He then introduced Fred Behroozi, Department of Physics.

Professor Behroozi discussed the student outcomes assessment effort.

Professor Faye Whitaker reviewed the outcomes assessment efforts at Iowa State University. She stated that the university will be reviewed by the North Central Association for accreditation in 1996. The university's program of outcomes assessment was shaped with NCA criteria.

Associate Professor Donald Yarbrough discussed the outcomes assessment efforts at the University of Iowa. He said he has been doing outcomes assessment for 10 to 20 years. Although many things can go wrong when establishing outcomes assessment programs, he said he was happy to report that none of the things he had worried about had happened. They have been able to accomplish quite a bit in 1992-93. They are establishing a universal process in all the colleges and college-wide assessment in the professional colleges. There will be individual programmatic assessments in the College of Liberal Arts. They are moving into a phase now where outcome assessment efforts will manifest themselves in improvements of offerings to all undergraduates.

President Berenstein said there was probably nothing the Regents do in the academic area that is any more important than academic assessment. He assured the faculty that the Board is cognizant of the painstaking efforts they go through and that they appreciated it.

Regent Newlin asked for information assessing national efforts in this regard, particularly the successful efforts and why they are successful.

Associate Professor Yarbrough stated that he reviewed 90 institutions. Only 3 cases could be described as successful. He said that what Iowa's 3 Regent institutions had accomplished was unusual in the United States.

Regent Dorr asked what drove the assessment efforts. Associate Professor Yarbrough said that for the most part, outcomes assessment is driven by the need for external constituents to get information.

ACTION:

President Berenstein stated the Board, by general consent, (1) received reports on student outcomes assessment, (2) requested annual updates on progress in implementation of student outcomes assessment, and (3) future reports should emphasize utilization of the student outcomes assessment information for the improvement of student learning and achievement as reported by some units.

REPORT ON LEGISLATIVE ACTIVITIES. The Board Office recommended the Board receive information on the Regents' 1994 legislative program.

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The university presidents and the Executive Director appeared before the February 8, 1994, meeting of the Joint Subcommittee on Education Appropriations via the Iowa Communications Network.

Representatives of the universities appeared before the February 9, 1994, meeting of the Joint Subcommittee on Education Appropriations. The Executive Director was present for questions.

Representatives of the University of Iowa testified before the February 10, 1994, meeting of the Joint Subcommittee on Education Appropriations to discuss primary health care.

President Berenstein, the Executive Director, and university presidents will appear before the House Education Committee on February 17, 1994.

Regent Collins will be introduced to the Senate on February 15, 1994, as part of the confirmation process. Regents Berenstein and Furgerson will be introduced to the Senate for appointment to the Higher Education Strategic Planning Council on February 17, 1994, and February 28, 1994, respectively.

President Berenstein stated that after he meets with the Senate tomorrow there may be more to report.

ACTION: President Berenstein stated the Board received information on the Regents' 1994 legislative program, by general consent.

ANNUAL REPORTS OF FACULTY LEAVES. The Board Office recommended the Board receive the report on faculty development leaves during the 1992-93 academic year.

Faculty developmental leaves are essential to assure continued faculty vitality and to attract and retain high quality faculty.

Regentwide 178 faculty were on developmental leave during 1992-93.

The following table summarizes statistics on number of faculty and the costs of leave for 1992-93.

<i>University</i>	<i>No. of Faculty On Leave</i>	<i>Cost of Salaries</i>	<i>Replacement Costs</i>
University of Iowa	116	\$4,290,849	\$112,000
Iowa State University	40	\$1,532,660	\$216,016
University of Northern Iowa	21	\$504,230	\$174,650
Total	178	\$6,327,739	\$502,666

The Board Office reported that the replacement costs at the University of Iowa are low relative to the other two universities for a variety of reasons:

- o Many faculty on leave are still available for consultations with students, especially graduate students;
- o A number of departments have a practice among their faculty of covering for one another while on leave;
- o Visiting faculty can sometimes be employed to fulfill assignments of faculty on leave;
- o Advanced graduate students can sometimes assist with teaching duties; or
- o The university is already staffed to handle leaves.

This report took into account relevant recommendations submitted to the Board in September 1993; individual faculty reports were evaluated by appropriate individuals at each institution.

UNIVERSITY OF IOWA

One hundred sixteen (116) faculty members filed leave reports for 1992-93; this number is a decrease from 125 in 1991-92.

Replacement costs for faculty on leave were \$112,000 or \$966 per faculty member; this number is a decline of 3.9 percent.

Faculty Scholars are a small group of distinguished scholars who receive released time for the equivalent of one semester for each of three consecutive years and receive research support from the university. During 1992-93 \$31,006 was spent to fund Faculty Scholars.

Male faculty on leave totaled 91 (78.4 percent) while women faculty totaled 25 (21.6 percent).

Faculty on leave ranked as follows: 56 professors, 42 associate professors, and 18 assistant professors. Law professors had the highest number on leave (10) followed by Art and Art History, History and Mathematics (7 each).

The following numbers of faculty took leave during various periods: 60 during fall semester, 46 during spring semester, and 10 half-time during both semesters.

Virtually all faculty reported research and production of written or artistic works as outcomes of their leave.

IOWA STATE UNIVERSITY

Forty (40) faculty were on leave during 1992-93; this number represents a slight decline from the 43 participants in 1991-92.

Replacement costs were \$216,016 or \$5,400 per faculty member; this number is a substantial drop from the 1991-92 total of \$307,546 when average cost per faculty member was \$7,152. Total cost for salaries for faculty on leave was \$1,532,660 in 1991-92.

Iowa State University allows faculty to request leaves of from one month to twelve months in duration. Following are the numbers of faculty on leave for various period of time:

<i>Fall Semester</i>	<i>Spring Semester</i>	<i>Both Semesters</i>	<i>6-7 Months</i>	<i>10-12 Months</i>
6	7	11	12	4

Thirty-six (36) men (90 percent) and 4 women faculty (10 percent) took leave during 1992-93. One assistant professor, 16 associate professors, and 24 full professors were awarded leave during 1992-9

The Department of Aerospace Engineering and Engineering Mechanics and the Department of English each had three faculty on leave during 1992-93, the highest amounts for any department.

Most faculty on leave reported that they were engaged in research and writing activities; several said their activities were necessary to prepare them to teach a new course.

UNIVERSITY OF NORTHERN IOWA

Number of faculty on developmental leave during 1992-93 was 21; this is the same number of faculty on leave during 1991-92.

Replacement costs for faculty on leave were \$174,650 or \$8,317 per faculty member. Total replacement costs increased 12.7 percent from 1991-92.

Salaries paid to faculty on leave were \$504,230.

Most faculty on leave (13) took leaves during the spring semester, four took leave during the fall semester, and four were on leave half-time for both semesters.

Faculty on leave were distributed by rank as follows: 10 professors, 8 associate professors, and 3 instructors. Sixteen men (76.2 percent) and five women (23.8 percent) participated in the 1992-93 leave program.

Faculty with the ranks of professor and associate professor were for the most part engaged in research, writing, or further study to enhance their teaching; the three instructors on leave all worked on various projects associated with the pursuit of a doctoral degree.

Provost Nathan stated that this was a successful year, which he described.

David Glenn-Lewin, Special Assistant to the Provost, ISU, said he agreed with Provost Nathan's comments. He personally knew a number of the people who had taken leave and the kind of rejuvenation that takes place.

President Berenstein referred to his recent appearance on the Iowa Press television program where faculty developmental leaves were mentioned as being a "cushy perk". He responded that developmental leaves are very much a part of the educational program.

Mr. Glenn-Lewin stated that faculty members who have been with a university 30 to 40 years performing teaching, research and service in a particular discipline need to update their information and knowledge because things change.

Provost Marlin noted that faculty are not on leave but are working on different projects.

President Berenstein suggested to officials of all 3 schools that they consider ways to disseminate information around the state to citizens who do not understand what faculty development leaves are about. Perhaps a comparison to continuing education in other fields might be in order.

President Rawlings suggested that they also start using the term "developmental assignment".

ACTION: President Berenstein stated the Board received the report on faculty development leaves during the 1992-93 academic year, by general consent.

REQUESTS FOR PROFESSIONAL DEVELOPMENT LEAVES. The Board Office recommended the Board (1) approve the requests for Faculty Developmental Assignments at the three Regent universities for 1994-95 and (2) request that the institutions review leave policies and procedures to determine if changes or additions are needed to ensure equal opportunities for women and minority faculty members to obtain developmental leave assignments.

Developmental leaves for faculty are critical in ensuring that faculty maintain their vitality and that high quality faculty can be recruited and retained.

Recommendations approved by the Board in September recommended several changes to enhance the developmental leave process at each university. The recommendations were designed to ensure that criteria for evaluating leave proposals are stringent and systematic, and that faculty are required to complete reports on their leave in a thorough and timely manner.

Each of the Regent universities submitted requests for 1994-95 faculty developmental assignments for these numbers of faculty:

<i>University</i>	<i>Number of faculty</i>
University of Iowa	86
Iowa State University	50
University of Northern Iowa	19
Total	155

For 1993-94 the Board approved 108 leaves for the University of Iowa, 44 for Iowa State University and 21 for the University of Northern Iowa.

UNIVERSITY OF IOWA

University of Iowa officials requested 86 faculty developmental leaves including 7 new Faculty Scholars and 17 continuing Faculty Scholars.

Faculty with the exception of Faculty Scholars receive leave for one semester at full pay or leave for two semesters at half pay. Faculty Scholars are distinguished and promising faculty who receive released time for one semester each year for three years and receive modest financial support from the university for research expenses.

University officials estimated the following costs for the requested leaves:

Salaries & Fringe Benefits	\$3,445,731
Replacement Costs	\$120,000
Research expenses for Faculty Scholars	\$75,000
Total	\$3,640,731

Sixty-two men (72.1 percent) and 24 women (27.9 percent) were among the faculty requesting leave.

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Only full professors (46-54 percent) and associate professors (40-47 percent) were included among the leave requests for 1994-95 although leave policy does not limit leave to faculty of these ranks.

Faculty requested leaves to conduct research, to write publications and books, to study new technologies, to collaborate with scholars in other states and countries, and to produce original artistic work.

IOWA STATE UNIVERSITY

University officials requested developmental leaves for 50 faculty for 1993-94. Applications were approved by department, college and university faculty improvement leave committees.

Leaves were requested for periods ranging from one semester to a full year. University policy pays full salary for leaves up to six months and pays 67 percent and 50 percent of salary for nine month and twelve month faculty respectively who take leaves of seven months or longer.

University officials estimated that salary and fringe benefit costs for these faculty will equal \$2,060,355 and replacement costs will equal \$340,000.

Among the individuals requesting leave were 38 men (76 percent) and 12 women (24 percent). A total of 30 full professors (60 percent), 18 associate professors (36 percent), and 2 assistant professors (4 percent) requested leave.

Faculty requested leaves to further their research, write articles and books, do advanced study at other institutions, and collaborate in various projects with faculty at other universities in the United States and elsewhere.

UNIVERSITY OF NORTHERN IOWA

The university's Professional Development Leave Committee reviewed and approved professional leave requests for 19 faculty for 1994-95. Estimated replacement costs for these faculty were \$174,373.

Leaves were requested for a period of one semester at full pay or two semesters at half pay and were consistent with the UNI-United Faculty contract.

Two of the nineteen requests (10.5 percent) were for female faculty. Nine of the requests (47.4 percent) were from full professors, nine (47.4 percent) were from associate professors, and one (5.3 percent) was from an assistant professor.

All the requests were for leave to engage in research and scholarly work and several require extensive stays in foreign countries.

ACTION: President Berenstein stated the Board, by general consent, (1) approved the requests for Faculty Developmental Assignments at the three Regent universities for 1994-95 and (2) requested that the institutions review leave policies and procedures to determine if changes or additions are needed to ensure equal opportunities for women and minority faculty members to obtain developmental leave assignments.

REPORT ON MEETING OF THE IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION. The Board Office recommended the Board receive the report.

The Iowa Coordinating Council for Post-High School Education met on February 9 at Drake University in Des Moines for its regular meeting. Below is a summary of the major items discussed at the meeting.

