

The State Board of Regents met at the Hotel Fort Des Moines, Des Moines, Iowa, on Wednesday, February 19, 1986. The morning session consisted of an academic planning seminar.

State Board of Regents

	<u>Morning</u>	<u>Afternoon</u>
Mr. McDonald, President	All sessions	All sessions
Mrs. Anderson	All sessions	All sessions
Mr. Duchon	All sessions	Lv. 4 p.m.
Mr. Greig	All sessions	All sessions
Dr. Harris	All sessions	All sessions
Mrs. Murphy	All sessions	All sessions
Mr. Tyler	All sessions	All sessions
Miss VanEkeren	All sessions	All sessions
Mr. VanGilst	Excused	Excused

Office of the State Board of Regents

Executive Secretary Richey	All sessions	All sessions
Director Barak	All sessions	All sessions
Director True		All sessions
Director Maxwell	All sessions	All sessions
Director Volm		All sessions
Director Wright	All sessions	All sessions
Assoc. Dir. Runner		All sessions
Asst. Dir. Peters	All sessions	All sessions

State University of Iowa

President Freedman	All sessions	Exc. 3:40 p.m.
Vice President Ellis	All sessions	Exc. 3:40 p.m.
Vice President Remington	All sessions	Exc. 3:40 p.m.
Associate Vice President Small		Exc. 3:40 p.m.
Assistant to President Mears		Exc. 3:40 p.m.
Director Stork		Exc. 3:40 p.m.
Director Jensen		Exc. 3:40 p.m.

Iowa State University

President Parks	All sessions	All sessions
Vice President Christensen	All sessions	All sessions
Vice President Madden	All sessions	All sessions
Assistant to President Crawford		All sessions
Director Lendt		All sessions

University of Northern Iowa

President Curris	All sessions	Exc. 3:45 p.m.
Provost Martin	All sessions	Exc. 3:45 p.m.
Vice President Conner		Exc. 3:45 p.m.
Vice President Follon		Exc. 3:45 p.m.
Director Kelly		Exc. 3:45 p.m.
Director Stinchfield	All sessions	Exc. 3:45 p.m.

Iowa School for the Deaf

Superintendent Giangreco		Exc. 3:46 p.m.
Business Manager Kuehnhold		Exc. 3:46 p.m.

Iowa Braille and Sight Saving School

Business Manager Berry		Exc. 3:47 p.m.
Dean Stenehjem		Exc. 3:47 p.m.

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, February 19, 1986.

President McDonald stated that Regent VanGilst was excused from the meeting.

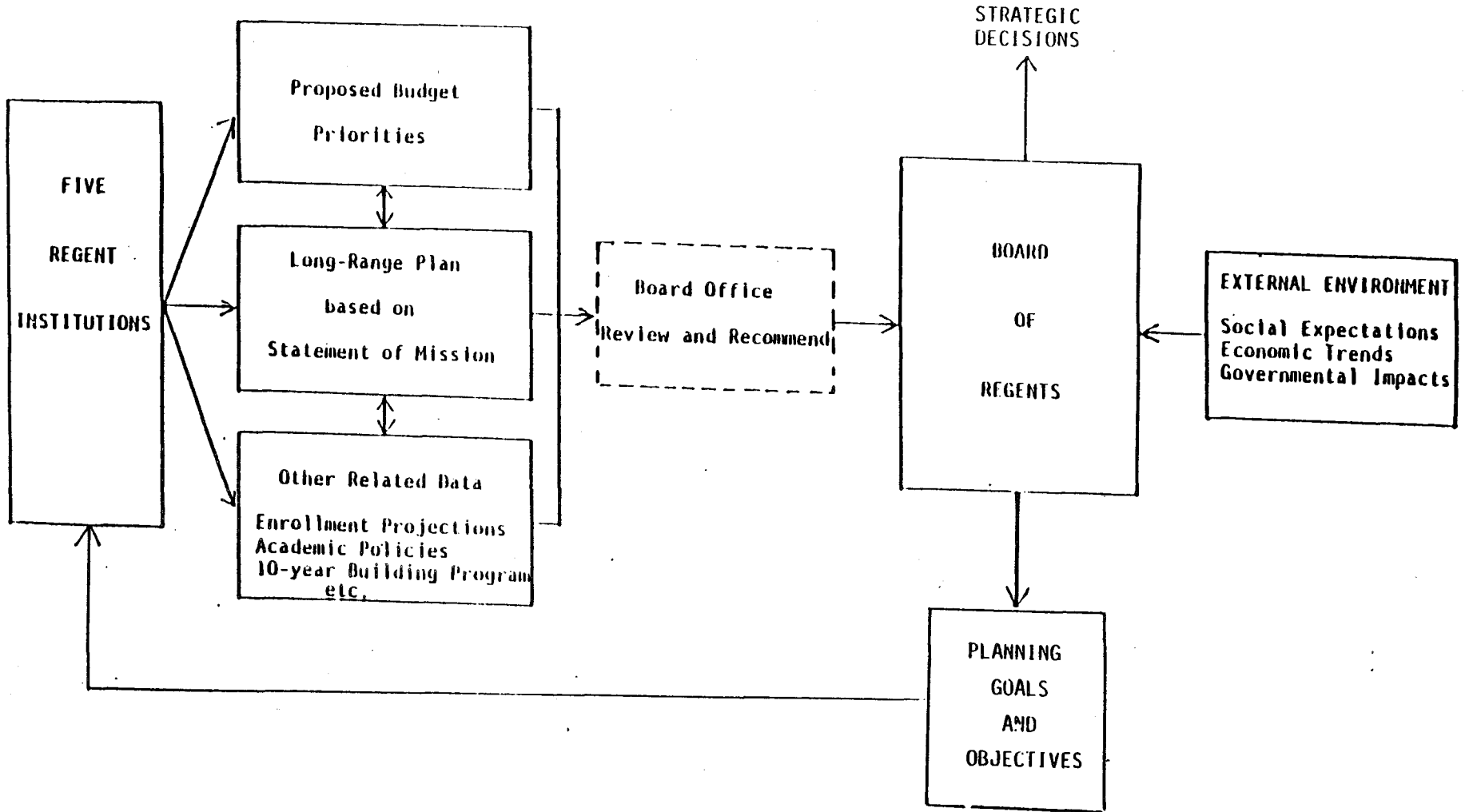
ACADEMIC PLANNING SEMINAR. Dr. Barak stated that the board members were surveyed two years ago following the last long-range planning process. Board members expressed several concerns: the plans were nothing but "wish lists;" there was a lack of clear direction; there was a lack of evidence that the plans were being followed; it appeared some of the institutions were not following the board's planning process; the plans should relate to budget; and the board members felt a lack of effective contribution to the plans.

Dr. Barak explained that the seminar was intended to address the board's concern about lack of input in the planning processes at each of the universities. He stated the present planning process was based on a document approved in May 1976. The process was recently reviewed by the Interinstitutional Committee on Educational Coordination, and the committee felt it was consistent with what needed to be done. The planning process focuses on planning under conditions of uncertainty. It notes the difficulties of planning through limitations of data. It notes techniques for anticipating change in program demand and emphasis and outlines criteria by which evaluation takes place and provides for the combining of the criteria and establishment of priorities among programs. It relates program priorities to resource allocation and provides for ongoing analysis of program based on quantitative data.

Dr. Barak presented the revised Strategic Planning Flow chart as it appears on the following page noting that the process did provide for input from the board back to the five institutions:

State Board of Regents
 Strategic Planning Flow Chart
 (Revised)

GENERAL
 February 19, 1986



Dr. Barak introduced Dr. Robert Cope of the University of Washington at Seattle.

Dr. Cope stated that strategic choices were not made very often, and the term should not be used loosely. There is a certain amount of both risk and opportunity associated with strategic planning. Strategic choices are made to attract outside resources.

President Parks asked why strategic planning in industry was held in such poor repute.

Dr. Cope stated he believed it was because the process had become very narrow and number driven.

Regent Duchen stated the plans could not take into consideration the very rapid social and economic changes affecting business.

Dr. Cope stated that plans at one time used a road map approach outlining specific and precise steps. Due to such rapid change, a more of a compass approach where a general direction would be outlined is much more viable. He went on to say that he didn't want to the board to be seen as indifferent as to what is occurring on the campuses.

Dr. Cope then made a proposal to the board. He asked the Regents to tell the institutions the board thinks it is important that each institution examines itself and come back to the board with proposed themes (areas of distinctive competencies) to guide its decisions in resource allocation to the turn of the century. He added that in the development of themes the obvious may be missed. He then challenged the departments within each institution to build on those themes.

Regent Duchen stated in the business community the development of a manageable, meaningful mission statement--not just attractive words on a piece of paper--was most difficult.

Regent Anderson asked wasn't a mission statement more global than a strategic plan.

Dr. Cope stated that a mission statement was the driving force as to where an institution wants to go. A strategic plan looks at the outside environment. In a strategic sense, it is the marrying of the outside with the internal and in the process competing entities are also examined. The mission would be consistent with the strengths and there has to be an internal commitment. You have to determine to what the commitment will be made and determine what strategic choices you are willing to make.