State Postsecondary Review Program. The Coordinating Council heard a background briefing regarding its responsibilities as the State Postsecondary Review Entity (SPRE) for the state of Iowa as required by the Higher Education Act of 1965 as amended in 1992, Title IV, Part H, Subpart I. The law was enacted by Congress to restore public confidence in the Title IV, student financial aid programs, to provide performance standards for institutions of higher education and to establish a federal-state partnership in providing greater accountability for higher education institutions. Congress was concerned with the high student loan defaults, consumer complaints about program quality and costs, and what Congress perceived as weakness in state accountability for institutions operating higher education programs within state boundaries.

The Council held a detailed discussion on each of the 15 standards enumerated in the law that must be incorporated in the reviews by the State Postsecondary Review Entities. In April, the Council will be asked to consider draft rules that are currently being developed to implement the 15 standards.

In March, hearings will be held in Sioux City, Des Moines and Davenport to allow the public and the various post-high school institutions in the state to comment on the first draft of the proposed rules. In May, the final rules will be subject to another set of hearings at these same locations. In June, the Coordinating Council will be asked to adopt a final set of rules that must be submitted to the U.S. Secretary of Education by June 30.

New Programs Approved. The Coordinating Council approved a proposal from Briar Cliff College in support of an intent to introduce an Accounting degree through the Algona Center in January 1994.

Report on Marketing Committee Activities. Susan Chilcott, Chair of the Marketing Committee, provided an update on the Marketing Committee's activities and indicated that they were working on the first phase as approved by the Council in December. The committee has developed several points to focus the message that should be conveyed about higher education in Iowa. These points will be incorporated into op-ed pieces which are currently under development for placement in targeted media. The committee also is gathering material for development of a partnership report that would highlight the various cooperative education efforts among the sectors.

Legislative Matters. The Council had a brief discussion of legislative matters that centered on the Iowa Communications Network and legislation to establish a governance structure for the Network (SF 2089). The pros and cons of the proposed legislation were discussed. There seemed to be a consensus that there was no major opposition to this legislation. However, concerns about a lack of involvement of Iowa Public Television and the proposed ICN advisory committee were noted.

In a related matter, it was reported that the taxonomy of programs offered by Iowa's postsecondary educational institutions is being developed. The sections for the Board of Regents, the independent colleges and universities, and the community colleges were now in draft form and were being reviewed by the respective sectors. The taxonomy will be used to determine the need for program approvals for programs offered on the ICN.

Dr. Tyrrell, who was the only Regent present at this meeting, stated that Director Barak was doing a tremendous job representing state postsecondary education.

ACTION: President Berenstein stated the Board received the report, by general consent.

ANNUAL REPORTS ON PUBLIC RADIO STATIONS. The Board Office recommended the Board (1) receive the reports and (2) request that specific information on staffing be provided in future reports, with an emphasis on employment of students and opportunities for them at university public radio stations.

The Priority Study Group on Public Radio requested in October 1993 that the radio reports be submitted in February 1994. The reports have been on a biennial schedule since March 1990 when the last report was docketed.

The stations broadcast a 24-hour schedule of cultural, information and news programs. All place a strong emphasis on Iowa features.

The Arbitron audience research company estimated the weekly cumulative audience (the number of different adults listening to the stations for at least five minutes during the period of one week) to be:

WSUI	19,200	KSUI	23,200
WOI-FM	48,900	WOI-AM	42,300
KUNI/KUNY	46,400	KHKE/KRNI	6,200

Each of the stations has programming unique to its institutional emphasis:

- o The University of Iowa's renowned writing program is reflected in "Live from Prairie Lights", a program featuring readings by resident and visiting writers that is now distributed nationally by satellite.
- o WOI-AM has provided extensive coverage of the Iowa Legislature since 1969 and maintains a full-time year-round presence at the Capitol. The station, in cooperation with ISU Extension, offers detailed information on agricultural markets.
- o KUNI's presentations of live and recorded folk music combined with evening programs of music from multi-cultural backgrounds are unique and distinguish its offerings.

Despite difference in emphases, (WSUI, WOI and KUNI) all rely on news and information programming from National Public Radio, such as "All Things Considered" and "Morning Edition".

The universities supplied the following funding information for the current year and proposed budgets for FY 1995.

<u>Station</u>	<u>FY 1994</u>	<u>FY 1995</u>
KSUI/WSUI	\$ 967,787	\$ 992,642
WOI-AM & FM	\$1,328,788	\$1,358,500
KUNI/KUNY/KHKE/KRNI	\$1,361,336	\$1,397,843

ACTION: President Berenstein stated the Board (1) received the reports and (2) requested that specific information on staffing be provided in future reports, with an emphasis on employment of students and opportunities for them at university public radio stations, by general consent.

REPORTS ON SPECIAL SCHOOLS ADVISORY COMMITTEES. The Board Office recommended the Board receive the annual reports of the Advisory Committees at Iowa School for the Deaf and Iowa Braille and Sight Saving School.

An advisory committee for each of the special schools was established to advise the Board and the special schools regarding cooperative endeavors with the universities, services to students, training, and the development of governance reports and planning.

The two advisory committees assessed progress made toward achieving strategic goals and assisted with the development of goals for the next year.

Guidance was provided by the ISD Advisory Committee relative to the operation of the Iowa School for the Deaf on issues such as an In-House Suspension Policy, on charging student fees for supplies, and on a revision of the school's strategic plan.

The IBSSS Advisory Committee reviewed and provided feedback on the school's Vision Statement, on its faculty performance appraisal system, and a proposed student behavior design.

Members of the IBSSS Committee assisted the school in preparation of a grant submitted in October 1992 for development of a training program for teachers of the visually impaired using resources of Regent universities and IBSSS.

The subject area consultants for the ISD and IBSSS advisory committees-- Peter Ripley, Superintendent of the Missouri School for the Deaf, and Carol Allman, State

Consultant for the Florida Department of Education—provided a broad national perspective and consultation on topics related to hearing and vision impairment.

The activities of the committees appeared to be fulfilling the objectives identified by the Board of Regents at the time that the committees were formed.

Director Barak stated that the advisory committees are very helpful in the Regents' governance process.

ACTION: President Berenstein stated the Board received the annual reports of the Advisory Committees at Iowa School for the Deaf and Iowa Braille and Sight Saving School, by general consent.

AFFILIATED ORGANIZATIONS REPORTS. The Board Office recommended the Board receive reports on the following affiliated organizations:

- a. SUI Research Foundation
- b. SUI Alumni Association
- c. ISU Alumni Association
- d. ISU Press
- e. ISU 4-H Foundation
- f. UNI Alumni Association

There are 16 Regent affiliated organizations: nine at Iowa State University, five at the University of Iowa, and two at the University of Northern Iowa, which extend the outreach of the universities and enrich campus experiences.

Affiliated organizations comprise a wide variety of special activities and interests, such as channeling contributions, obtaining patents, serving as educational and service units for alumni and friends and advancing knowledge in the field of testing.

Affiliated organizations are required to provide annual reports to the Board of Regents for docketing within six months following the end of their fiscal year.

Irregularities or significant issues found by auditors are brought to the Board's attention immediately.

Reports from the SUI Research Foundation, SUI Alumni Association, ISU Alumni Association, ISU Press, ISU 4-H Foundation, and UNI Alumni Foundation were presented and reviewed this month.

The annual reports and financial information of the organizations presented in this report are on file at the Board Office.

UNIVERSITY OF IOWA ORGANIZATIONS

The SUI Research Foundation is a free-standing nonprofit corporation established in 1975 to manage inventions and intellectual property created at the university.

The Research Foundation selectively obtains patent or copyright protection for SUI inventions or discoveries and licenses these inventions to business and industry. In FY 1993, the Research Foundation received 64 invention disclosures, filed 29 patent applications, executed 15 licenses or options, and was issued 9 patents.

An independent audit for the fiscal year ended June 30, 1993, found that the Research Foundation complied in all material respects except that it did not present consolidated financial statements for one of its equity investments.

The Research Foundation recorded its 52.5 percent investment in Neurotron, Inc., on the equity method of accounting, whereas generally accepted accounting principles require the presentation of consolidated financial statements when the Foundation controls more than 50 percent of an affiliate.

For the year ended June 30, 1993, operating revenue and support and interest income of \$1,028,663 exceeded operating and interest expenses of \$991,720 by \$36,943. The equity balance on June 30, 1993, was \$89,609 compared to \$52,666 on June 30, 1992.

The SUI Alumni Association, which was organized in 1967 as a not-for-profit corporation, is the principal agency through which SUI students continue their identity with the university following graduation.

Projects sponsored for FY 1993 included Distinguished Alumni Lecture, fall and spring reunion weekends, UI Parents weekend, Alumni Association of Iowa Clubs, University of Iowa nights and club gatherings, Distinguished Awards Program, Iowa Alumni Review, and specialized newsletters for special alumni constituencies.

Current Association membership is 45,573.

An independent audit for the fiscal year ended June 30, 1993, found that the Alumni Association complied in all material respects. The financial audit for FY 1993 reported revenue of \$1,673,709 and expenses of \$1,692,549, for a deficiency of revenues over

expenses of \$18,840. Equity on June 30, 1993, was \$2,334,510 compared to equity on June 30, 1992, of \$2,353,350.

IOWA STATE UNIVERSITY ORGANIZATIONS

The ISU Alumni Association, established in 1932, provides a wide range of services and activities for Iowa State University alumni and friends.

Programs planned to increase public awareness and understanding of the university and encourage alumni involvement include a legislative program, honors and awards program, student alumni association, parents association, and publications.

An independent audit for the fiscal year ended June 30, 1993, noted that the auditors were unable to obtain audited financial statements supporting the Alumni Association's investment in and equity and earnings of University Systems Technology. Except for the effects of any adjustments which may have been necessary if sufficient information had been obtained on the University Systems Technology, the Alumni Association complied in all material respects.

The financial audit for FY 1993 reports Operating Fund revenues of \$1,363,112 and expenditures of \$1,741,619, resulting in a \$378,507 deficiency of operating fund revenues over expenses. This deficiency was covered by a transfer from the Endowment Fund.

As a result of the \$378,507 transfer to cover the Operating Fund deficiency and revenues of \$335,530 from life memberships, the Endowment Fund balance was \$1,069,209 on June 30, 1993 compared to the June 30, 1992 fund balance of \$1,112,186.

The ISU Press began in 1934 and incorporated in 1941 to print student publications and publish books of merit in the subject matter fields of Iowa State University, as well as regional works concerned with the culture and history of the Midwest.

An independent audit for the fiscal year ended June 30, 1993, found that the ISU Press complied in all material respects.

For the year ended June 30, 1993, revenue of \$2,793,513 from book and journal publishing less \$1,278,880 cost of sales yielded gross profit from operations of \$1,514,633. Operating expenses totaled \$1,636,018 for a net deficiency of \$121,385 from operations. Other revenue or expense included publishing rights income and

interest income of \$32,116 and interest and other expense of \$37,826, for a total deficiency of revenue over expenses of \$127,095.

The fund balance on June 30, 1993, was \$301,698 compared to the June 30, 1992, fund balance of \$428,793.

The Iowa 4-H Foundation serves as a resource development body to provide financial assistance for 4-H and youth programs for which tax moneys are insufficient or not eligible.

An independent auditor compiled the financial statements of the Iowa 4-H Foundation for the year ended August 31, 1993. Because the statements had not been audited or reviewed, the auditor did not express an opinion on them.

For the year ended August 31, 1993, revenues of \$916,651 exceeded expenditures of \$842,397 for a net income of \$74,254. As a result of the net income and a \$20,863 prior period adjustment, the fund balance increased from \$1,640,448 on August 31, 1992, to \$1,735,565 on August 31, 1993.

UNIVERSITY OF NORTHERN IOWA ORGANIZATION

The UNI Alumni Association, organized in 1879 and incorporated in 1972, is a primary avenue of communication between the university and its graduates.

Alumni assist the university with financial support for scholarships, facilities, and cultural activities for which state funds are not available. The Office of Alumni Relations now services the records of more than 92,000 alumni and friends.

The General Fund Budget Performance Report for the year ending June 30, 1993, lists support and revenues of \$75,987 and expenditures of \$72,993, for revenues in excess of expenditures of \$2,994. The combined balance for restricted and unrestricted funds was \$311,811 on June 30, 1993 compared to \$295,730 on June 30, 1992.

ACTION: President Berenstein stated the Board received reports on affiliated organizations, by general consent.

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office reported that it had no personnel transactions for this month.

REPORT ON MEETING OF THE IOWA COLLEGE STUDENT AID COMMISSION.

The Board Office recommended the Board receive the report of the January 18, 1994, meeting of the Iowa College Student Aid Commission.

The Iowa College Student Aid Commission held its regular monthly meeting on January 18, 1994. The Commission heard a report on the selection of consultants to study alternatives and opportunities for the Commission in the future. With the establishment of the Direct Student Loan Program, much of the business of the Commission in guaranteeing student loans is expected to diminish over the coming years. New ways of doing business as a guarantee agency will undoubtedly be required and those alternatives will be explored by the consultants.

A staff report regarding the responsibilities of the states to share in the cost of defaults in student loans was provided to the Regents. This requirement was covered in the Omnibus Budget Reconciliation Act of 1993. The initial estimate of the Commission staff is that the State's share of default costs could exceed \$100,000 potentially. The State may have no liability under a new interpretation so long as its default costs remain less than 20 percent of the value of all loans entering repayment. The current default rate for the Iowa College Student Aid Commission is 6.6 percent. If this interpretation is adopted by the Federal government, Iowa will have little or no liability.

ACTION: This report was received by consent.

STATUS REPORT ON BOARD OFFICE BUDGET FOR FISCAL YEAR 1994. The Board Office recommended the Board receive the report.

The budget for fiscal year 1994 is on target with expected revenues. No significant changes in expenditure levels or projections have occurred since the last report to the Board in terms of budgeted income.

ACTION: This report was received by consent.

BOARD MEETINGS SCHEDULE. The Board Office recommended the Board approve the Board Meetings Schedule.

March 16-17, 1994	To Be Determined	Sioux City
April 20-21	Iowa Braille and Sight Saving School	Vinton
May 18-19	University of Northern Iowa	Cedar Falls
June 14-15	University of Iowa	Iowa City
July 20-21	Iowa State University	Ames
September 20-21	University of Northern Iowa	Cedar Falls

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October 19-20	University of Iowa	Iowa City
November 16-17	Iowa State University	Ames
December 14-15	To Be Determined	Des Moines
January 18, 1995	Telephonic	
February 15-16	University of Northern Iowa	Cedar Falls
March 15-16	Iowa State University	Ames
April 19-20	Iowa School for the Deaf	Council Bluffs
May 17-18	University of Iowa	Iowa City
June 21-22	University of Northern Iowa	Cedar Falls

ACTION: The Board Meetings Schedule was received by consent.

President Berenstein then asked Board members and institutional officials if there were additional general or miscellaneous items for discussion. There were none.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Wednesday, February 16, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board ratify personnel transactions, as follows:

Register of Personnel Changes for the month of December 1993 and

In accordance with Code of Iowa Chapter 262.13, the commissioning of DAVID ALLAN VISIN as special security officer. Mr. Visin successfully completed training at the Iowa Law Enforcement Academy.

MOTION:

Regent Hendricks moved to ratify personnel transactions, as presented. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM. The Board Office recommended that the Board approve the following new Professional and Scientific classifications:

1. Pathology Clinical Section Manager, pay grade 11 (\$34,915-\$61,055);
2. Pathology Clinical Operations Coordinator, pay grade 09 (\$29,820-\$52,155);
3. Pathology Clinical Laboratory Specialist, pay grade 08 (\$27,565-\$48,210);
4. Pathology Lead Clinical Laboratory Scientist, pay grade 07 (\$25,480-\$44,555);
and
5. Pathology Clinical Laboratory Scientist, pay grade 05 (\$21,770-\$38,245).

Five proposed new classifications were the result of a reorganization of the Department of Pathology Clinical Laboratories under which 22 laboratories are placed under seven section managers.

The proposed new classes will replace five general clinical laboratory classes now used in the department:

Chief Technologist II	grade 10
Chief Technologist I	grade 9
Clinical Laboratory Technologist III	grade 7
Clinical Laboratory Technologist II	grade 6
Clinical Laboratory Technologist I	grade 5

Under the proposed reorganization no staff will be laid off but there will initially be 30 fewer supervisory positions and 30 more positions primarily involved in production (testing). When the reorganization is fully implemented it is expected that as the result of attrition there will be approximately 29 fewer staff than at present, representing a savings of at least a million dollars annually.

Proposed pay grade assignments were based on point count evaluations of the duties and responsibilities of the proposed classifications and the new classes can be implemented within existing resources.

MOTION: Regent Hendricks moved to approve the new Professional and Scientific classifications, as presented. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

MEETING AS UNIVERSITY OF IOWA HOSPITALS AND CLINICS BOARD OF TRUSTEES. The Board Office recommended the Board receive the report.

The Board members received a packet of support materials from UIHC officials at the Board meeting.

President Rawlings introduced Vice President Manasse.

Vice President Manasse stated that the Regents would be provided with information including a quarterly update on operations, programs, finances, capital development, governance and strategic planning of the UIHC as well as a presentation concerning the hospital's information systems. They would also be asked to approve bylaws revisions.

Vice President Manasse said the State's MedisGroups Severity of Illness reporting system is often referred to as hospital "report cards". There will be report cards built into President Clinton's health care plan. He stated that there is an increase in the severity of patients coming to University Hospitals. There is a need to address the future of graduate medical education and a continuous need for all hospitals to examine responsiveness to patients and in a cost effective manner.

Interim Director Staley referred to the patient census trends reported to the Regents in October for the first quarter of fiscal year 1994 and said those trends have generally continued. Admissions and patient days are up. Clinical visits are also up. The volume of surgical procedures has increased as of the end of the first half of fiscal year 1994. There has been an increase in the organ transplant volume particularly liver transplants since UIHC is the only hospital in the state that performs liver transplants. He referred to a presentation to the Regents in April 1993 by Dr. Martin, head of the transplant program and said she has regenerated that program. He said 22.6 percent of the surgical increases were in transplants.

Interim Director Staley said there has been considerable growth (7.1 percent) in the case mix index so far this fiscal year. He discussed the Medicare case mix analysis of UIHC versus secondary level and all Iowa hospitals. The case mix for UIHC was 1.69; however, the Des Moines Register reported that the Iowa Hospital Resource and Outcomes Report shows that those patients served at UIHC are less severe than those served at other Iowa hospitals. He said the Iowa Hospital Resource and Outcome report is based on information from hospitals of 100 beds and over, and utilizes the MedisGroups Severity of Illness System group computer system to gather this information. UIHC officials and other hospitals had misgivings about adopting and using that system as a means of gathering the information. The Iowa legislature last session agreed to mandate its use for just one more year and to then work on finding an alternative to this system.

With regard to the MedisGroups Severity of Illness System of gathering information, Interim Director Staley stated that 66 Diagnosis Related Groups (DRG) out of a total 492 DRG were reported on. These 66 DRGs were selected because they were conditions or procedures Iowans experience most frequently. However, at the UIHC the 66 DRG accounted for only 27 percent of the volume but accounted for 50 percent of the volume statewide. The cases which are much less common and that are served at the UIHC are not included in the 66 DRGs. He stated that almost 3/4 of UIHC's patient population is left out of the calculation.

Regent Tyrrell questioned whether use of the MedisGroups Severity of Illness System information was not a proper use of the material since it was designed to allow patients to comparison shop. Interim Director Staley responded that initially the program was designed for hospitals to purchase for their own internal management uses. He noted that some of the patient illnesses/injuries excluded would be multiple trauma, HIV, transplants and burns. The sickest of UIHC's patients and those with unique illnesses, are excluded from the analysis.

Regent Newlin asked if, when adjusting the data, UIHC is about the same as other hospitals. Interim Director Staley said the difficulty is with the way UIHC is evaluated for those 66 DRGs because of the nature of the kind of hospital it is. As a referral center they receive many transfer patients. MedisGroups Severity of Illness System does not fairly account for transfer patients. He then discussed a letter he sent to the chair of the Iowa Health Data Commission, Severity and Outcome Compilation in which he cited major deficiencies in the reporting of information concerning UIHC. It limits data from the transfer institution and scores patients at the lower severity. For example, if a patient is transferred to UIHC on a respirator, the respirator factor cannot be recorded in the admission scoring of the severity. Eight days later another scoring is completed which shows at that time the patient being on a ventilator. Therefore, that would show there had been a deterioration in the patient's condition, leading to a false conclusion. He said the MedisGroups Severity of Illness System does not provide a fair representation of the severity of patients.

Regent Tyrrell asked about the term "source document". Interim Director Staley responded that it would mean if a cardiac catheterization report does not come with the patient upon transfer, it cannot be reported.

Regent Dorr questioned why the system was set up so they cannot collect this necessary information. Interim Director Staley responded that it was a manufacturer's decision on how they developed the system. The system was designed to be sold to hospitals to help them evaluate their own quality.

Vice President Manasse said the whole field of report cards is based on the idea that patients should be able to select hospitals based on certain information. When that movement began, the systems were not available to gather that information. The field has not sufficiently matured so they can get accurate indices, from a research point of view. His concern with the report is that those kinds of issues were not balanced. Much of the information is still subject to a lot of scrutiny.

Mr. Hesson stated that many of the procedures performed at UIHC are not done often enough nationwide to be statistically sufficient. He noted that designing a quality

system to compare a community hospital to an academic referral hospital will be very difficult.

Interim Director Staley stated that since budgetary projections have been based on anticipated census level, expenses are above earlier projections, as well. He then introduced Mr. Yerington to review the status of the expense and income budgets for the first 6 months of the fiscal year.

Mr. Yerington discussed patient utilization information for July through December 1993 which emphasized the broad categories of payors. With regard to gross billings and estimated cash flow, he said government numbers are declining mainly because Iowa Medicaid is moving more into managed care and because of the improving Iowa economy. Privately-insured patients are showing some increases. With regard to a comparison of the gross billings to cash flow, he said the gross billings to government payors in 1993-94 has been 54 cents on the dollar while cash flow for government payors is 47 cents on the dollar. He said the 7 percent differential reflects a need to cost shift.

Regent Dorr referred to the government payors and asked what percent would be government employees versus Medicare and Medicaid patients?

Mr. Yerington said it was primarily Medicare and Medicaid in the government payors category.

Regent Dorr asked if State employees would be listed under the private insured?
Mr. Yerington said they would.

Mr. Yerington then discussed the forecasted financial status of UIHC for 1993-94 which included the status of third party payor programs. He noted that he had previously discussed an appeal of cost reimbursement for graduate medical education. That matter is scheduled for hearing in Washington, D.C. on March 1. The amount in dispute totals \$7.2 million. He was fairly confident that they would win the appeal.

Third party payor programs include Medicare, Iowa Medicaid, Iowa Blue Cross and managed care programs. Mr. Yerington stated that typically third party payors pay for outpatient services on a retrospective cost reimbursement basis. Beginning July 1, 1994, they are going to a DRG-type system for outpatients called APGs, ambulatory patient groups. Whereas there are 493 DRGs for inpatients there are 270 to 290 APGs for outpatients. He expects that from the formula third party payors will use that this program will reduce UIHC reimbursements between 5 and 10 percent for outpatients which would amount to \$400,000 to \$800,000.

Regent Tyrrell asked if UIHC would be impacted any more than other hospitals in the state. Mr. Yerington responded that he believes it will be impacted more adversely because of educational costs.

With respect to the Iowa Blue Cross program, Mr. Yerington said UIHC has received an 8.83 percent increase in its reimbursement rates. They presently have 29 management care contracts; 21 of the contracts are new and 8 are renewals. He then discussed the margins for current year revenues and expenses. He expects margins to improve over the current year for a 2.6 percent net margin.

Regent Tyrrell questioned how the medical complexity increase is calculated. Interim Director Staley said it was determined by the Medicare case mix index.

Mr. Yerington discussed the principal elements of the 1993-94 forecasted financial status. He was forecasting they would exceed the \$341 million budget by \$5.2 million. The 1993-94 budget is 3 percent above the previous year's budget. He said pharmaceutical expenses continue to increase. Cyclosporin is an expensive drug in the transplant program. Pharmaceuticals have increased 159 percent in the expenses of the transplant programs. The cost of acquiring organs continues to escalate.

Regent Newlin asked if accounts receivable for the first 6 months were in the historical range. Mr. Yerington responded that they were.

Mr. Yerington said he projected the need for a 1993-94 budget ceiling increase adjustment in Spring 1994.

Mr. Yerington referred to an earlier Peat Marwick report that documents how all of UIHC's funds are committed. It verifies encumbrances of \$7 million to \$8 million greater than the amount of funds available. A report of the Legislative Fiscal Bureau shows how every dollar is encumbered or committed. In this competitive environment they are dealing with big players such as Mayo and other Big 10 hospitals.