Regent Greig stated that President Parks had instituted a strategic plan at Iowa State University 20 years ago. He changed the mission of Iowa State University. He went on to say that we were at the point now where ISU needs

to come in with a new mission statement and take a new direction because of the environmental things that were happening.

President Parks stated that perhaps it was impossible to talk about a theme in a great multi-university.

Dr. Cope stated the university would address multiple themes although four or five themes well understood across campus should be sufficient. He added the themes should be reviewed annually.

Dr. Cope explained program review in strategic planning would consist of four areas--two internal and two external. Internally, the programs would be reviewed according to centrality and quality. Externally, the review would examine comparative advantage at what cost and demand. The strategic planning perspective looks at the same variables as other universities have used. For example, Illinois looks at quality, centrality, value to society, and potential; Washington examines quality, need, enrollment and services; Michigan looks at quality and centrality; and SUNY Albany, quality, need, and cost. The review criteria should be built into department evaluation, personnel, new course approvals, annual reports and budget requests as well as planning of all kinds.

Regent Anderson stated the board did not have a formalized approach, but the criteria presented by Dr. Cope was evident in the presentations by the institutions. She asked that each president speak to extent he had followed this approach.

President Parks stated that, although Iowa State had been broadened, the concentration has been on science and technology which is still the university's strength. The university came in with a Ph.D. in history of agriculture; an MBA with an emphasis around agriculture and hopes to proliferate such offerings as resources are available to areas such as home economics. He stated the university wants to relate to the areas where it has comparative advantage.

President Freedman stated one of the University of Iowa's themes has been to stress international education and foreign languages. He added when such a theme is stressed on the campus, people who have had latent interests begin to come forward in support. The development of the Human Biology Research Facility has stressed the interdisciplinary approach.

President Curris stated the overall planning process at the University of Northern Iowa was remarkably consistent with some of the suggestions made by Dr. Cope.

Regent Murphy stated she felt whenever the board talked about developing themes, the presidents began to get paranoid. She asked the presidents if they thought the time had come because of fiscal restraints that the board had to become more involved.

President Parks stated he felt the time had come because of the economic conditions of the state and that they had to sharpen up their thrust. He added that he did not want to lose the whole concept of a university and go off blind and say that everything they did had to be built on that theme.

Regent Anderson asked, given the fact the universities were to some extent operating with some sense of a theme, did the presidents feel that the board needed to more publicly and forcefully state the themes and does there need to be more direction from the board itself.

President Freedman stated yes, that was the case.

Regent Duchen stated he would have a great hesitancy to push in that direction.

President Parks stated that direction from the board would help reinforce the themes on campus and with legislature.

President Curris stated priority decisions were made on the campus all the time. He stated that one of the roles of the board in the governance structure in this state is to point the general direction in which the institutions should be going; and, if there should be an emphasis in a given area, the board should state that. He added that one of their concerns is how far the board goes in that direction--that there should be some kind of balance. He stated a great deal of their concern is that the process as taken on in this state has moved beyond the board and the institutions. There is some concern on the campus that institutional excellence which the state already has may be supplanted by centers of excellence through downgrading of portions of the universities.

Vice President Christensen stated it would be very helpful to them if the board would look at its support in two ways. One way would be to the individual institution and the other to the three universities collectively.

Dr. Cope stated he had proposed to the board to have the institutions come in with themes relating to economic development that are consistent with the missions and would direct them for the next decade. He stated that he felt the Regents had a role to "interfere" with the institutions to help them recognize their strengths.

Regent Murphy stated the institutions are already identifying their strengths and that the problem is the perception of the public and the legislature. She asked how as Regents do they transfer the clarity of the missions of the institutions to the public and the legislature.

President Freedman stated in the lottery proposal, they put forth areas of great strength related to economic development and that people of the state do not appreciate the full extent of the strength at the universities.

President McDonald stated the public once it got beyond the professional level schools did not really identify differences in the universities.

Regent Murphy, addressing her question to Dr. Cope, asked if public perception was important.

Dr. Cope stated there was always an educating process taking place.

Regent Duchen stated he thought as Regents it was extremely dangerous to let the motives become economic development.

President Parks stated that President Curris had said that very well--that the universities were institutions of excellence.

Vice President Christensen stated they were talking about themes and about the Regents supporting those themes and that it was extremely important that everyone was of the same accord. He noted that within the campus when certain areas were identified as the theme areas, there was suspicion that other areas would be eliminated. He stated that they were currently meeting with faculty to begin the process to develop themes.

Mr. Richey stated the period for which we were planning at this moment was a period where we were talking about absorbing reductions and reallocating; and, if the board did not give guidance as to what it wants in the areas of quality as opposed to quantity, the reductions would be done on an ad hoc basis by the institutions.

Regent Harris stated he had been on the board long enough to know it was a reactive group. He stated that he felt as a board member he wanted a good Board Office staff and good strong presidents. He stated he understood the board's policy making responsibility. He asked when we talk about planning, how would the board meeting as it did set the plans into motion. He stated he realized the shortcomings of the board and had hesitancy to do anything except set policy.

Mr. Richey stated that the board would not set the guidelines as to what the institutions would do without consultation and participation by the institutional administrators, but through that process the board would at the outset reach some conclusions about what it wants the institutions to be.

Regent Harris stated he had no problem with philosophical decisions.

Regent Anderson stated she was afraid that, if the board did not do some of that kind of decision making, the legislature or the Governor was going to do it and that would not be in the best interest of higher education.

Regent Harris asked for examples.

Regent Anderson stated that she had an idea that she would like to see some sort of program developed in biotechnology which would be a Regent program put together with the resources of both Iowa State University and the University of Iowa in an identifiable project to show that the universities were working together. Such a program would be an example of the ability of the two universities to cooperate.

Regent Harris stated he saw that as being supportive, not creative.

Regent Greig stated that economic development should not be looked at as a road map but as a compass point--a direction in which to move. He asked when do we address the assumptions in the environmental section such as money and population to know where we are and where we are going.

Dr. Cope stated it wouldn't take the staff long to pull together information on technical trends and demographics. He said that the starting point in strategic thinking was to put those trends before the universities.

Regent Greig stated we would also need to make assumptions as to what the legislature is going to do with the money.

Regent Murphy stated that the Kentucky strategic plan which was sent to the board was very specific.

President Curris stated that, whenever Kentucky was mentioned, he felt compelled to respond. He said that the planning document was a product of a coordinating board which had no authority over the institutions. He noted it was much easier to be specific when you have no responsibility for implementation.

Regent Tyler stated we needed to get over this parochialism. He said it was evident the people in the state, except in those areas close to the universities, did not have the same perception of the universities.

Regent Harris stated he thought the strongest support came from the people of Iowa.

President Parks stated he agreed there was moral support.

Regent Anderson stated she felt there were key legislators in eastern Iowa who were not at all supportive of the universities.

Regent Greig stated our public image was badly tarnished in many areas.

Regent Anderson stated, as the emphasis was placed on economic development, she was afraid the board was raising the expectations of the state way beyond what the universities could provide. She said she was afraid we were setting ourselves up for failure.

President Parks stated a lot of people were looking for "quick fixes" and that people would have to be given a little longer view of the universities' contributions.

Regent Anderson stated one of the resources this state has is the human resources and it seemed like we should develop a theme that stresses the development of human resource leadership which feeds into what the missions of the universities are. The theme should focus on what that means for long term economic development and the future of the state. She stated that the basic mission of the universities was the education of the people, and she would like to see the board find a way of putting that in terms that meet the strategic needs of the day.

Mr. Richey stated in the next three to five years, a question the board will have to address relates to Regent Anderson's statement concerning human resource development with respect to undergraduate and graduate programs and with the graduate program between the masters level and professional and what the board wants the institutions to be thinking about in professional education. The question would relate to whether the professional programs should be increased or reduced and unless that is addressed at the outset, these decisions would be made on an hoc basis or not be made.

Regent Anderson stated the bottom line would be that the board has to maintain quality of the institutions, colleges and the professional schools; and, if that means cutting back on the enrollment, then the board will have to do that.

Regent Greig stated we were making an assumption that we were going to get a lot less money but still that assumption is not in black and white and that was dangerous.

Dr. Cope stated the board, through its staff, could prepare something like a prospectus and look at certain trends that affect Iowa and then challenge the campuses to come back to the board with how they would respond to the predictions.

Regent Anderson asked if the institutions were not already doing that.

Mr. Richey stated that they were but not in a focused document.

President McDonald asked that, if strategic planning was a matter of positioning, should we be looking at nonresident enrollment and recruitment.

Regent Anderson stated that Iowa should be seen as a center of excellence for higher education both inside and outside the state and that we have to find ways to show that out-of-state students are a direct economic advantage to the state. We have to play into the economic development thing since it is the public relations thing of the present day.

Mr. Richey stated that the issue should be examined.

President Parks stated he thought there were published studies on the economic impact of out-of-state students.

Vice President Madden stated there was a report published by the University of Iowa which had been localized to some extent by Iowa State.

President McDonald said that would certainly be an area where the Regents could help.

Dr. Cope stated the board could put out an academic prospectus saying there are strengths as well as opportunities in Iowa and identify particular emphases that are consistent with the strengths. This would be submitted to the state.

Regent Murphy asked how it would be presented to the state.