President Berenstein asked if University of Iowa officials have satisfactorily answered legislative subcommittees' members questions concerning where the UIHC's money comes from.

Vice President Manasse said there was one inquiry about hospital reserves at the joint subcommittee meeting but there had been no further inquiries since that meeting.

President Berenstein stated that if that question was still open, they have to make sure it is resolved rather than leave anything in the air when it comes down to "crunch time".

Regent Newlin asked if that was a \$26 million question. Vice President Manasse said one of the legislators speculated that there was \$26 million in the UIHC's reserves that were uncommitted. UIHC officials did not confirm that particular number but are prepared to lay it out for debate.

President Berenstein said they were not to be prepared to do it; just do it. They need to resolve the question before they get farther along in this legislative session.

Mr. Yerington stated that UIHC officials have in the past discussed accounts receivables with legislators. He then expressed concern about what would happen if the Iowa Medicaid program announced that beginning March 1 it could not make any more payments until July 1. Illinois' program has done that several years in a row.

Regent Collins said he would like to know the breadth of the problem before deciding how to correct it. They have to know the magnitude of the problem and the direction they need to take in order to solve it rather than to just be aware of the problem.

Mr. Yerington responded that University Hospitals officials were asked that question by Moody's rating agency during a recent telephone conference call. They asked for the amount of liquidity University of Iowa Hospitals should have. Mr. Yerington's feeling is that there should be about 90 days of uncommitted revenues for contingencies or failures of payment systems or whatever else may come up.

Regent Collins asked if it was that simple. Mr. Yerington responded affirmatively, stating that UIHC is a low debt institution. Debt reserves are part of committed reserves although it does not have reserves equal to the debt. He believed that 90 days of uncommitted revenues was not out of line especially in comparison with reserve amounts of other teaching hospitals.

Regent Collins asked what 90 days of uncommitted revenues would amount to. Mr. Yerington responded that it would be about \$90 million.

Regent Newlin asked for the amount of free reserves. Mr. Yerington responded that there were no free reserves. They are relying on the fact that there will be revenues every year equal to expense.

Regent Tyrrell asked how much is budgeted each year for UIHC to stay current with cutting-edge technology. Mr. Yerington responded that they have spent about

\$15 million/year in the last 5 years for equipment which is heavily focused in the new technology area.

Mr. Staley stated that the remainder of the time would be spent discussing strategic planning goals. He noted that 54 percent of the strategies had been completed as of mid-year. He discussed the various goals and strategies which included capital replacement. Thirteen projects were initiated in the last quarter and 8 projects were completed. They are looking at matters related to the future of graduate medical education. One of the goals is to increase the number of residents and primary care specialists in order to respond to coming changes. Outreach and enhancement of linkages to community health care providers is emphasized. UIHC sponsors 128 different clinics serving 42 Iowa communities with a total of 23,689 patient visits in 1992-93.

Another strategic goal of UIHC which Interim Director Staley discussed was to maintain and refine the internal operations of the UIHC. He provided some strategies for achieving this goal. One very good example of how this was being accomplished this year was in the Department of Pathology. A request would be before the Board that afternoon concerning the ultimate savings of \$1 million/year. He said they would appreciate the Board's support of the position reclassifications being proposed to achieve that savings. He noted that Dean Lynch, the interim Dean of the College of Medicine, is head of the Department of Pathology. Other departments, including nursing, are redefining their organizational structures.

James Wagner, Director, UIHC Hospital Information Systems, provided the Regents with a presentation of the Hospital's INFORMM system for on-line retrieval and medical management. He discussed the installed applications which included administrative, clinical and finance, the hardware configuration and performance highlights. The system supports 100,000 retrievals/day. The pharmacy controls all medications ordered for inpatients on the system and can prevent potential drug interactions. Nursing services can customize patient care plans. The Spine Center uses document scanning software. The IBM 3090-500J processes 100 million instructions/second and supports the entire medical center. The system speeds pathology reports. The system allows an exceptionally high level of staff productivity. Director Wagner concluded by stating that the UIHC is truly a leader in computer technology in the health care community.

Regent Pellett asked if UIHC sell parts of its information system. Director Wagner responded that they have marketed parts of the system in the past through the IBM company. IBM sells the software and UIHC receives royalties.

Regent Newlin asked how much UIHC makes per year off the royalties. Director Wagner responded that it was approximately \$5,000.

Regent Tyrrell asked if UIHC could work through the University of Iowa Foundation instead of IBM in marketing its software. Director Wagner responded that the contracts with IBM were entered into several years ago.

Regent Tyrrell asked if there is a very vigorous marketing effort of the Hospital's software. Director Wagner responded that vendors are actively involved and have come in and looked at the system. However, it is not likely that UIHC would sell its entire INFORMM system to a vendor. In the future they may market certain applications. It is possible but it is not their primary purpose. They have done a feasibility study and have determined it is not practical at this time to further market the system.

Director Wagner introduced Dr. John Olson, Chairman of the Hospital Information System Advisory Subcommittee.

Dr. Olson reviewed with the Regents the UIHC information system's governance and strategic planning activities, security enhancement, and fiber optic network supporting referring physician access. They are identifying additional functions they wish the information system program could perform. Physician discharge summaries are now computerized across all the clinical departments. With regard to security, he said each user has only a certain number of functions available to them. Concerning audit trails, he said virtually every keystroke documents who did what and when. He said one hundred users can gain access to the system by modem. There are three security systems available. A system that has a combination of 2 of the 3 systems is considered a very safe system. He passed around a "bank" card and numbers piece of new technology that is a form of security. The system provides a 6 digit number that changes randomly every 6 seconds. The number becomes part of the log-in function and defeats scripted bypass programs.

Dr. Olson stated that referring physicians can get information on their patients from the system while the patients are at UIHC. Currently eight referring physicians are trying out and critiquing the system. They are now able to do so over telephone lines via a modem. However, it is anticipated that the new fiber optics system will enable them to more directly access the system.

Regent Collins asked, if they were starting right now to develop this information system, would they still use a main frame computer system? Director Wagner responded

affirmatively, stating that the ideal combination would be to continue to use the mainframe to store data and the power of personal computers in a network fashion.

Regent Collins asked about backing up the system. Director Wagner responded that UIHC is working with other University of Iowa centers to provide mutual back-up capabilities. The cost for those services from an outside vendor is \$500,000/year. If they declare a disaster they also have to pay a monthly fee.

Regent Collins asked about the ability of the three Regent universities to assist each other in back and forth storage. Dr. Olson responded that the University of Iowa Hospitals and Clinics is unique in that it has demands for critical availability capabilities. The other universities within the state have less critical demands.

Regent Newlin said it was his understanding that the UIHC's software was developed internally and is unique. He asked if others outside the institution view the software favorably and want to copy it.

Director Wagner responded that many of the applications that outsiders want to copy are the techniques used to develop the software. The techniques allow them to develop software that truly meets the needs of the user community.

Regent Newlin suggested they may want to revisit the issue of generating revenues. He noted that people who have the ability to create that kind of software are usually unable to market the software.

Director Wagner said that was true. He did not want to minimize the complications of marketing their software. He said every hospital has a different way of identifying patients. A lot of modifications would need to be done with the software. There would need to be market specific applications that could be implanted into the software.

Interim Director Staley stated that UIHC officials could certainly take another look at marketing the software.

Regent Hendricks asked to comment on the presentation. She said they had heard some excellent reports; however, she did not view the 2-1/2 hours they just spent as fulfilling their fiduciary duties as the Board of Trustees of UIHC. She does not think "show and tell" sessions are appropriate for a governing body. She has asked in the past that they not engage in this "show and tell" type of presentation and did not view it as a proper governance role. The Regents were previously afforded the opportunity of input into the agenda of items they would like to discuss in their role as Board of

Trustees. She said she would appreciate in future meetings that the Regents be allowed to list items they would like discussed.

President Berenstein stated that the presentation was fine for the Board of Regents but not as trustees of the UIHC. Presentations such as the one on the Hospitals' information system should be included in the orientation for new Regents. He is more concerned about their fiduciary obligation for which they are personally liable. They need to discuss different formats for meetings of the Board of Trustees and the Board of Regents. He said this presentation was meaningless to him because he is computer illiterate. He is vitally concerned about the direction of the Hospitals in his role as Trustee. They need to redefine their roles.

President Berenstein stated that he felt it was inappropriate to ask the Regents to approve bylaws revisions they had never seen before. He said the information should have been sent to them 2 weeks ago.

Vice President Manasse stated that the points President Berenstein and Regent Hendricks made were legitimate and appropriate. He agreed there is a need to talk about formatting of the agenda. He noted, however, that 2 weeks ago when UIHC officials submitted to the Board Office the agenda for this meeting, they included the drafts of the bylaws revisions. Those revisions were not included in the docket books for whatever reasons. He said he would feel the same way if he was in their position.

Director Barak stated that he wrote the memorandum for this docket item. He said he received only the one page that showed the agenda.

President Berenstein said something may have been missed with all the paper being processed in the Board Office. Regardless of whether it was sent and misplaced, the Regents did not get to see it and cannot act today.

Vice President Manasse suggested that Mr. Hesson present the issues today and said they would come back next month to request Board action on the bylaws amendments.

Regent Dorr stated that the essence of the concerns of President Berenstein and Regent Hendricks were policy issues versus other matters. In the future they should dwell on policy matters.

President Berenstein said it was his recollection that during previous meetings as the Board of Trustees he thought they were going to look at the entire bylaws. He asked that the entire bylaws be revisited, also.

Regent Furgerson stated, for the record, that in reviewing the bylaws something should be stated about the amount of time in advance that the Trustees must receive proposed changes before being voted on.

Interim Director Staley stated that UIHC officials would be pleased to do that. He then introduced William Hesson, senior legal counsel, for the final report of the presentation.

Mr. Hesson stated that the two proposed bylaws amendments concerned the internal governance structure of the UIHC and had both been approved by the Hospital Advisory Committee. He said the amendments concerning the clinic and outreach subcommittee was one of the most important changes to the bylaws in a long time. The change represents the University Hospitals' governance piece of the Joint Office for Clinical Outreach and Contracting for Patient Care.

President Berenstein stated that the Regents would vote on the proposed amendments at their next meeting. He suggested that if anyone had questions in the interim they should contact Mr. Hesson.

Regent Tyrrell referred to the material about clinical and support services and asked if that was part of the information to have been presented at the meeting that was canceled because of weather.

Vice President Manasse responded affirmatively, adding that the other component is that the Hospital Advisory Committee feels it should have greater oversight of the expanded outreach activities.

Regent Collins stated that he told Vice President Manasse during break that he felt the Board should be looking at other issues; for instance, what is the longevity of their transplant patients. He feels the question is not how many transplants they are doing but how effective they are and what they are contributing to society when they perform transplants. What is the cost and the exposure? What are the standards for whether or not a patient receives a transplant? Those are very important policy questions that as a Board they need to look at.

Regent Furgerson stated that other issues around those same types of questions deal with ethics in transplant. She noted that AMA studies have shown that minorities are more apt to not get transplants.

Regent Collins stated that he is concerned that as health care goes to capitation, UIHC will be opposite of most hospitals. Some hospitals will get paid a certain amount per patient whether or not the patient is in the hospital. Therefore, those hospitals are

more profitable when they have less in-patients. The University of Iowa Hospitals and Clinics has a very necessary reason to have a big patient base for instruction yet at the same time they are talking about networking with other hospitals around the state. Those are massive problems.

Regent Collins said he did not mean to demean the report presented by UIHC officials. He is computer literate and enjoyed receiving the information. However, these other issues have to be faced. The public is entitled to the answers and the Board members have the responsibility of getting those answers for the public.

President Rawlings stated that those are the matters being taken up at the briefings to which Regent Tyrrell referred.

President Berenstein stated that UIHC presentations need to be done in two different formats: one for the Board of Regents and one for the Board of Trustees. Policy and informational items need to be handled separately.

Mr. Staley stated that UIHC officials would certainly follow up on Regents' comments about topics and would be pleased for the Regents to review the agenda in advance.

President Berenstein stated that they should plan to meet next time as the Board of Trustees of UIHC. They will have an opportunity to review the agenda ahead of time so any desired topics are incorporated prior to the meeting.

Regent Hendricks stated that one topic would be a review of the bylaws.

ACTION: President Berenstein stated the Board received the report, by general consent.

EXECUTIVE SESSION. President Berenstein requested the Board enter into closed session pursuant to Code of Iowa section 21.5(1)(c) to discuss a matter with counsel which is either in litigation or where litigation is imminent.

MOTION: Regent Furgerson moved to enter into closed session. Regent Hendricks seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 10:40 a.m. on February 16, 1994, and adjourned therefrom at 12:27 p.m. on that same date.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the university's capital register.

PERMISSION TO PROCEED WITH PROJECT PLANNING

Main Power Plant--Modification of Boiler No. 11

University of Iowa officials proposed to replace the combustion unit of Boiler No. 11 with a new unit of proven technology. The existing unit has exhibited numerous problems since its completion, including the inability to operate consistently at acceptable steam generation levels, excessive outages, and excessive maintenance and repair costs. Increasing steam loads require that a reliable, efficient boiler be in operation prior to the 1995-96 heating season. Modification of Boiler No. 11 to ensure reliability and efficiency, while providing for the use of alternate fuels such as petroleum coke and western coal, is expected to provide savings of at least \$1 million annually in fuel, operating, maintenance and repair costs.

University officials believe that the basic design of the existing unit will not permit reliable, efficient operation of the boiler. In recent months consideration has been given to the option of modifying Boiler No. 11 by replacing the combustion unit with a fluidized bed combustion unit of proven technology, reliability and efficiency. Research has also been done on the potential for burning alternate fuels. The resulting findings indicate that modification of the boiler unit is feasible, and that, combined with burning alternate fuels in a modified unit, could result in savings of at least \$1 million annually.

University officials proposed to use a combination of funding sources including Utility Enterprise Renewal and Replacement Funds, Treasurer's Temporary Investment Income and debt financing. The funding from each of those sources will be refined as the project advances. At this time, the proposed preliminary budget is as follows:

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Utility Enterprise Funds	\$ 1,500,000
Treasurer's Temporary Investment Income	2,500,000
Debt Financing	<u>3,500,000</u>
Total	<u>\$ 7,500,000</u>

The details of the proposed debt financing require interaction among the university, the Board Office and the Board's financial advisor, Springsted. The university expects an interest rate in the range of 3.75 percent to 4 percent and a relatively short term (currently estimated at six to eight years).

The annual operational savings from the modified boiler would provide the funding source for debt service obligations. The debt financing arrangements will be docketed for consideration by the Banking Committee at the March 1994 meeting. University officials will present a more refined budget and project description for Board approval in March.

University officials proposed to pre-qualify potential contractors. The pre-qualification evaluation criteria will include at a minimum the following: experience in fluidized bed boiler technology and modification, engineering expertise, specific components of the project, techniques in accomplishing the project, life-cycle cost, project schedule, and financial capacity. After contractors have been pre-qualified the project will then be bid as required by Section 262.34 of the Code of Iowa.

Schaeffer Hall--Remodeling and Renewal

The project will consist primarily of building renewal items, including replacement of the heating system, addition of air conditioning and ventilation, and the replacement of electrical distribution systems to include communications wiring. The two public rest rooms will be replaced with rest rooms on each floor for each gender. An elevator will be added to improve access for the disabled to eliminate the need for chair lifts. Fire safety deficiencies will also be eliminated. Remodeling will be limited to approximately 20 percent of the building area and will consist primarily of conversion of spaces no longer suitable for the remaining and new occupants of the building.

The building will continue to house the College of Liberal Arts administration and various departments within the College. University officials expect that a large portion of the building will be vacated in late summer or early fall as the language departments leave the building to occupy the recently-vacated Phillips Hall. In order to avoid unnecessary disruption, inconvenience, and cost, it is important that the remodeling occur with as low a building occupancy as possible. They wish to proceed with this

project in order to take maximum advantage of low occupancy and to bring the building back in use as soon as possible.

The estimated cost of the project is \$8.6 million. University officials are pursuing bonding authorization for FY 1995 in the amount of \$8.5 million to fund the project. They wish to proceed with the project in anticipation of legislative action on the project funding.

University officials also requested approval to begin the architectural selection process. They anticipate returning to the Board for approval of the project architect in May 1994.

PROJECT DESCRIPTIONS AND BUDGETS

University officials submitted four new projects for approval by the Board.

Hancher Auditorium--Renovation \$2,030,000

Preliminary Budget

Construction	\$ 1,575,650
Design, Inspection and Administration	
Consultants	231,300
Architect/Engineer Services	65,300
Contingencies	<u>157,750</u>
 TOTAL	 <u>\$ 2,030,000</u>
 Source of Funds:	
Private Gifts	\$ 1,250,000
National Endowment for the Arts	150,000
Building Renewal	315,000
Treasurer's Temporary Investments	<u>315,000</u>
 TOTAL	 <u>\$ 2,030,000</u>

University officials proposed to initiate a project to correct deficiencies in the building. The project will include the replacement of the lobby and auditorium carpet, replacement of the auditorium seating, the repair and painting of the lobby and auditorium interiors, the partial replacement of the stage floor, the replacement of the house curtain and the removal of barriers to access.

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The project will be funded from proceeds from the Hancher Ovation private fund-raising campaign, a grant from the National Endowment for the Arts, and two internal allocations of university funds. The latter sources of funds will be applied to the removal of accessibility barriers and the enlargement of the women's rest rooms.

University officials have explored a variety of alternatives and needs that could not be incorporated into the available fund and project budget. These needs will be addressed subsequently when the opportunity is available.

Medical Laboratories--Renovate Research Laboratory \$538,000

Preliminary Budget

Construction	\$ 415,800
Design, Inspection and Administration	
Consultants	63,450
Architect/Engineer Services	17,150
Contingencies	<u>41,600</u>

TOTAL \$ 538,000

Source of Funds:

Departmental Funds	\$ 485,000
Treasurer's Temporary Investments	<u>53,000</u>

TOTAL \$ 538,000

This project will renovate approximately 10,000 square feet of space on the north wing of the ground floor of the Medical Laboratories. The space is assigned to the Radiation Research Laboratory and consists of offices and research laboratories which were last remodeled in 1949. Work will include the replacement and upgrading of walls, doors, finishes, and laboratory casework. Mechanical improvements will include plumbing, electrical systems, and pipes associated with laboratory air and gas supplies. A new HVAC system will be installed in the project area as part of a separate project, entitled the Medical Laboratories, HVAC and Building Upgrade, Phase 3. This will allow chilled water for the remodeled area to be supplied centrally by the West Campus Chilled Water Plant.

Currier Hall--Remodel First Floor South \$417,930

Source of Funds: Dormitory Improvement Reserves

Preliminary Budget

Construction	\$ 332,024
Design, Inspection and Administration	
Consultants	17,300
Architect/Engineer Services	35,406
Contingencies	<u>33,200</u>
TOTAL	<u>\$ 417,930</u>

University officials requested approval of a project description and budget for the remodeling of 7,500 square feet of space in Currier Hall. The project will remodel a number of public lounge and support areas located in the southeast corner of the first floor of the building.

Improvements will consist of new walls, carpet, ceilings, lighting, power modifications, and painting. A new mechanical system will be installed to serve the main lounge and the foyer. New window air conditioners will be provided in the hall coordinator's office. Project interior design in all public areas will be consistent with the architecture of the 1930s period, including crown moldings, picture rails, chair rails, wall coverings and carpet.

University officials plan to return to the Board in March for approval of a consultant agreement for mechanical and electrical design. Architectural design and project inspection and administration will be provided by Architectural/Engineering Services.

Domestic Water Distribution Upgrade--West Campus \$300,000
Source of Funds: Income from Treasurer's Temporary Investments

Preliminary Budget

Construction	\$ 242,000
Design, Inspection and Administration	
Consultant	34,017
Architect/Engineer Services	2,400
Contingencies	<u>21,583</u>
TOTAL	<u>\$ 300,000</u>

This project is part of the continuing upgrading of utilities in the vicinity of the University of Iowa Hospitals and Clinics South Expansion. The project consists of extending the

existing 20-inch water main from its present terminus at the southwest corner of the Field House parking lot. The proposed routing is along Melrose Avenue, Hawkins Drive, and South Pavilion Roadway to a connection with an existing 20-inch water main in Spline Road adjacent to Parking Ramp No. 2.

This project also includes a 10-inch domestic water and a 12-inch fire water service to the southeast corner of the Eye Clinic, fire hydrants, and connections to existing service to Kinnick Stadium.

University officials presented amended budgets on the following projects reflecting revised fund sources:

Water Plant--Sludge Dewatering Improvements \$1,950,000

Project Budget

	Original Budget <u>Sept. 1993</u>	Amended Budget <u>Feb. 1994</u>
Construction	\$ 1,600,000	\$ 1,600,000
Design/Inspection/Administration	190,000	190,000
Contingency	<u>160,000</u>	<u>160,000</u>
TOTAL	<u>\$ 1,950,000</u>	<u>\$ 1,950,000</u>
Source of Funds:		
Academic Building Revenue Bonds	\$ 1,950,000	
Treasurer's Temporary Investments	<u> </u>	<u>\$ 1,950,000</u>
	<u>\$ 1,950,000</u>	<u>\$ 1,950,000</u>

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Power Plant Improvements

\$5,416,000

Project Budget

	Original Budget <u>Feb. 1993</u>	Amended Budget <u>Feb. 1994</u>
Construction	\$ 4,333,000	\$ 4,333,000
Design/Inspection/Administration	649,700	649,700
Contingency	<u>433,300</u>	<u>433,300</u>
TOTAL	<u>\$ 5,416,000</u>	<u>\$ 5,416,000</u>
Source of Funds:		
Academic Building Revenue Bonds		\$ 2,500,000
Utility Enterprise Improvement and Replacement Fund	\$ 3,000,000	1,716,000
Treasurer's Temporary Investments	2,416,000	700,000
Utility Enterprise Revenue Bonds	<u> </u>	<u>500,000</u>
TOTAL	<u>\$ 5,416,000</u>	<u>\$ 5,416,000</u>

University officials reported five new projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university. Included for Board ratification was the following project for the President's Residence.

President's Residence--Slope Stabilization--Phase 2

\$48,500

Source of Funds: FEMA Grant or Building Renewal Funds

Preliminary Budget

Construction	\$ 46,000
Design, Inspection and Administration	1,000
Contingencies	<u>1,500</u>
TOTAL	<u>\$ 48,500</u>

On July 15, 1993, university officials advised the Board Office that land slides caused by excessive rain were occurring on the slopes on the north and west sides of the President's Residence at 102 Church Street. They also informed the Board Office of the need to take emergency action to protect the threatened retaining wall, an air conditioning condenser unit and the remainder of the property. The project description and budget for this work was reported to the Board in September 1993.

An emergency slope stabilization project was completed, and additional corrective measures were anticipated pending further analysis. Since that time continued slope failures indicate that additional measures are necessary. This project will install wood lagging, earth anchors and backfill material. It is possible that additional work may be required in the spring of 1994, depending on the stability of the slope at that time.

Reimbursement for the previous work at the President's Residence was approved and funded by FEMA at 90 percent. Similar funding is expected for this project.

The project will be accomplished via the quotation and purchase order process. Project design, inspection and administration will be provided by Architectural/Engineering Services.

ARCHITECT/ENGINEER AGREEMENTS

<u>Development Center</u>	<u>\$1,265,400</u>
Brooks Borg and Skiles, Des Moines, Iowa	
Gwathmey, Siegel and Associates, New York, NY	

University officials requested approval of an agreement with the project architects for design services through the remainder of the project. The project architects have completed the services required to establish the size and approximate cost range of the building along with the other variables impacting the project. This work has included conceptual design, building positioning, site development, and utility extensions. The Foundation's space utilization program has been verified by the architects and tested against the conceptual design. The results of this work were documented in a pre-design report that was included with the Board's docket materials. A presentation on the Development Center project was scheduled for Wednesday, February 16 at 3:00 p.m.

The agreement for the remaining design services provides for a fee of \$1,265,400, including reimbursables. The agreement provides for full services through construction

documents and includes construction and post-construction services. The fee is based on a 100,000 gross square feet building as determined during the pre-design study. The building construction and some elements of site development and utility extension within the design responsibility of the agreement are expected to cost approximately \$12,800,000. The contract provides for the negotiation of a future amendment to cover interior design services, if selected by the Foundation.

President Rawlings stated that it was a great pleasure to introduce Darrell Wyrick, President, University of Iowa Foundation, to discuss this project. He said it was a win-win situation for the University of Iowa. The Foundation Board heads the university's fund-raising campaign. It wishes to establish a new building just north and west of Hancher Auditorium. The building is being designed by first-rate architects. The completion of this proposed project will provide additional space in the museum and will greatly increase exhibition space.