Dr. Cope stated he was not familiar enough with Iowa but in Washington it would be through particular legislators.

Mr. Richey stated that was delegated to the board.

Regent Anderson stated there was a lot to be said about consultation with the legislature before finalizing such a document.

President McDonald agreed there was some benefit to consultation.

Mr. Richey stated such consultation should be done with a degree of caution. If the board would get legislative committees or key legislators involved in these activities, it really could change the way those decisions were made.

Regent Anderson agreed.

Regent Greig suggested taking it to the people in a public relations statement.

President McDonald stated there was a strong interest with the media in education in Iowa; and, if such a program was well developed, he thought it would be received in a positive way.

Mr. Richey said the board would continue to work on the planning in process, and this statement would evolve through the planning process.

Vice President Martin asked how long a period would the projections cover.

Dr. Cope stated that planning frames are getting shorter all the time and currently it is about three years and not more than seven that you can see with reasonable clarity.

President Curris asked Dr. Cope if his suggestion was to draft a factual statement of trends that are occurring or was he suggesting the drafting of a document that would have value judgments about what the state of Iowa should do.

Dr. Cope stated there would be no value judgments made.

President McDonald stated it would be worthwhile for the board to take this first step.

Vice President Ellis stated that you have to very careful building on what appears to be solid data concerning population and economic trends.

Regent Anderson agreed and stated that the kind of factual information has already been used and is being used by the universities. She stated she was concerned that the process laid before the board was a way of delaying hard decisions that have to be made and that a process was needed to get the board to make those decisions sooner, not later.

Mr. Richey stated concurrently the board, while working on the planning process, the board would be working in terms of the issues which have been raised.

President Freedman stated that he assumed the board would want the three vice presidents to consult with the Board Office.

Mr. Richey stated he thought that went without saying.

President McDonald stated the board would embark on this study and take the first step.

Regent Duchen asked why the board was doing this.

Mr. Richey stated basically as a reference point for what the board would do later in the long-range planning process.

Regent Harris asked if the planning documents would not address this.

Mr. Richey stated yes they would but not to the degree envisioned by Dr. Cope.

Regent Greig stated that, if the board did not do something to improve its image on "Main Street," it was going to be in trouble. The board has to say it has a good system and that it is proud of it. The board has to become more public--"blow the horn" for the universities in addition to their doing it themselves.

President Parks stated that both the board and the universities were not doing some things to reach out to the public which had been done in the past.

Mr. Richey stated there was a major problem with respect to public image which was substantially different than it was 10 or 15 years ago.

Dr. Cope stated that the name of the document could be "Iowa University System--Strengths and Opportunities."

President McDonald thanked Dr. Cope for his presentation.

APPROVAL OF MINUTES. The minutes of the January 15, 1986, meeting were approved as published by general consent of the board.

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

ACTION: President McDonald stated that the items on the consent docket were approved by general consent of the board.

IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION. The Board Office recommended the board receive the report and approve the policy statement on Intra- and Intersector Cooperation.

President McDonald said that Regent VanEkeren had attended the meeting.

Regent VanEkeren stated she had nothing to add to the Board Office summary of the meeting. She did note the board should give attention to the policy statement on cooperation.

The policy statement was submitted to the Interinstitutional Committee for Educational Coordination last month for review. Vice President Christensen stated the committee recommended approval of the statement as it had been revised.

The statement is as follows: "The parties of this agreement commit themselves to work cooperatively to minimize duplication of educational programs offered in a given geographical region. As a general principle of good practice, an institution should not offer courses or programs (herein defined) if they duplicate an offering already provided and until such time as communication has existed between the affected institutions." (The underlined portions of the statement were added by the community colleges after the statement had been accepted by the Regents.)

Regent Anderson asked could the board in good conscience accept the statement with the word "and" in the last sentence which means that offerings could never be duplicated.

Vice President Christensen stated that the Interinstitutional Committee fully recognized that there has been a long history of attempts to come up with such a statement, and the committee was anxious to bring this to a

termination point so that everyone was cooperating. Both the independent colleges and the community colleges have approved the statement as written. He stated that ideally the committee would like to see the statement without the "and." The Regent institutions want to enter such an agreement which supports the idea of communicating on an intersector basis but also recognizes that this statement does not give one sector veto power over another sector.

Mr. Richey stated he saw the statement as a guide rather than precluding an offering if there was reason for it.

Regent Anderson stated that the spirit of the original agreement was an either or case. This statement puts the Regent institutions in a position of having to defend any move of a program into an area where there may be a similar program. She indicated she would like to see the word "or" rather than "and."

Regent Harris stated he did not see the statement as a stumbling block that it was simply asking that there was communication between the institutions. He said he recalled there was a lack of communication which rekindled the efforts to develop a statement.

The council also heard a status report on the Summer Institute for Teachers. There was some question whether or not funding for this program would be available this fiscal year and in future years. Governor Branstad had recommended that this year's funding be used for a different purpose. It appeared, however, that there was not legislative support to rescind the funding for this year's program. The amount of funds, however, that have been generated by the lottery for this purpose is insufficient at this time to be able to fund the grants. It appears that sufficient funding would not be available until the end of the fiscal year. The council requested that the grant recipients be notified of this situation and that a brochure be prepared concerning the availability of Summer Institutes for Teachers.

MOTION:

Dr. Harris moved that the board receive the report of the meeting of the council and to approve the Policy Statement on Intra- and Intersector Cooperation as presented. Mrs. Murphy seconded the motion, and it was approved with Mrs. Anderson voting no and Mr. Tyler abstaining.

IOWA COLLEGE AID COMMISSION. Mr. Richey stated the major items of discussion at the recent meeting of the commission related to the effect of the reorganization being proposed upon the commission, the need for a thorough study of the reserve fund for the Guaranteed Study Loan Program, and the rules of eligibility of institutions to participate in the Iowa College Tuition Grant Program.

A committee was created to study the issues relating to eligibility of institutions to participate in the Private College Tuition Grant Program. The committee would study the entire issue and develop detailed rules for presentation to the commission. Under present practice, students attending Iowa institutions accredited by North Central or those unaccredited institutions having letters from three accredited institutions in the state who say they accept the credits of that institution as if they came from an accredited institution are eligible. The committee established to develop the proposed policies and rules are the following commission members: Charles Bensman, President of Briar Cliff College; Robert Benton, Commissioner of Public Instruction; and the executive secretary of the Board of Regents.

LEGISLATIVE REPORT. The Board Office recommended: (1) the board receive the legislative report; (2) approve an amendment to Section 262.9, Code of Iowa, giving the board authority to develop and implement a program to set aside a portion of its procurement for minority business enterprises and women business enterprises; and (3) approve an amendment to Section 270.9(2), Code of Iowa, deleting the limitation on the number of home weekends for which transportation costs can be provided to parents and guardians of IBSSS and ISD students.

Mr. Richey explained that, in addition to the legislation presented in the docket memorandum, an amendment was recently introduced which would require hospitals to have a certificate of need to get into a program of organ transplants. He recommended the board support this amendment.

Mr. Richey stated, due to the illness of President McDonald, he presented the president's remarks at the hearings held by the Joint Subcommittee on Education Appropriations where the Regents FY 1987 operating and capital improvement requests were discussed.

President McDonald stated that the board took as strong a position as it possibly could in emphasizing the need for faculty and P&S salaries, tuition replacement appropriations and capital improvement requests.

Mr. Richey stated the strongest possible emphasis was made on the need for the tuition replacement appropriation. President McDonald's remarks brought out the possibility that the board might consider a tuition surcharge to make up the money lost through the tuition replacement deficit, \$3 million this year and \$3.7 million next year. The possibility of a surcharge was raised because the institutions still have to face the 3.85 percent reduction, a shortfall in the salary appropriations, and no funding for inflation.

Regent Anderson asked how would a tuition surcharge differ from raising tuition.

Mr. Richey stated that a tuition surcharge implies a temporary fee. He said that, if there were no more bonded indebtedness, the deficit would fall in later years.

President Curris stated he was deeply disturbed over this issue and thought the issue was presented very clearly during the hearings. He said he also recognized that the leadership of both parties were involved in the formulation of the final budget bill. He said, while he was sure the words of President McDonald were communicated, it struck him that the gravity of the situation and the precedent which was being established is such that he would like to suggest to the board that it consider the adoption of a some type of resolution that would be communicated to the Governor's Office and the legislative leadership. The resolution would address the seriousness of this issue, that it is the financial obligation of the state, and that it should be taken care of first.

President McDonald stated he did not think his statement to the subcommittee was typical coming from the board. It addressed the gravity of the situation, and it was intended to be seen in that light.

President Curris stated that the statement went to a subcommittee and none of the leadership were there. He said his point was to communicate the essence of the message to the legislature.

Mr. Richey asked if the message should be communicated to the legislative leadership and the Governor.

President McDonald stated he felt President Curris' suggestion was a good one.

Regent Anderson asked by suggesting the surcharge, if the board was letting the legislature off the hook in funding tuition replacement.

Mr. Richey stated, if the board wanted the flexibility to consider the surcharge, it almost had to be mentioned to the subcommittee.

Regent Murphy stated she also agreed with President Curris's suggestion and she, too, was not sure the message had filtered throughout the legislature. She asked to whom would the message be sent.