Mr. Wyrick provided the Regents with background information on the proposed project. He stated that housing has been a concern for the University of Iowa Foundation. In 1973 the Foundation received a gift from Roy Carver to expand the Museum of Art. At the same time an Alumni Center was added in the Museum of Art. The Center was built with the same specifications as the museum so that eventually it would become part of the museum. He said the arts campus is a great site for the Development Center.

In 1984, construction of the Alumni Center was financed by private gifts to the Foundation. Mr. Wyrick said that when the Alumni Center was built it was done so with the understanding that some time in the future if the university did need the Alumni Center space for the Museum of Art it would be provided with alternative space. He said the Museum of Art is in dire need of expansion space and, therefore, it is an appropriate time to move forward. At this time it is not practical for the university to build a new building for the Foundation to occupy.

Mr. Wyrick proposed that the Foundation build the Center for University Advancement which would house the Foundation, Alumni Association and alumni records. The Foundation needs additional space primarily due to an expansion of staff as it serves more units. He stated that the productivity of the Foundation has increased substantially. All of the Foundation's public spaces have been converted into office spaces. The Foundation now has to hold all of its meetings off campus.

Mr. Wyrick stated that funding of the building will be done entirely from private sources. They proposed to engage outstanding architects. He assured the Regents that the attention of Foundation officials will not be averted from the fund-raising needs of the

university. He said the new building will be aesthetically pleasing when it is completed and will be done in time for the university's bicentennial in 1996.

Regent Hendricks referred to the photograph of the model with which the Regents were presented, and said she hoped the design would be modified because she believed that 50 percent of the state would think it was a beautiful building and the other 50 percent would hate the building.

Mr. Wyrick responded that the photographs before the Regents at this meeting were of the very preliminary design model.

Regent Hendricks stated that she would be interested in seeing the final design model.

Regent Collins asked where the site was located with respect to the flood plain. Mr. Wyrick responded that the ground was nearly as high as Old Capitol. Flooding should not be a problem.

Regent Newlin asked if the Foundation bought a parking lot. Mr. Wyrick responded that the Foundation purchased the parking lot and would deed it to the university with the lease.

President Berenstein stated that he wished to publicly acknowledge the great benefit the University of Iowa Foundation gives to the university. He said the Board appreciated Mr. Wyrick's enthusiasm and all he does for the university.

Mr. Wyrick responded that the Foundation is not a one-person team. It has a great staff and important volunteers.

West Campus Parking Ramp Expansion

\$200,607

Herbert Lewis Kruse Blunck, Des Moines, Iowa

University officials requested approval of the negotiated agreement for preliminary design services. They had proceeded with project planning and formulated basic decisions relative to the footprint of the parking facility. The relationship of this facility to the University of Iowa Hospital and Clinics, specifically to the South Pavilion (Eye Institute) now under construction, continues to introduce related uses such as interconnecting walkways, medical record storage and emergency vehicle storage. Because of these issues, a preliminary budget had not yet been finalized.

Construction of the parking ramp is scheduled to coincide with the completion of the South Pavilion so that parking services are available to patients to be served by the

hospital. Because of the timing of this project, university officials wish to proceed with the project design.

This agreement provides for schematic design and design development services only. During this phase the related hospital issues will be resolved and a preliminary budget will be determined. The agreement provides for a fee of \$200,607, including reimbursables.

University officials will return to the Board at the end of this phase requesting approval of the project description and budget and the final design agreement with the project architect.

Hancher Auditorium Renovation

Neumann-Monson, Iowa City, Iowa	<u>\$80,600</u>
S. Leonard Auerbach and Associates, San Francisco, CA	<u>\$105,000</u>
Paul S. Veneklasen and Associates, Santa Monica, CA	<u>\$30,000</u>

University officials requested approval of agreements with the above firms to provide design services for the renovation of Hancher Auditorium. The fees for the agreements include basic services plus reimbursables.

University officials have selected a team consisting of three consultants: Neuman-Monson (general architectural consultant), S. Leonard Auerbach and Associates (theater consultant), and Paul S. Veneklasen and Associates (acoustical consultant). Mr. Veneklasen served as acoustical consultant during the original design of the building.

The project will be awarded by the public bidding process. Replacement seating and carpet will be purchased by competitive quotation and awarded by purchase order. The stage curtain will be designed by a professional artist and produced under a competitively determined purchase order, if feasible, otherwise according to negotiated agreement and purchase order.

<u>Main Campus Steam Distribution System Study</u>	<u>\$85,000</u>
Stanley Consultants, Muscatine, Iowa	

University officials requested approval of an agreement with Stanley Consultants for a study to inspect, analyze and evaluate the distribution system and recommend a

prioritized course of action. Stanley Consultants has performed the other steam studies on campus and is familiar with the plant and the distribution system.

The agreement provides for a fee of \$85,000, including reimbursables.

College of Medicine Administration Building-- \$53,900
Completion of Third Floor
Hansen Lind Meyer, Iowa City, Iowa

University officials requested approval of an agreement with Hansen Lind Meyer to provide preliminary design services for the finishing of approximately 8,140 square feet of space on the second and third floors of the College of Medicine Administration Building. The budget for this project is estimated at \$685,000.

The College of Medicine Administration Building was constructed in 1991 as a wing to the Human Biology Research Facility to provide office and support space for the administrative activities of the College of Medicine. The program statement for the construction of the facility, as presented to the Board in September 1988, included the finishing of approximately 34,000 square feet of space with approximately 8,000 square feet to remain unfinished. This space will now be finished for the Office of the Vice President for Health Sciences and to serve the College of Medicine functions, including research initiatives in telemedicine and community-based health professions service and education programs.

The construction of the College of Medicine Administration Building was funded by construction fund balances in the Human Biology Research Facility bond financing (now the Eckstein Medical Research Building) provided through the University of Iowa Facilities Corporation. This source was also used to fund two Medical Laboratories projects, HVAC and Building Upgrade--Phase I (\$527,650), and Animal Care Remodeling (\$1,095,900), rather than the third floor completion project for the College of Medicine. This action was authorized by the Board of Regents and the Facilities Corporation in July 1991. At the same time, the university committed to provide income from indirect cost allowances on research grants and contracts for College of Medicine Administration Building completion when needed.

The agreement with Hansen Lind Meyer provides for a fee of \$53,900, including reimbursables. The firm also provided design services for construction of the building.

University Hospitals and Clinics--South Pavilion Telecommunications \$47,600
Switchroom Development
Hansen Lind Meyer, Iowa City, Iowa

University officials requested approval of an agreement with Hansen Lind Meyer to provide design services for the project. The project will complete approximately 3,300 gross square feet of space on the mezzanine level of the South Pavilion. The project will also install duct banks and conduit to link the South Pavilion switchroom cable vault to the Colloton and Pappajohn Pavilions and a U.S. West cable vault on the south side of the South Pavilion. This project will meet the requirements to support future telecommunications needs of the South Pavilion.

The agreement provides for a fee of \$47,600, including reimbursables.

University Hospitals and Clinics--Neuroangiography Unit and \$44,000
CT Scanner Replacement
Rohrbach Carlson, Iowa City, Iowa

University officials requested approval of an agreement with Rohrbach Carlson to provide design services for this project. The project will renovate two diagnostic radiology patient procedure rooms and adjoining control and computer rooms on the third level of Colloton Pavilion. The new equipment to be installed will replace two technologically and operationally outmoded units.

The agreement provides for a fee of \$44,000, including reimbursables.

Slater Hall--Replace Windows \$15,000
Janice E. Sweet and Associates, Iowa City, Iowa

University officials requested approval of an agreement with Janice E. Sweet and Associates to provide preliminary design services for the project. The agreement will provide contract drawings and specifications for the replacement of windows on the north and south elevations of Slater Hall. The agreement will also provide bid assistance, review of shop drawings, and site visits as necessary for the completion of the project.

The agreement provides for a fee of \$15,000, including reimbursables.

Amendments:

North Capitol Improvements Project Amendment #2 \$31,300
Croese-Gardner Associates, Des Moines, Iowa

University officials requested approval of Amendment #2 in the amount of \$31,300 to the agreement with Crose-Gardner Associates. The amendment will provide for the redesign of the walkway which was elevated to avoid intrusion into an underground electrical duct bank. The amendment includes the redesign of floor work, walls and stairs, as well as electrical and structural design for the companion wall and canopy project.

Amendment No. 2 will not result in an increase in the total project budget.

University Hospitals and Clinics--Development of an Eye Institute \$15,325
Hansen Lind Meyer, Iowa City, Iowa

University officials requested approval of Amendment #6 in the amount of \$15,325 to the agreement with Hansen Lind Meyer. The amendment will provide for expanded services which include additional design services to revise the lower level mezzanine floor elevation, redesign of procedure rooms for an eximer laser, revision of the wheelchair storage, structural redesign for the photo file storage room, and electrical vault modifications.

Amendment No. 6 will not result in an increase in the total project budget.

University Hospitals and Clinics--Development of Obstetrics and \$9,780
Gynecology Clinic Support Services
Hansen Lind Meyer, Iowa City, Iowa

Multi-Tenant Facility, Oakdale Research Park--Construct Center \$4,000
for Biocatalysis and Bioprocessing Laboratory
CPMI, Inc., Des Moines, Iowa

CONSTRUCTION CONTRACTS

Bowen Science Building--Microbiology Laboratory Remodeling-- \$729,093
Cores 3-300 and 3-600
Award to: Selzer-Werderitsch Construction Company, Inc., Iowa City, Iowa
(5 bids received)

University Hospitals and Clinics--Development of an Eye Institute Completion

Reject All Bids

Four bids were received for this project on December 9, 1993. The low bid in the amount of \$13,777,000 was approximately 40 percent above the engineer's estimate of \$9,775,352. The Executive Director authorized the university to reject all bids and reevaluate and re-bid the project at a future date.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

West Campus Chilled Water Plant Expansion
Mid-America Construction Company of Iowa, Iowa City, Iowa

University Hospitals and Clinics--General Hospital Fire Protection System Enhancements
Continental Fire Sprinkler Company, Omaha, NE

University Hospitals and Clinics--Overhead Connecting Link Between UIHC Main Entrance and Parking Ramp #2
Merit Construction Company, Cedar Rapids, Iowa

FINAL REPORTS

University Hospitals and Clinics--Psychiatric Pavilion Replacement Facility--Phase C \$12,446,870.79

Power Plant Energy Optimization and Energy Management Controls Project \$3,986,405.67

Energy Management Program Implementation--Phase II--West Side Academic Facilities \$3,896,411.39

University Hospitals and Clinics--Southeast Addition Chiller Replacement \$852,318.49

Medical Laboratories--Neuropathology Laboratory Remodeling \$840,375.36

University Hospitals and Clinics--Pneumatic Tube System Installation \$587,839.09

University Hospitals and Clinics--Information System Uninterruptible Power Supply \$261,555.52

MOTION: Regent Collins moved to approve the university's capital register, as presented. Regent Johnson-Matthews seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF LEASES. The Board Office recommended the Board approve the following leases:

With POLICE LAW INSTITUTE for the renewal of its lease for 1,519 square feet of business incubator space in the Technology Innovation Center on the Oakdale Campus at the rate of \$1,265.83 per month for the period commencing March 1, 1994, through February 28, 1995.

With TOM WILLIAMS for his use of 176.2 acres of farm land on the Hawkeye Area Farm for a one-year period commencing March 1, 1994, through February 28, 1995, at an annual rate of \$14,804 (an average of \$84.02 per acre);

With SCOTT OGDEN for his use of 142.1 acres of farm land located on the Oakdale Farm for a one-year period commencing March 1, 1994, through February 28, 1995, at an annual rate of \$3,790 (an average of \$26.67 per acre);

With CHAPIUS FARMS, LTD., for Richard Chapius' use of 80 acres of farm land (77.6 tillable acres) located on the Johnston Farm for a one-year period commencing March 1, 1994, through February 28, 1995, at an annual rate of \$6,900 (an average of \$88.92 per acre).

MOTION: Regent Tyrrell moved to approve the leases, as presented. Regent Furgerson seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

STATE UNIVERSITY OF IOWA
February 16, 1994

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Iowa. There were none.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, February 16, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for the month of January 1994.

Approve the following appointments:

DAVID A. TORRES as Affirmative Action Officer, effective March 1, 1994, at an annual salary of \$70,000.

PAUL TANAKA as Director of Legal Services, effective March 1, 1994, at an annual salary of \$75,000.