President McDonald stated to the leadership and full appropriations committee.

Mr. Richey explained the recommended amendment to Section 262.9, Code of Iowa would authorize the board to develop a minority and women business enterprise set aside program. He said the lottery legislation passed in the last legislative session amended Chapter 18 of the Code to authorize a set-aside of approximately five percent of all procurement done by the Department of General Services. The set-aside was designed to be for "small

businesses owned and operated by females and socially or economically disadvantaged persons." The Regent institutions were supportive of the intent of this requirement but had concerns with the specific language. An amendment to Chapter 262 was introduced by Representative Brammer. The amendment would mandate a set-aside of five percent of the value of anticipated total procurement each fiscal year and contains language similar to that of Chapter 18, referring to "females and socially or economically disadvantaged persons."

The amendment recommended by the Board Office would authorize the board to develop a minority and women business enterprise set-aside program which would be implemented by rule. The amendment would be more specific in its reference to minority businesses than that drafted by Representative Brammer and does not mandate a particular amount for the set-aside.

Regent Tyler asked if there would be any concern about reverse discrimination with the amendment.

Mr. Richey stated there was apparently no concern about reverse discrimination in the legislation passed last session which is now state policy.

President McDonald asked President Curris to report on H.F. 2182 which would require regular competition in football and basketball between the three Regent universities.

President Curris stated the three presidents and the athletic directors have been in consultation concerning the proposed legislation, and he understood that Representative Diemer had asked the Education Committee to not take any action on it.

Director True stated an amendment is proposed which would delete a restriction on the number of trips for which parents or guardians of IBSSS and ISD students can be reimbursed. IBSSS presently provides more trips than the maximum specified in the Code and makes the point that it is in the students best educational interest to do so. ISD has also reported that, on the average, it is less expensive to send students home than to keep them on the campus for the weekend. In addition, federal laws mandating a free education for handicapped students have been interpreted to require as many trips home at school expense as are educationally required for a student.

Director True stated the 402-page state reorganization bill had just been received in the Board Office. He said there were a number of references to the Board of Regents, and the staff was in the process of carefully analyzing it. He said that in the bill the movement of the State Archaeologist from the University of Iowa as proposed by the Governor had been deleted.

Mr. Richey stated that the board had requested \$42 million for financing for capital improvement projects for the coming year. The board did not address the question of the source of funds for the construction. He said there had been some talk in the legislature that the projects may be funded by academic

revenue bonds which would be complicated by the underfunding of tuition replacement and a deficit in that account for the current fiscal year. He said if the deficit remained, a precedent would be set creating the risk of tuition increases or reductions in operating funds to pay for bonding which wasn't there before. He asked what the board's feeling was concerning financing the capital projects with additional academic revenue bonding.

Regent Harris asked, didn't the Governor say the last issue of academic revenue bonds would be the final one?

Mr. Richey said yes, but that he did not know if the Governor had changed his mind given a different set of circumstances.

President Parks stated he strongly advised taking the bonding if it were available.

Mr. Richey stated that a new issue of bonds would not cause a noticeable draw in the tuition replacement account in FY 1987 because the debt service could be staggered. The fourth year out, \$6.2 million would be needed. He said that next year would be the peak year for existing indebtedness, and it would start dropping by more than \$1 million per year.

Regent Anderson stated that the board certainly needed to support some of these capital improvement projects by whatever means it could because of the essential nature of the projects. It was an investment in the future of these universities and of the state. She stated that she believed the board should have supported the bonding as passed by the legislature last year.

Regent Greig stated the board had to assume that the legislature was not going to fund tuition replacement. He asked how much of a tuition increase would be required to pay the \$6.2 million debt service of a new bond issue.

Mr. Richey stated a 6.5 percent increase in tuition.

President Parks stated he thought it was time we took an optimistic view. He stated that this was the first time the legislature had reneged on the gentlemen's agreement to fund the tuition replacement. He stated he would like to emphasize Regent Anderson's remarks about the essential nature of the capital improvements. He stated that Gilman Hall was a threat to life and limb of students and faculty and also detracts in the recruiting of highly qualified faculty.

Vice President Ellis stated the University of Iowa faced the same problems with the Chemistry-Botany Building.

President McDonald stated that he was in favor of going ahead with academic revenue bonding, but he didn't want the board to be blind to the thought that it may have to finance the bonds through tuition increases.

Regent Greig stated that, if you don't have it and can't pay for it, then don't do it. He said he did not want to spend tuition money for buildings and that he could not go along with bonding if the legislature wasn't going to pick up the bill.

Regent Anderson stated that we were talking about making an investment to maintain the quality of the campuses. These buildings belong to the people of Iowa, and the legislature is responsible for maintaining the quality of those institutions.

Regent Harris stated that those buildings, especially the chemistry buildings at Iowa State and the University of Iowa, constituted a threat to life; and the board had to make a decision in terms of what it was going to do. He said he was opposed to raising tuition and hoped it did not come to that. He said that he was in favor of bonding.

President Curris stated that he found the discussion very interesting. He said that he thought the use of bonding in both the public and private sectors was a well established fact but that there was danger associated with the usage. He said that Kentucky had a bill for \$120 million in bonding for higher education. He said you had to recognize not only the economic benefits of it but also the fact that the rates today are as low as they ever have been. He said that the board had sent to the legislature and the Governor a list of buildings that needed renovation and left to the decision makers in the Capitol if they would be built and if they were built how they would be funded. If they choose to go the route of bonding, then they should recognize their obligation to fund the debt service. He said he felt that should be communicated to them. The other option would be to amend the board's previous action and say we do not want these buildings to be built if they will have to be bonded, and he said that he didn't really think anyone really wanted to say that. He encouraged the board to take an approach that gave maximum flexibility to the decision makers but make it clear to them that they do the necessary financing.

MOTION:

Dr. Harris moved that the board (1) receive the legislative report; (2) support the amendment as recommended by the Board Office to Section 262.9 concerning minority business enterprises and women business enterprises set-aside; (3) support the amendment proposed by the Board Office to Section 270.9(2) deleting the limitation on the number of home weekends for which transportation can be provided to parents and guardians of IBSSS and ISD students; and

(3) support S.F. 2172 which requires a hospital to receive a certificate of need before providing organ transplant services. Mrs. Anderson seconded the motion, and it passed unanimously.

MOTION:

Dr. Harris moved that the board request bonding for the FY 1987 capital improvement requests with the assurance that the legislature will fulfill the obligation to appropriate funds to meet the debt service in the future as it has in the past. Mr. Tyler seconded the motion.

President Parks recommended bonding of the two chemistry buildings with academic revenue bonds without the caveat of tuition replacement appropriations.

Regent Tyler said those who were present at the legislative hearings knew that the recurrent theme was tuition. He said that he understood what President Parks said; but, if the board lets the legislature off the hook, then the legislature was going to try to push for bonding without tuition replacement appropriations for the all the capital projects.

VOTE ON MOTION:

Motion was approved.

FEDERAL FUNDING REPORT. The Board Office recommended the board receive a report on the Gramm-Rudman-Hollings Bill and President Reagan's Proposed FY 1987 budget.

The urgency of reducing the federal deficit resulted in passage of the Balanced Budget and Emergency Deficit Control Act of 1985. That legislation, commonly known as the Gramm-Rudman-Hollings bill, was signed by President Reagan on December 12, 1985 and called for \$200+ billion in reductions in the federal deficit between FY 1986 and FY 1991.

Each year, the needed deficit reductions are to be calculated by the Office of Management and Budget and the Comptroller General. The Comptroller General then communicates to the President the exact budget reductions which are necessary to meet deficit reduction goals in the Gramm-Rudman-Hollings bill. The President is required to issue orders for across-the-board cuts sufficient to meet the deficit reduction goals unless selective cuts are instituted by Congress and the President. The Gramm-Rudman-Hollings process is therefore a means to ensure that the federal deficit is sufficiently cut each year when selective budget cuts or tax increases cannot be agreed to by Congress and the President.

Shortly after passage of the Gramm-Rudman bill, several Congressmen filed a petition in federal court citing the bill as being unconstitutional. A three member panel of federal judges recently gave a mixed ruling on those

constitutional questions. They did rule that the Comptroller General's involvement in determining budget cuts is unconstitutional. That ruling is expected to be quickly appealed to the Supreme Court.

The Board Office and university representatives analyzed the projected impact of Gramm-Rudman budget cuts projected for Regent universities during FY 1986 and FY 1987. Overall the impact is expected to be a \$9 million loss in FY 1986 and a \$36-45 million loss in FY 1987. Additional cuts would be expected through 1991.

PROPOSED GRAMM-RUDMAN BUDGET CUTS

Effects on Regent Institutions for FY 1986: \$9 Million

SUI \$5.48 million

Hospital & Clinics Medicare Payments	\$ 384,000
Federal Grants and Contracts	3,100,000
Student Aid	2,000,000

ISU \$2.8 million

Ames Laboratory	\$ 600,000
Ag. & Home Ec. Exp. Station	283,000
Cooperative Extension	286,000
Student Aid	1,316,000
Federal Contracts	320,000

UNI \$650,000

Student Aid	\$ 600,000
Federal Grants & Contracts	50,000

Effects on Regent Institutions for FY 1987: \$36-\$45 Million

Gramm-Rudman requires an increased loan origination fee of 0.5 percent for Guaranteed Loan applicants and decreases in the interest rate subsidy to lender banks from 3.5 percent over the 91-day Treasury Bill rate to 3.1 percent in excess of the Treasury bill rate. Those changes will increase the cost of the Guaranteed Student Loan Program to students and may decrease lender participation. University personnel generally believe that a major change in lender participation will not occur due to the lower interest rate subsidy.