The register contained two requests for early retirement and one request for phased retirement.

President Jischke introduced Charles M. Dobbs, newly-appointed Executive Assistant to the President of Iowa State University.

President Berenstein welcomed Dr. Dobbs.

MOTION:

Regent Hendricks moved to approve the university's personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF IOWA MANUFACTURING CENTER. The Board Office recommended the Board refer the university's request to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

Iowa State University officials again proposed an Iowa Manufacturing Technology Center. This item was not acted on at the January meeting and needed to be referred, as requested, following discussion between Board members and university officials.

The purpose of the center is to serve rural manufacturers in Iowa with: (1) technical assistance; (2) on-site assistance; (3) development of new technologies; and (4) information and education.

The projected budget for the center is \$2-3 million a year with matching institutional and State resources.

President Berenstein asked that President Jischke address both ISU A-4 (Iowa Manufacturing Center) and ISU A-5 (Iowa Pork Industry Center).

President Jischke stated that he had written to all of the Regents about these two centers. The manufacturing center represents a very major grant, as much as \$15 million. It has the support of Iowa's congressional delegation and he said the center is central to Iowa State University's strategic plan.

MOTION: Regent Hendricks moved to accept the Iowa Manufacturing Center, contrary to the Board Office recommendation for referral. Regent Newlin seconded the motion.

Regent Collins asked, when the universities receive large grants such as this, whether the matter is brought back to the Board before spending additional university funds on the project and whether the project automatically ends when the grant ends.

President Jischke responded that any major reallocation or requests for additional funds are brought to the Board for approval. University officials do not submit requests to the legislature without first submitting them to the Board. He said Iowa State University has a sponsored program budget of \$155 million/year to help support programs such as this. He said that many times when grants end the programs are terminated. It happens quite regularly. With regard to this program, he said university officials have negotiated with the Department of Commerce for the first 3 years. The program is designed to be extended for an additional two years. Anything beyond that would require additional funding from Commerce or somewhere else. He said the program would be scaled back to what it is right now when the grant ends.

Regent Dorr stated that this particular issue goes down the vein of the whole concept of centers. He said they reviewed earlier the Iowa State University architecture program

which appeared to have some deficiencies relative to its teaching aspects. Furthermore, when the Regents received the ten-year employment numbers for the Regents' system as a whole, it was interesting to note that the employment trend in the academic arena is down while in the P&S arena employment is up. It appeared to him that the emphasis of the universities including the placement of funds has moved away from teaching and more toward research program development. He noted that Iowa State University has done exactly what the Board of Regents has indicated it should do in its strategic plan.

Regent Dorr stated that he would support the Iowa Manufacturing Center albeit reluctantly. However, he is concerned that the Board continues to allow these centers to proliferate. At some time it would behoove the Board to take a serious look at this aspect of the strategic plan because ultimately it commits the taxpayers, whether it is federal or other moneys. This is an issue that at some point they are going to have to wrestle with.

President Berenstein requested that in the future the Board be provided with information on centers before the information is provided to any other entities. This, he said, was pretty much deemed to be a fait accompli which gives him some pause. This Board is not just a rubber "stamp". If the Regents' approval is required, he wants to have full discussion before this type of information is disseminated. The Regents have to have the information before anyone else does.

Regent Hendricks expressed concern about a possible requirement that federal grants being written for centers be first brought to the Board of Regents. She said they cannot "chop off the legs" of people who spend lots of time writing these grant proposals.

President Berenstein said his point was that he would have preferred to know about this 6 to 9 months ago. If Board of Regents' approval is necessary, he wants them to give their blessing prior to the time the process is started.

President Jischke stated that this effort actually started two years ago and the university did not get the funding the first time; therefore, a request was not needed. University officials resubmitted the reconfigured proposal, built a broader coalition, and the program was approved. It was at that point that university officials needed to move forward with Board approval. It would have been two years ago had university officials first come to the Board. In the same spirit, he stated that slightly less than one-half of the proposals of Iowa State University get approved and it is a very large volume of activity.

Regent Hendricks stated that she was suggesting that if the Board's concern was for centers, university officials just bring centers' proposals forward at the initial stage.

President Jischke responded that Iowa State University could do that but there will be times when it will be an action that will ultimately not result in anything. He then referred to the point Regent Dorr made. He stated that there has been not only a pattern of emergence of centers as vehicles for tackling multi-disciplinary problems but much of the resources that universities are able to gain at either the state or the federal level are targeted for very specific purposes. They receive relatively little discretionary money. University officials then, for example, make the choice between whether to invest in architecture or in a manufacturing technology center.

President Jischke stated that very little of the resources coming to universities today give the administration or the Board the discretion to decide how to spend it. In fact, that is now being done increasingly with tuition income. They have committed one percent of the tuition increase to building repair. Therefore, in the fall it will not be a choice of architecture or building repairs, it will be building repairs. That is also one of the emerging patterns nationally in the funding of universities which makes it difficult to do the sort of trade off Regent Dorr was suggesting about balancing resources between instruction, research and outreach. He said those decisions are being made by the funding agencies, whether it is the State legislature, the Department of Commerce or the students. He said all of these considerations make it very difficult to do the kind of trade off that Regent Dorr suggested

Regent Dorr stated that the pattern they are now in has evolved over the last 10 to 15 years and has become much more aggressive in the last 5 to 6 years. He sensed that at the national level there is beginning to be reconsideration of that pattern. He felt this Administration's tendency is not going to diminish that pattern. He said there is some concern at least at certain national levels and in certain policy areas about how these programs evolve and develop -- who runs them, who steers them, who generates them, who controls them -- and how they are accountable. The Board members need to keep that in mind because at some point these funding sources are going to come from a different direction. They are going to dry up or something is going to happen to them. This is not going to go on forever. He was concerned that they continue developing and approving these initiatives and all at once they have a fairly significant infrastructure of beneficial programs for a whole lot of people. At some point they may find that they simply do not have the resources to keep them going. It may be mandated that those initiatives be redirected and then they are going to have to do some serious reconfiguration.

VOTE ON THE MOTION:

Motion carried unanimously.

APPROVAL OF IOWA PORK INDUSTRY CENTER. The Board Office recommended the Board refer the university's request to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

At the January Board meeting, Iowa State University officials proposed establishment of the Iowa Pork Industry Center. That request was deferred.

The primary objectives of the center are:

1. To maintain and expand Iowa's leadership role and competitiveness in national pork production.
2. To assist the pork industry in the evaluation of emerging technologies and to implement those technologies applicable to Iowa conditions.
3. To assist the pork industry in assessing the impact of consumer, environmental, marketing, and regulatory trends on pork production.
4. To assist the Iowa pork industry in maintaining national leadership as a low-cost source of high quality pork in environmentally- and animal-friendly production systems.

Sufficient funding would be provided to develop and maintain an effective educational and demonstration program through ISU Extension, state and federal and industry grants, and other support sources.

It was recommended that the request be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation, and that any Board concerns be identified so that they can be taken into consideration by the Interinstitutional Committee on Educational Coordination and the Board Office during their reviews.

MOTION:

Regent Hendricks moved to accept the Iowa Pork Industry Center, contrary to the Board Office recommendation for referral. Regent Newlin seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions for Iowa State University.

PROJECT DESCRIPTIONS AND BUDGETS

University officials submitted one new project for approval by the Board.

Applied Science Center 1-IPRT--Advanced Semiconductor \$700,000
Materials Characterization Laboratories
Source of Funds: Institute for Physical Research and Technology

Preliminary Budget

Contracts	\$ 450,000
Demolition	20,000
Design Services	78,500
Construction Administration	15,950
University Services	27,000
Miscellaneous	3,000
Fixed Equipment	20,000
Building Automation	20,000
Telecommunications	5,000
Project Reserve	<u>60,550</u>
TOTAL	<u>\$ 700,000</u>

The project is one in the series of projects to develop underutilized space in the high bay area of the building that formerly housed the Ames Laboratory nuclear reactor. This project will provide approximately 3,000 gross square feet of laboratory space for microelectronics research on advanced semiconductor materials. The next anticipated project will develop an additional approximately 2,000 gross square feet for similar purposes and will follow as funds become available.

Upon completion of this and the subsequent project, \$7 million in equipment acquired from IBM will be housed and fully utilized by university scientists and researchers. The research will benefit industries in Iowa and the Midwest who rely on microprocessors. The project is expected to be completed in early-1995.

University officials will proceed with procurement of architectural and specialized engineering services in accordance with Board procedures.

ARCHITECT/ENGINEER AGREEMENTS

Engineering Teaching and Research Complex \$240,000
Brooks Borg and Skiles/Ellerbe Becket/Rudi Lee Dreyer

University officials requested approval to enter into an agreement with the design team for pre-design architectural services. They have negotiated an agreement which provides for a fee of \$240,000 (\$175,000 for basic services and \$65,000 for reimbursables).

The preliminary cost projections for the project total \$58 million, not including campus infrastructure improvements necessary to serve the new facility. The projected funding for the project involves a combination of state, federal, and private funds. At the conclusion of the pre-design phase, the university will present the written building program and detailed initial project budget for Board approval.

Federal funds are currently available. However, the university needs to obligate those funds before the end of the federal fiscal year (September 1994).

CONSTRUCTION CONTRACTS

Energy Management System Modernization and Upgrade-- \$64,610
Phase 3, Northeast Campus
Award to: L. A. Fulton and Sons, Inc., Des Moines, Iowa
(3 bids received)

Hamilton Hall--Basement Renovation--Phase 2 \$81,649
Award to: Sande Construction and Supply Company, Inc., Humboldt, Iowa
(9 bids received)

<u>Sweeney Hall Addition</u>	<u>\$43,192.00</u>
Award to: Koch Brothers, Des Moines, Iowa (Furniture)	
E & I Cooperative Service, Inc., Dallas, TX (Seating)	<u>\$36,018.84</u>
Koch Brothers, Des Moines, Iowa (Seating)	<u>\$3,118.00</u>
(6 bids received from 4 vendors)	

FINAL REPORTS

<u>Agronomy Addition and Remodeling</u>	<u>\$27,642,568.59</u>
<u>1991-1992 Energy Conservation Program</u>	<u>\$182,127.26</u>

MOTION: Regent Furgerson moved to approve the Iowa State University capital register, as presented. Regent Hendricks seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF LEASES. The Board Office recommended the Board approve the following leases:

With the NEWELL AMERICAN LEGION POST for the university's use of 128.88 acres of farm land (122.8 crop acres) located in Buena Vista County, Iowa, for a three-year period commencing March 1, 1994, through February 28, 1997, at an annual rate of \$13,508 (\$110 per crop acre);

With the NORTHWEST IOWA EXPERIMENTAL ASSOCIATION for an amendment to the Memorandum of Understanding with Iowa State University deleting 35 acres of farm land, for a total of 290 acres, at the rate of \$4,300 per year, effective upon Board approval through the completion of the term of the agreement, February 29, 1995;

With the WALLACE FOUNDATION FOR RURAL RESEARCH DEVELOPMENT for an amendment to the Memorandum of Understanding with Iowa State University adding 160 acres of farm land, for a total of 560 acres, at the rate of \$13,400 per year, effective upon Board approval through the completion of the term of the agreement, January 1, 2003;

With the CITY OF AMES for an easement agreement for the city's use of a 30 foot wide tract of land located in Ames, Iowa, for the operation and maintenance of two 69,000 volt transmission lines located between the city and university electric power systems.

MOTION:

Regent Tyrrell moved to approve the leases, as presented. Regent Furgerson seconded the motion, and upon the roll being called, the following voted:

AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

AMENDMENTS CHANGING BOND PAYMENT DATES FOR IOWA STATE UNIVERSITY UTILITY SYSTEM REVEUE BONDS, SERIES 1988 AND 1993. The Board Office recommended the Board approve amendments which change bond payment dates for Iowa State University Utility System Revenue Bonds, Series 1988 and 1993.

At the December Board meeting, the Board approved amendments changing bond payment dates for University of Iowa Utility System Revenue Bonds, Series 1989 and 1993, and Human Biology Research Facility Project Bonds, Series 1985A and 1985B.

The bond resolutions for the Iowa State University Utility System Revenue Bonds, Series 1988 and 1993 differ from other Iowa State University bond issues in that bondholders receive interest checks on these issues one or two days later than on other issues.