The Medicaid reimbursements to the University of Iowa Hospitals and Clinics are exempt from Gramm-Rudman cuts. Medicare reimbursements are only to be affected by a one percent cut in FY 1986 and maximum of a two percent cut in FY 1987 and subsequent years.

All student aid funding cuts for FY 1986 are effective beginning with the 1986-1987 academic year. Because of this forward-funding feature with federal student aid, the big FY 1987 Gramm-Rudman cuts would not affect students until the 1987-1988 academic year.

Passage of Gramm-Rudman has catalyzed efforts by Congress and the President to propose alternatives to across-the-board federal budget cuts. The President's proposals for FY 1987 were announced two weeks ago and have been quickly analyzed by the Board Office and representatives from each university. The effects of the President's proposals on Regent universities is shown below:

PROPOSED REAGAN BUDGET CUTS

Effects on Regent Universities for FY 1987: \$22,095,000

SUI		\$14,090,000
Hospitals and Clinics	\$11,000,000	
Student Aid	1,590,000	
Grants and Contracts	1,500,000	
ISU		\$ 7,345,000
Ames Laboratory	\$ 0	
Extension Service	5,096,000	
Experiment Station	621,000	
Student Aid	1,078,000	
Grants and Contracts	550,000	
UNI		\$ 660,000
Student Aid	\$ 440,000	
Grants and Contracts	220,000	

The \$22 million in reduced federal funding for Regent universities is disproportionately absorbed by SUI Hospitals and Clinics and the ISU Agriculture and Home Economics Extension Service. The Extension Service cuts are composed of \$3.9 million from the Smith Lever formula funds and \$1.3 million in selective projects such as nutrition education, pest management, 4-H, and youth nutrition. At SUI, Hospitals and Clinics, \$9.4 million in proposed cuts are attributable to Medicare with \$1.6 million in Medicaid cuts. The Reagan budget proposes that half of the present medical education payments be eliminated at a cost of \$5.1 million to the University of Iowa Hospitals and Clinics.

Student Aid is severely impacted by the Reagan budget when the Guaranteed Student Loan program is considered. The President's budget proposes to eliminate the interest subsidy on Guaranteed Student Loans while the student

is in school. According to the University of Iowa Financial Aids Office, this will have two effects. The student will have to pay interest costs while in school and increased lender transaction costs could reduce participating lending institutions and thereby reduce available Guaranteed Student Loan funds. The University of Iowa projects the President's budget will increase costs to the University of Iowa students by \$10,000,000. Iowa State University estimates that each graduating class will assume an additional \$14 million due to interest charges being proposed on the Guaranteed Student Loans.

Director True stated it was expected that more refined estimates of the impact of President Reagan's budget would be available at subsequent board meetings. In addition, it is expected that a Supreme Court opinion on the constitutionality of Gramm-Rudman would be available before the March board meeting.

ACTION: President McDonald stated the federal funding report was received by general consent of the board.

EMPLOYEE APPEAL. The Board Office recommended denial of the request by Dr. Arild Thowsen for review by the board of a final institutional decision at Iowa State University denying him promotion to the rank of Associate Professor.

Director Wright explained that Dr. Thowsen had been hired as an assistant professor in 1980 and was granted tenure effective September 1982. In December 1982 the department chair asked Dr. Thowsen to meet with the Faculty Development Committee (FDC). Immediately subsequent to the FDC meeting, Dr. Thowsen submitted to the department chair a written request to be considered for promotion. Dr. Thowsen stated in his appeal documents that the department chair had not convened the FDC for the purpose of considering Dr. Thowsen's request for promotion consideration. In 1983 Dr. Thowsen began an administrative appeal regarding the failure of the department chair to convene the FDC for the purpose of considering his request for promotion. The administration found no dereliction of administrative duty and no violation of university regulations.

Director Wright said that Dr. Thowsen requested the board to review the facts in this matter because his request to be considered for promotion was not being considered by the university. The university was not, he claimed, considering the request because his department chair would not convene the FDC for the purpose of considering his request. Dr. Thowsen, in his appeal, requested the board to act, as follows:

- o To issue a formal pronouncement of policy on the rights and duties of administrative university officers and faculty members as they pertain to the present fact situation; and
- o To instruct the department chair to act on the appellant's legitimate request of December 21, 1982, by conducting a review of the Dr. Thowsen's qualifications for promotion to associate professor in a manner consistent with reasonable standards of honesty and fairness, based on the academic record as it existed at that time

(December 1982) with the explicit understanding that, in the event of a favorable recommendation which, after appropriate college and university reviews, meets the approval of the Board of Regents, the promotion be made effective from September 1983.

Director Wright noted that Dr. Thowsen submitted 79 pages of documentary evidence to support his claim.

In forwarding Dr. Thowsen's request for review to the board, President Parks stated that Dr. Thowsen had exhausted internal appeal procedures with his grievance having been denied by his department, college, and university administration. He noted that the Faculty Appeals Committee unanimously supported the departmental decision which was a part of the evidence used by Dr. Christensen and himself in denying the requested remedy.

Dr. Thowsen, after finding dissatisfaction with FDC, wrote to Dr. Christensen and requested that the Faculty Appeals Committee (FAC) investigate his grievance.

The FAC reviewed Dr. Thowsen's allegations and concluded there was an unfortunate situation in the department that could be helped by better documentation of the FDC policy and procedures and by written reports to faculty of deliberations of the FDC which involved them. The FAC also determined that Dr. Thowsen had contributed to the communication problem in the department and in the university by not meeting with the various bodies which were either involved in his quest for promotion or in his grievance. The FAC did not support Dr. Thowsen's grievance.

Director Wright stated it appeared the university had adhered to its policies regarding promotions and had undertaken an effort to improve the procedures which implement those policies in the Electrical Engineering Department, and the Board Office could find no reason for the board to grant the request for review. He said that he could not help but note that he believed Dr. Thowsen should cooperate with the process of review for promotion that existed in the department today and that his failure to participate certainly made his request for review of a final institutional decision denying him promotion appear less reasonable than if he had participated.

Director Wright said that, after Dr. Thowsen had received the docket memorandum, he called the Board Office and asked that the board's review of his request be delayed. Dr. Thowsen said that he wished to provide letters from members of the FDC saying they had not considered Dr. Thowsen's request to be considered for promotion. The university had previously explained to Dr. Thowsen this was a matter he should have presented to the FAC. Dr. Thowsen did not respond to the FAC requests for information and meetings. Given these facts, Director Wright said that Dr. Thowsen had submitted ample evidence so that the board could make a decision as to whether or not it would grant the review and that after additional consideration the Board Office did not change the recommendation that the board deny the request for review.

MOTION:

Mr. Greig moved that the board deny the request of Dr. Arild Thowsen for review by the board of a final institutional decision

at Iowa State University denying him promotion to the rank of Associate Professor. Mr. Tyler seconded the motion, and it passed unanimously.

BOARD OFFICE PERSONNEL REGISTER. The following appointments were approved as a part of the consent docket: Carol A. Streed, Administrative Assistant, at an annual salary of \$22,900 plus the usual fringe benefits, effective February 10, 1986; and Sheila Lodge, Secretary II, Grade 507, Step 2, at an annual salary of \$13,917 plus the usual fringe benefits, effective February 5, 1986.

NEXT MEETINGS.

March 13	University of Northern Iowa	Cedar Falls
April 23-24	University of Iowa	Iowa City
May 21-22	Iowa State University	Ames
June 18-19	University of Northern Iowa	Cedar Falls
July 16-17	University of Iowa	Iowa City
August	No meeting	
September 17-18	Iowa State University	Ames
October 15-16		Des Moines
November 19-20	Iowa School for the Deaf	Council Bluffs
December 17-18	University of Iowa	Iowa City
January 21-22, 1987		Des Moines
February 18-19	University of Northern Iowa	Cedar Falls
March 11-12	Iowa State University	Ames
April 22-23	University of Iowa	Iowa City

Long-range planning seminars have been scheduled on the first day of the meetings as follows:

April 23	University of Iowa
May 21	University of Iowa
June 18	University of Northern Iowa
July 16	IBSSS/ISD
September 17	Iowa State University
October 15	Iowa State University

President McDonald then asked board members and institutional executives if there were additional items to be raised for discussion pertaining to the general docket. There were none.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Wednesday, February 19, 1986.

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

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM. The Board Office recommended approval of the following changes in the university's Professional and Scientific Classification System.