Iowa State University and the Board Office recommended amendment of the language of the bond resolutions to change the date the check is mailed from the interest payment date to one day prior to the interest payment date in order to be consistent with the language for other bond issues. The change will allow for consistency in the treatment of bondholders on various bonds issued by Iowa State University and the University of Iowa. The action is consistent with efforts to be responsive to bondholder concerns in ways which are legally and economically feasible. This step will eliminate

the confusion that has arisen for bondholders with multiple series of Iowa State University bonds.

Bond counsel has issued a written opinion to the effect that these amendments are acceptable and will not adversely impact the bondholders.

The cost to the university was estimated to be \$163.

ACTION: Action on this matter can be found in the General Docket portion of these Minutes, under the Report of the Banking Committee.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa State University. There were none.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday, February 16, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the university's personnel transactions, as follows:

Register of Personnel Changes for the month of January 1994.

MOTION: Regent Hendricks moved to ratify the university's personnel transactions, as presented. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions.

PROJECT DESCRIPTIONS AND BUDGETS

University officials submitted two new projects for approval by the Board.

Sabin Hall--Windows and Doors \$260,000
Source of Funds: Building Repairs

Preliminary Budget

Contract/Purchase Orders	\$ 226,000
Consultant/Design Services	22,500
Contingencies	<u>11,500</u>
TOTAL	<u>\$ 260,000</u>

University officials requested approval of a project description and budget for the replacement of windows, and the replacement and repair of entry doors in Sabin Hall. This project will address deferred maintenance and energy conservation needs in the facility.

West Gym Exterior Waterproofing--Phase II \$320,000
Source of Funds: Building Repairs

Preliminary Budget

Contract/Purchase Orders	\$ 267,000
Consultant/Design Services	40,000
Contingencies	<u>13,000</u>
 TOTAL	 <u>\$ 320,000</u>

University officials requested approval of a project description and budget for exterior waterproofing of the West Gym. The project will include tuckpointing and waterproofing for the west wall of the facility and the lower portion of the south and north walls. The project will also include the repair or replacement of windows and doors which will be made watertight. This project will address deferred maintenance and energy conservation needs in the facility.

University officials reported six new projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

ARCHITECT/ENGINEER AGREEMENTS

West Gym--Exterior Waterproofing--Phase II \$39,500
Rietz Engineering Consultants, Ames, Iowa

University officials requested approval of the selection of Rietz Engineering Consultants to provide engineering services for this project. The firm was selected based on its expertise to successfully complete the project and its familiarity with university facilities.

UNIVERSITY OF NORTHERN IOWA

February 16, 1994

The agreement provides for a fee of \$39,500, including reimbursables.

CONSTRUCTION CONTRACTS

Library Addition--Bookstacks \$157,990

Award to: J. S. Latta Company, Cedar Falls, Iowa
(6 bids received)

Library Addition--Art Work \$32,000

Award to: Cork Marcheschi, San Francisco, CA

Wright Hall--Art Work \$13,500

Award to: Cork Marcheschi, San Francisco, CA

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Electrical Distribution System Improvements--Phase II \$163,008

Esco Electric Company, Marion, Iowa

Electrical Distribution System/23rd and Indiana Loop

Sabin Hall--Replace Electrical Porcelain Cutouts/Switch

FINAL REPORTS

Campbell Dining Center--HVAC System \$441,749.77

Electric Distribution System--23rd Street and Hudson Road Loop \$468,363.85

West Gym Exterior Waterproofing--Phase I \$205,550.77

MOTION:

Regent Newlin moved to approve the university's capital register, as presented. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

ELECTRIC INTERCONNECTION FACILITIES AND SERVICE AGREEMENT. The Board Office recommended the Board approve the 1994 Electric Interconnection Facilities and Service Agreement between the Board of Trustees of the Municipal Electric Utility of the City of Cedar Falls, Iowa, and the Iowa State Board of Regents for the use and benefit of the University of Northern Iowa.

The agreement was reviewed by the Attorney General's office and was recommended for approval.

The University of Northern Iowa is currently operating under a City-University Electric Interconnection Facilities and Service Agreement which was approved in 1988 and amended in 1992.

The university's co-generation capability with a single turbine generator is inadequate to supply totally the electrical needs of the campus.

The university's only electrical interconnection off campus is with the City of Cedar Falls.

The 1988 agreement established the basis for coordinating, generating and purchasing electric power and energy between the university and the city.

The agreement required the university to purchase a minimum amount of power and energy on a monthly basis for a five-year period.

Under terms of the 1992 amendment the university's generating capacity became accredited, providing operation and maintenance benefits.

The proposed agreement supersedes the 1988 agreement and the 1992 amendment. The initial term of the proposed agreement is 5 years; it will continue in force after that time unless terminated by either party.

The university will no longer be required to purchase a minimum amount of electricity from the municipal utility. The economics of the co-generation system will thus determine whether the university should co-generate or purchase power.

The costs per kilowatt (KWH) of power to be purchased from the utility have been reduced from the 1988 agreement. For example, the cost for firm power, that block of energy agreed to be made available by the Utility to UNI at all times, has declined from \$.03966/KWH for all firm power and energy as scheduled plus \$.0220/KWH for additional energy received under the 1988 firm power schedule, to \$.02/KWH plus a demand charge of \$.730/KW under the 1994 schedule.

The new agreement should provide an opportunity for future utility cost avoidance.

Vice President Conner stated that the proposed agreement had been under negotiation for a number of months.

MOTION: Regent Furgerson moved to approve the 1994 Electric Interconnection Facilities and Service Agreement between the Board of Trustees of the Municipal Electric Utility of the City of Cedar Falls, Iowa, and the Iowa State Board of Regents for the use and benefit of the University of Northern Iowa. Regent Newlin seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

LEASES OF PROPERTY. The Board Office recommended the Board approve leases, as follows:

With RICK AND BARB DRIPPS for the university's use of 7,703 square feet of industrial, warehouse, and office space located at 1405 North Center Street, Cedar Falls, Iowa, at the rate of \$1,350 per month, for a one-year period commencing February 19, 1994, through February 18, 1995;

With the CEDAR RAPIDS TOWER CORPORATION for the university's use of a transmitter site for KUNI-FM located on the KCRG-TV tower in Walker, Iowa, for a five-year period commencing September 17, 1994, through September 16, 1999, with the monthly rental rate to be adjusted on the lease anniversary date, September 16, 1994, according to the Revised Index for Urban Wage Earners and Clerical Workers.

MOTION: Regent Tyrrell moved to approve the leases as presented. Regent Furgerson seconded the motion, and upon the roll being called, the following voted:
Aye: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.
Nay: None.
Absent: None.

TRANSFER OF LAND FROM IOWA DEPARTMENT OF TRANSPORTATION. The Board Office recommended the Board approve acceptance of the transfer of jurisdiction and control of 2.54 acres of land from the Iowa Department of Transportation to the University of Northern Iowa, subject to approval of the Executive Council of Iowa.

UNIVERSITY OF NORTHERN IOWA
February 16, 1994

University of Northern Iowa officials requested approval to accept the transfer of jurisdiction and control of 2.54 acres of land from the Iowa Department of Transportation. The property is part of a 22.28 acre parcel of land which the Department of Transportation purchased from the university in 1991 to construct relocated Iowa Highway 58.

The Department of Transportation agreed to transfer the 2.54 acre tract of land back to the university if it was not needed for the construction and maintenance of the highway. The Department of Transportation has agreed to transfer the land to the university at no cost.

MOTION:

Regent Newlin moved to approve acceptance of the transfer of jurisdiction and control of 2.54 acres of land from the Iowa Department of Transportation to the University of Northern Iowa, subject to approval of the Executive Council of Iowa. Regent Furgerson seconded the motion, and upon the roll being called, the following voted:
Aye: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.
Nay: None.
Absent: None.

MOTION CARRIED UNANIMOUSLY.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Northern Iowa. There were none.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to Iowa School for the Deaf was transacted on Wednesday, February 16, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the personnel transactions, as follows:

Register of Personnel Changes for January 1994.

MOTION: Regent Hendricks moved to approve the personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

IN-HOUSE RESIDENTIAL SUSPENSION PROGRAM. The Board Office recommended the Board approve the proposed In-House Residential Program Restriction Policy effective immediately.

Iowa School for the Deaf officials proposed a policy that they believe will address some disciplinary concerns at the school. The policy would put some in-house restrictions on students who violate serious rules at the school.

The policy was approved by the Attorney General's Office and the Iowa School for the Deaf Advisory Committee, and was reviewed by the Iowa Department of Education.

The policy provides that the student would have access to necessary facilities but would be restricted from social interaction with other students. The student would be encouraged to complete any homework assignments and work on appropriate sections of the residential curriculum. The student's parents or guardians would be contacted prior to the commencement of any restrictions. Upon completion of the restriction, the student's parents or guardians would be provided with a follow-up report including information on the student's behavior during the restriction and subsequent transition to the regular residence program.

The superintendent and/or director of student life will decide when in-house restriction is warranted. This decision will follow a meeting between the student, dean, director of student life, and/or the superintendent. The purpose of this meeting will be to accurately document the incident and ensure fairness to all parties.

Regent Hendricks stated that the policy should contain a sentence that says the student will have an opportunity to explain the circumstances and should specify who will be a hearing officer for the in-house suspension. She asked that school officials incorporate the following as the second sentence under "Follow Up":

The student/parent will be given the opportunity to present the student's explanation of the circumstances leading to the recommendation for the in-house suspension. The superintendent/designee shall serve as hearing officer and shall make a decision whether in-house restriction is to be imposed.

The Regents agreed to add the language as suggested by Regent Hendricks.

MOTION: Regent Hendricks moved to approve the proposed In-House Residential Program Restriction Policy, as amended, effective immediately. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPOINTMENT OF BUSINESS ADMINISTRATOR. The Board Office recommended the Board approve the appointment of James Heuer as Director of Business Operations at an annual salary of \$43,000 effective February 7, 1994.

Mr. Heuer is a graduate of Iowa State University with a degree in business administration. He has worked in the banking industry for a number of years and has held managerial/administrative positions with Metropolitan Savings and Loan.

MOTION: Regent Furgerson moved to approve the appointment of James Heuer as Director of Business Operations at an annual salary of \$43,000 effective February 7, 1994. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office stated that Iowa School for the Deaf officials reported no transactions on its Capital Register.

CARL PERKINS METROPOLITAN CONSORTIUM AGREEMENT. The Board Office recommended the Board approve the proposed Carl Perkins Consortium Agreement.

Iowa School for the Deaf officials requested approval for an agreement to participate in a consortium composed of Iowa School for the Deaf, Iowa Western Community College, Lewis Central Schools, and Council Bluffs Schools. The purpose for the consortium is to provide access to Carl Perkins Vocational and Technical funds not otherwise available to the individual members of the consortium.

Funds from the federal Carl Perkins Program will enable Iowa School for the Deaf to enhance its vocational training programs.

The agreement was approved by the Attorney General's Office.

MOTION: Regent Pellett moved to approve the proposed Carl Perkins Consortium Agreement. Regent Johnson-Matthews seconded the motion.
MOTION CARRIED UNANIMOUSLY.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to the Iowa School for the Deaf. There were none.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Wednesday, February 16, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for December 19, 1993, through January 29, 1994.

MOTION: Regent Hendricks moved to approve personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REPORT ON NORTH CENTRAL ASSOCIATION OF COLLEGES AND SCHOOLS (NCA) ACCREDITATION. The Board Office recommended the Board receive the notification of continued accreditation of the school by the North Central Association and receive information regarding the school's outcomes accreditation candidacy application.

The Iowa Braille and Sight Saving School is accredited by the North Central Association of Colleges and Schools. The Iowa Braille and Sight Saving School received routine annual notification of its continued accreditation by the North Central Association. This report indicated that the school continues to comply with the standards of the North Central Association. No site visit was involved in this routine action.

The Iowa Braille and Sight Saving School reported that for the past two years the school has been developing the outcomes accreditation process offered by the North Central Association as an alternative to the "standards" approach to accreditation. This is one of several options offered to the schools by the North Central Association. The Iowa Braille and Sight Saving School has reached an important stage in this process by being able to apply formally for outcomes assessment candidacy.

ACTION:

President Berenstein stated the Board received the notification of continued accreditation of the school by the North Central Association and received information regarding the school's outcomes accreditation candidacy application, by general consent.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office stated that Iowa Braille and Sight Saving School officials reported no transactions on its Capital Register.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa Braille and Sight Saving School. There were none.

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 4:35 p.m., on Wednesday, February 16, 1994.



R. Wayne Richey
Executive Director