New Class

Research Engineer -- pay grade 13 (\$29,910 - \$47,830)

Pay Grade Changes

From:

Registrar - Art Museum
Grade 6 (\$17,170 - \$27,210)

To:

Grade 5 (\$15,850 - \$25,140)

Associate Manager - Payroll and
Employee Records

Grade 10 (\$23,570 - \$37,710)

Grade 11 (\$25,520 - \$40,810)

The Board Office provided the following explanation. The Research Engineer position would provide for the management of major engineering projects at a level comparable to the existing classification of Research Scientist. A redistribution of responsibilities within the Art Museum led to the reduction of one pay grade for the currently vacant position of Registrar - Art Museum. A reorganization in the university payroll department would combine responsibilities of the current Associate and Assistant Managers. The resulting increases in responsibilities for the Associate Manager warranted the pay grade change.

The pay grade assignments are based on the application of the university's point count evaluation system, and funds are available from existing resources.

MOTION:

Dr. Harris moved that the board approve the changes in the university's Professional and Scientific Classification System as outlined above. Mr. Duchon seconded the motion, and it passed unanimously.

SUPPLEMENTAL DEVELOPMENT ASSIGNMENT REQUESTS AND REPORTS. The Board Office recommended approval of additional faculty development assignments for 1986-87 academic year and receipt of the supplemental reports on faculty developmental assignments during 1984-85.

The Board Office noted that the university had indicated when it submitted the requests for faculty developmental assignments last month it was indicated there would be approximately 20 additional leaves for persons in the Faculty Scholars program.

The university requested approval of 22 additional developmental assignments. Sixteen of these assignments were for persons in the Faculty Scholars Program which provides for faculty developmental assignments in each of three consecutive years and is intended to provide opportunities for faculty in the early stages of their careers. The revised total of developmental assignments for 1986-87 is 101 which is the lowest in the last five years and above the 12-year-period average of 91.5. The revised estimated net replacement cost of the developmental leaves is \$113,200. The average amount per faculty member, based on this estimate, is \$1,120.

Last month the university submitted reports from 99 faculty members who were on developmental leaves with pay for one semester during 1984-85. Reports from five additional faculty members were submitted for the board's review. The activities undertaken during the leaves included research and study, lecturing, and the preparation of papers, articles, and essays.

MOTION: Mr. Duchon moved that the board approve the supplemental developmental assignments and the supplemental report of developmental leaves. Dr. Harris seconded the motion, and it passed unanimously.

APPOINTMENTS. It was recommended the board approve the following appointments:

Thomas K. Bauer as Acting Director of the Office of Public Information and University Relations at an annual salary of \$40,000, effective April 1, 1986.

Gary L. Soderberg, LPT. Ph.D., as Director of the Physical Therapy Education program in the College of Medicine, effective March 1, 1986, at a fiscal-year salary of \$58,500.

Robert B. Wallace, M.D., as Head of the Department of Preventive Medicine and Environmental Health, effective March 1, 1986, at a fiscal-year salary of \$93,000.

MOTION: Miss VanEkeren moved that the board approve the appointments as outlined above. Mr.

Greig seconded the motion, and it passed unanimously.

PROGRAM NAME CHANGE. The Board Office recommended the request to change the name of the Afro-American Studies Program to the African-American World Studies Program be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

MOTION: Dr. Harris moved that the board approve the action as recommended above. Mrs. Murphy seconded the motion, and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the January 6 through February 7, 1986.

Highlights of the register are as follows:

PROJECT DESCRIPTIONS AND BUDGETS

15KV Electrical Loop I Extension--Phase II

Source of Funds: Capital Appropriations Request or Self-Liquidating Debt
Financing supplemented by Income from
Treasurer's Temporary Investments \$2,374,000

This project is a continuation of the project approved by the board in December to extend the existing electrical distribution system east and north of the Pentacrest. This section of the university's electrical system is identified as "Loop I."

This phase will construct an electrical duct bank from the southern portion of the Pentacrest east to Clinton Street, then north to Bloomington Street, and finally westwardly along Bloomington Street to the Chemistry-Botany Building. Also included in the project is the purchase and installation of the electrical cabling and equipment to be installed in the duct bank.

The exhibit material submitted with the register did not identify if the university intended to accomplish any of the construction work with university personnel as it had with the first phase. Board approval was required because the work to be done by institutional personnel exceeded the \$25,000 ceiling in the Procedural Guide. In response to questions by the Board Office, the university indicated that it intended in Phase II to again utilize Physical Plant staff to install the primary and secondary electrical equipment. A verbal estimate provided by the university indicated the cost of work by institutional staff at around \$47,000.

The remainder of the construction work would be accomplished through public bidding. Board approval is required before the university can initiate this construction work with institutional staff.

Because of the lack of time to adequately review the university's request to use institutional personnel, the board office recommended deferral of the request until the March board meeting. The additional time would give the university the opportunity to submit a written request to the Executive Secretary explaining the rationale for their need to use institutional staff and to furnish a cost estimate. The request will would then be submitted to the board on the March capital register along with a recommendation by the board office.

The Board Office recommended approval of the project and appointment of the Physical Plant Department as engineer and inspection supervisor for the project. The Board Office also indicated the university should carefully review the source of funds for this project and present to the board a funding plan for both phases of the project before any proceeds from self-liquidating debt financing are committed or expended.

Hawkeye Drive Apartments--Domestic Water Piping Replacement--Phase II
Source of Funds: Dormitory Improvement Reserves \$319,300

This project involves replacement of existing water piping in an additional six buildings of the Hawkeye Drive Apartment complex. In March, 1985, the board approved the initial phase of a program to replace the cold/hot water piping in all the Hawkeye Drive apartment buildings.

The university selected the engineering firm of Gene Gessner, Inc., as project engineer. The firm also served as project engineer for Phase I. The construction work would be accomplished through public bidding.

The university reported revisions to two project budgets previously approved by the board. The projects are:

Telephone Switching Facility Original Budget \$400,000
Telecommunications Bond Proceeds Revised Budget \$500,000

The budget increase was necessary to accommodate a contract award.

University Hospitals--Westlawn Emergency Power Generator Installation
University Hospital Usage Funds Original Budget \$49,553
Revised Budget \$53,053

The university requested approval of a revised budget which would increase the project budget by \$3,500. The board initially approved this project in December, 1985.

CONSULTANT AGREEMENTS

Iowa Memorial Union Remodeling--Phase I
CPMI, Inc., Des Moines, IA \$267,754

The university requested approval of CPMI, Inc., to provide contract administration, on-site inspection and quality control for this project. The university requested approval of the agreement authorizing the executive secretary to sign the agreement.

The university reported approval by the Executive Secretary of increases to two consultant contracts. As specified in the Procedural Guide, the amendments were submitted to the Executive Secretary for approval because the accumulation of previous amendments exceeded 20 percent of the original agreement amount.

College of Law Building

Gunner Birkerts and Associates, Birmingham, MI Increase \$1,500

The university requested ratification of an amendment to the architectural contract of this project. With ratification of this amendment, the architect's agreement increases to \$1,446,848.39.

Iowa Memorial Union Remodeling--Phase I

Bussard/Dikis Associates, Ltd., Des Moines, IA Increase \$1,996

The university requested ratification of Amendment #5 to the architectural contract on this project. With ratification of this amendment, the architect's agreement increases to \$488,496.

CONSTRUCTION CONTRACTS

Referred to the Board for Action:

The university presented an equipment contract to the board because the project was funded by academic revenue bond proceeds:

College of Law Building--Equipment

Networking of Personal Computers LAWNET:

Award to: Nestar Systems, Inc., Palo Alto, CA \$127,027
(8 bids received)

In addition to the contract discussed above, the university reported the award of five equipment contracts. These awards were less than \$25,000 each, and were reported to the board for ratification because the project is funded with academic revenue bonds proceeds. The university requested ratification of the awards.

The following contract was referred to the board for action:

Telephone Switching Facility

Award to: Mid-America Construction Company of Iowa, \$394,900
Iowa City, IA.

This contract was referred to the board for action because the low bidder, McComas-Lacina Construction Co., Inc., Iowa City, Iowa, advised the university after opening the bids that a subcontractor's cost had been omitted from their bid price. McComas-Lacina submitted to the university a formal request to withdraw their bid.

The university requested that the bid of McComas-Lacina be allowed to be withdrawn, and that the contract be awarded to the next low bidder, Mid-America Construction Company.

The Board Office recommended that the contract be awarded to Mid-America Construction Company, as requested.

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

University Hospitals - 25 MEV Linear Accelerator Replacement

Burger Construction Co., Inc., Iowa City, IA
Base Bid of \$119,120, plus Alt. #1 of \$1,500 =
TOTAL AWARD OF:

\$120,620
(5 bids received)

This project involves the demolition and structural alterations necessary to accommodate the replacement linear accelerator. The project also involves concrete foundation work, construction of interior partitions in plumbing electrical power, and heating/cooling system modifications.

Engineering Building--Third Floor Remodeling

Award to: General:
Aanestad Construction, Coralville, IA \$76,868
(5 bids received)

Mechanical:
Universal Climate Control, Inc., Iowa City, IA \$106,200
(4 bids received)

Electrical:
Meisner Electric, Inc., Newton, IA \$106,440
(3 bids received)

This project involves remodeling a portion of the third floor in the Engineering Building for a student computer center. In addition, staff offices, conference rooms, a general classroom, and student office space will

be upgraded. The mechanical and electrical systems in this portion of the building will also be modified.

The following contract was awarded by the university and is reported to the board for ratification of the university's action.

University Hospital - Westlawn Emergency Power Generator Installation

Award to: DeBrie Electric, Hills, IA
Base Bid of: \$46,300

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS

The university reported acceptance of construction contracts on four projects. The inspections found that in each case the contractor complied with the plans and specifications. The university recommended that the work be accepted as complete.

The university submitted two supplemental items for the register. One of the items was a series of awards for equipment for the Law Building. Vice President Ellis stated the equipment would be purchased with bond proceeds and involved a series of moderate-sized contracts. He indicated the bids were received only a few days prior to the board meeting and that it was imperative the contracts be approved so that the university can proceed with timely acquisition of the equipment.

The second item was the award of three construction contracts on the Human Biology Research Facility - Phase II. The first was a contract for general construction with the award to Mid-America Construction Company of Iowa, Iowa City, Iowa, for \$8,773,200. The second was for electrical work with the award to Meisner Electric, Inc., Newton, Iowa, for \$1,407,264.

Vice President Ellis stated the third contract on the research facility was for mechanical work and that the apparent low bidder claimed that it had made an error and misplaced a decimal point and this should invalidate the bid. The bidder made a formal request to withdraw the bid. The university recommended the bid be awarded to A'Hearn Plumbing, Heating, Air Conditioning and Refrigeration Co., Inc., Hiawatha, Iowa, for \$3,597,100, notwithstanding their objection. If A'Hearn would refuse, they would forfeit their bid bond; and the award would be to the second low bidder.

Regent Tyler referring to the listing of completed projects on the register stated he did not recall the awarding of the contract on the Recreation Building - Replace Roof project.

Vice President Ellis stated that the board approved restoration of the roof of the Recreation Building two years ago. It was during the course of carrying out that contract that the problems with the support of the roof were discovered which resulted in the ultimate closing of the facility. The contract to replace the roof was completed, and the university is currently reviewing options to correct the structural deficiencies in the roof structure. Vice President Ellis stated the consultants had given them an array

of options ranging from very costly to astronomical in cost. The university had requested refinement of two of the options. One would involve the restoration of the present roof which would involve cutting through the concrete floor and putting in cables to pull the buttresses together, replacing the deteriorated wood and to taking other steps to put the building back into a usable condition while maintaining the free span of the facility. The second option would be to take off the present roof and put on a new roof of a different design which would be quite costly. He indicated he anticipated receiving a report on the options in the coming month.

Vice President Ellis stated the reason they were not look solely at the repairing option is that they do not have assurance the repair option would totally solve the problem.

Regent Tyler stated he felt like someone should be held accountable for the condition of the building.

Vice President Ellis stated the complex question of legal liability was being investigated by the Attorney General's Office.

MOTION:

Mr. Duchon moved that the board approve the Register of Capital Improvement Business Transactions and the supplemental items as presented. Mrs. Anderson seconded the motion, and it passed unanimously.

LEASES. The Board Office recommended approval of the following leases for the benefit of the State University of Iowa between the board's farm manager, Merchants National Bank, Cedar Rapids, and tenants, as follows: (a) HAWKEYE AREA FARM to Tom Williams, approximately 225 acres of net farm land and a machine shed for the period March 1, 1986, to February 28, 1987, for a cash rent of \$18,370; and (b) OAKDALE AREA FARM to Leslie Cole, approximately 267 acres of net farm land for the period March 1, 1986, to February 28, 1987, for a cash rent of \$20,325.

The Board Office explained that each of these leases was recommended by the university and the board's farm manager with whom the board contracted for farm management services in January 1967.

In each of the leases, the rent would be paid in two equal installments with the last installment on December 1, 1986. The tenants would pay all costs including operations, seed, fertilizer, lime, and chemicals, and would provide a copy of soil test recommendations and would provide receipts indicating actual fertilizer, lime, and trace minerals applied, and would comply with the cropping plan set forth by the farm manager.

The net per acre rent of \$81.61 at the Hawkeye Farm and \$76.21 at the Oakdale Farm results from the portion of land at each farm which can be planted in row crops and the portion which is producing hay and being used as pasture.

MOTION:

Mr. Tyler moved that the board approve the leases as follows: (a) HAWKEYE AREA FARM to Tom Williams, approximately 225 acres of net farm land and a machine shed for the period March 1, 1986, to February 28, 1987, for a cash rent of \$18,370; and (b) OAKDALE AREA FARM to Leslie Cole, approximately 267 acres of net farm land for the period March 1, 1986, to February 28, 1987, for a cash rent of \$20,325. Mrs. Murphy seconded the motion, and upon the roll being called the following voted:

AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.

NAY: None.

ABSENT: VanGilst.

IOWA MEMORIAL UNION REMODELING -PHASE I - AUTHORIZATION TO PROCEED WITH SALE OF REVENUE BONDS AND DEFEASEMENT OF HANCHER AUDITORIUM REVENUE BONDS. The Board Office made the following recommendations:

1. Adopt a resolution to fix a date for the initiation of proceedings for the issuance of \$9 million Iowa Memorial Union Revenue Bonds, Series SUI 1986.
2. Adopt a resolution providing for the notice of meeting for issuance of Iowa Memorial Union Revenue Bonds, Series SUI 1986, of the State Board of Regents of the State of Iowa.
3. Adopt a resolution directing the advertisement for sale of \$9 million Iowa Memorial Union Revenue Bonds, Series SUI 1986.
4. Adopt a resolution authorizing the execution of an escrow agreement to provide for the defeasement of the Hancher Auditorium Revenue Bonds.

The university provided the board with a report on the Iowa Memorial Union Renovation Project. As reported to the board in January, the University of Iowa requested board approval to initiate proceedings for the advertisement and sale of \$9 million in Iowa Memorial Union Revenue Bonds to fund renovation of the Iowa Memorial Union. The project involves a comprehensive remodeling of the Memorial Union Building. The project would be carried out in two phases to minimize disruption to programs and activities. The first phase involves areas that would be most extensively remodeled.

In January 1985, the board approved the university's selection of Bussard Dikis Associates, Des Moines, Iowa, as design architects for the project. The firm prepared a master plan for the building and has completed working drawings for the two phase remodeling project.

The university proposed that the debt service on the Memorial Union bonds would be met through a dedicated student fee and through Iowa Memorial Union

income. No increase in student fees would be required. The annual contribution from Union income initially is expected to be \$300,000, increasing to \$375,000 by 1994-95. The student fee of \$11.46 per semester consists of a Union development fee of \$1.72 per semester, a coverage fee of \$1.74 per semester, and the fees presently pledged to Hancher Auditorium. The \$8.00 fee per semester now dedicated to retiring Hancher Auditorium bonds would be defeased. Through defeasement of the Hancher Auditorium bonds, existing student fees which support that debt could be transferred to the Memorial Union Remodeling Project.

An escrow account would be established and government securities would be purchased for that account sufficient to pay future semi-annual debt service on the defeased Hancher Auditorium bonds. The need for continued student fee support for the Hancher Auditorium bonds would thereby be eliminated. The university calculated that \$3,600,000 would be needed for the escrow account. The university proposed to utilize funds from three sources. The following are the sources and amounts of these funds that would be used in defeasing the Hancher Auditorium bonds: \$2,000,000 from the Hancher Auditorium Reserve Fund, \$1,400,000 from balances of the accumulated reserves in inventory accounts and excess accounts receivable reserves, and \$200,000 from accumulated Union Development Fees.

The university requested authorization to execute an escrow agreement for the defeasement of the Hancher Auditorium Revenue Bonds. The escrow account would be established with Iowa State Bank and Trust Company of Iowa City, Iowa. The recommended escrow agent was selected from four Iowa banks solicited by the university.

The university has been working with the Board Office and the board's financial consultant, Speer Financial, Inc., in developing the financing plan. Funding for the \$10,474,235 remodeling project would be from four sources: bond proceeds, interest earnings, internal university funds, and an appropriation for handicapped barrier removal.

The Iowa Memorial Union bonds would be issued under the authority granted to the board in Section 262.44 of the Code and would be issued for a period of 23 years. The payment of the debt service on the new bonds would be from student fees and union operating income.

The resolution directing the advertisement for sale of \$9 million in Iowa Memorial Union Revenue Bonds, Series SUI 1986, fixes the date for the sale of these bonds for March 13, at Gilchrist Hall of the University of Northern Iowa in Cedar Falls, Iowa. A public hearing would be held on that date in a manner required by the Code. The executive secretary would publish notice of the sale of these bonds in the customary form and in the manner required by Chapter 262.44 of the Code, as amended.

Vice President Ellis indicated the university expected to advertise for bids on the construction project during the second week of March, receive bids in April, and would be ready to begin construction in late May or early June. It is hoped that the total project could be completed by the Fall of 1988.

Regent Anderson asked where the money came from that is put in the escrow account.

Vice President Ellis said there was established reserves for Hancher. In addition there were additional funds largely because enrollment projections turned out to be conservative and also there was a sinking fund.

MOTION:

Mr. Tyler moved that the board approve the following actions: (1) Adopt a resolution to fix a date for the initiation of proceedings for the issuance of \$9 million Iowa Memorial Union Revenue Bonds, Series SUI 1986. (2) Adopt a resolution providing for the notice of meeting for issuance of Iowa Memorial Union Revenue Bonds, Series SUI 1986, of the State Board of Regents of the State of Iowa. (3) Adopt a resolution directing the advertisement for sale of \$9 million Iowa Memorial Union Revenue Bonds, Series SUI 1986. (4) Adopt a resolution authorizing the execution of an escrow agreement to provide for the defeasement of the Hancher Auditorium Revenue Bonds. Mrs. Murphy seconded the motion, and upon the roll being called, the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.
NAY: None.
ABSENT: VanGilst.

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

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, February 19, 1986.

WOI-TV STUDY. The Board Office recommended approval of the WOI-TV study plan as prepared by Iowa State University with the understanding that every effort would be made to submit the report and recommendations at the long-range planning seminar for Iowa State University at the September 1986 board meeting.

In its December 1985 meeting, the board requested that an objective and comprehensive study of WOI-TV be done and that a plan be prepared regarding the possible sale of the station. The board directed:

that Iowa State University undertake a study to determine the potential benefits as well as possible harmful effects that would result if WOI-TV were sold. The study shall include a plan to be followed in the event of a decision to sell. This would include appraisal of market value, all steps required for a sale, and the use of the proceeds to establish new and strengthen existing priority programs within the university. It was further requested that the study and plan be completed by summer 1986 and that a report be made to the board at the February meeting regarding the format and schedule for the study.

The board further stated that Dr. Gordon Eaton, president-elect, should have an opportunity to be consulted and present his views during the study.

The university's plan of study calls for an analysis of the benefits of continued ownership of WOI-TV and the effects of partial or full sale of the station. The plan provided for an appraisal of the station's value, an assessment of procedures required for a full or partial sale, and suggestions for the use of proceeds from a sale. The involvement of President-elect Eaton is provided so that he will have an opportunity to make recommendations to the board. The university recommended that the report and recommendations be submitted to the board by President-elect Eaton in November 1986.

The university proposed to form a WOI Executive Study Committee that would review information and recommendations from various work groups, then prepare independent recommendations for consideration by President-elect Eaton. The committee would be chaired by Vice President Madden. Vice Presidents

Christensen and Moore would be on the committee along with David Lendt, Director of Information, who would serve as secretary. They would be joined by three distinguished, non-university representatives from the business community to be appointed by President Parks after consultation with board President McDonald.

The university suggested that the three non-university members might be a major executive from a financial institution, an executive from a communications or media company not affiliated with WOI or other broadcast outlets in the Des Moines area, and an attorney or other corporate executive. These people would be well-known, highly credible, have broad experience and be independent from Iowa State University.

The university suggested that two working groups be established to collect information for the review and analysis of the Executive Study Committee. The work groups would be for "Educational Service" and "Priority Programs."

For the financial valuation of WOI, the university proposed to select a consultant with expertise in the appraisal and sale of communication companies. The university intended to charge the consultant with evaluating WOI as a broadcast property and examining alternative ownership arrangements that might benefit the university. The consultant would also be expected to review procedures to be followed to accomplish a sale in the event that the board decided to sell all or part of the station. The university estimated that consultant costs would be between \$15,000-\$50,000, plus expenses. Mr. Madden would be responsible for developing a "Request for Proposal" (RFP) for the consulting study. It was recommended that the RFP be reviewed by the Executive Study Committee before it is sent out. This procedure would allow ISU to have the benefit of the knowledge of the outside corporate members.

The university proposed that the Educational Service Working Group be chaired by David Lendt, ISU Director of Information. Additional members would be appointed by President Parks. The group would evaluate WOI's impact on the educational and service mission of the university. It would also evaluate the future role of WOI, including the assessment of alternatives and costs of obtaining similar benefits and services if WOI were sold.

The Priority Programs Working Group would be chaired by Vice President Christensen with the other four ISU vice presidents as members. Its objective would be to consider how the proceeds of a sale might be used to establish new or strengthen existing priority programs within the university. The group would work in consultation with President Parks and President-elect Eaton.

The university proposed to begin the study now and to have facts and recommendations available for President-elect Eaton's review soon enough for a presentation of findings at the November board meeting. This is substantially later than the board contemplated at its December board meeting, and is too late for the academic planning seminar at ISU which is to be held in September. The Board Office, therefore, recommended that the university

accelerate its schedule so that a report and recommendations can be presented at the September Board meeting.

Vice President Madden stated he had discussed the approach for the study with Dr. Eaton, and he was in agreement with the process and felt that November was reasonable.

President McDonald stated that the Board Office was not speaking of a mandate in September, but he would hope that the process could be completed by September.

Regent Tyler asked if he could assume the appointments and selection to the committees would be done in consultation with the board president and the Board Office.

Vice President Madden said there would be no difficulty in consulting on the appointments.

Regent Anderson asked if the board would receive interim reports on the progress of the study.

Vice President Madden said they would be glad to do that and that their intention was to move forward as quickly as possible. They would like to get the campus portion completed before the end of the spring academic year.

Regent Duchen asked how many people would be on the committees.

Vice President Madden said that the major advisory committee would have six members. The campus groups have not been completed defined as to the number of members but would expect there would be between eight and ten members on each.

Regent Duchen asked what the purpose of the campus groups.

Vice President Madden stated that WOI served certain educational purposes and the groups would review those and determine if the station were sold how those services would be provided.

MOTION:

Mrs. Murphy moved that the board approve the WOI-TV study plan prepared by the university with the understanding that every effort would be made to submit the report and recommendations at the long-range planning seminar for Iowa State at the September 1986 board meeting. Miss VanEkeren seconded the motion, and it passed unanimously.

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

C O R R E C T E D

PHASED RETIREMENT. The phased retirement of Harlan K. Baker, Associate Professor, Electrical Engineering and Engineering Extension, effective April 15, 1986, was approved as part of the consent docket.

Professor Baker proposed to reduce to 75 percent time from April 15, 1986, to April 14, 1990; and to 50 percent time from April 15, 1990, until full retirement anticipated on April 15, 1991. The university reported that funds available as a result of this action (approximately \$6,988 for the first year) would be used to supplement the salary budget for an Engineering Extension Service Communication Specialist. Professor Baker met the age and service requirements for participation in phased retirement.

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION PLAN. The Board Office recommended establishment of a new professional and scientific classification for the university--Scientist III, pay grade 8, (\$42,117 -).

The classification was needed to provide for the retention and recruitment of outstanding scientists at the Ames Laboratory. The general function of the class is to provide direction for major research projects of national and international interest, to conduct research, and to provide advice and support to the international science community.

In 1984 the board approved a request from Iowa State University for no maximum salary for its highest pay grade, 8. The university noted that efforts to expand in areas such as high technology, may require the recruitment of highly sought-after scientists who command salaries exceeding the current maximum. The university anticipated that such salaries and appointments would be rare but exceedingly important to the university. The board approved the university's request and required, in addition, that all appointments to and salary increases for positions assigned to top pay grade which have no dollar ceiling be submitted for review and approval by the board. Appointments to the new classification would fall under that requirement.

MOTION:

Dr. Harris moved that the board approve the establishment of the position as outlined above. Mrs. Murphy seconded the motion, and it passed unanimously.

OTHER PERSONNEL TRANSACTIONS. The board was asked to approve the following actions:

Promotion with tenure as associate professor and appointment as chair of the Department of Marketing of John K. Wong, effective February 21, 1986. Salary \$51,000.

Reappointment of Lennox N. Wilson as chair of the Department of Aerospace Engineering effective July 1, 1986, through June 30, 1991. Salary as budgeted.

MOTION:

Mrs. Murphy moved that the board approve the personnel transactions noted above. Mr. VanGilst seconded the motion, and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period January 16 through February 19, 1986.

Highlights of the register are as follows:

PROJECT DESCRIPTIONS AND BUDGETS

Alumni Hall--General Remodeling

Source of Funds: Income from Treasurer's Temporary Investments \$3,200,000

This project involves renovation of Alumni Hall for offices of student affairs units. In December, 1984, the board authorized the university to proceed with acquisition of Alumni Hall from the Alumni Hall Board of Directors with no cost or debt to the institution. In September, 1985, the board approved a program statement which contained an overview of the renovation project and definition of the size and cost of the proposed renovation.

The university requested authorization to enter into an agreement for architectural services with Charles Herbert and Associates, Inc., of Des Moines, Iowa, for architectural and engineering services for this project. Compensation shall not exceed \$270,000.

The university reported an agreement with Stecker-Harmsen Construction Services Company of Ames, Iowa, for cost-consulting services on this project. Compensation shall not exceed \$12,500.

Campus Signage

This project involves installation of a uniform campus graphics system on all university buildings and throughout the campus. The project would be undertaken in smaller packages as funding becomes available.

The university indicated that each individual building or directional sign had an estimated cost of \$2,000 and that a complete campus graphic system would require upward of 200 individual signs. This initial phase had an estimated budget of \$30,000 and would be funded from residence halls improvement funds and funds from the ISU Achievement Foundation.

College of Home Economics--Phase I

Source of Funds:	ISU Achievement Foundation	\$30,000
	70th General Assembly Capital Appropriation	\$120,000
	71st General Assembly Capital Request	<u>\$4,000,000</u>
	TOTAL BUDGET:	<u>\$4,150,000</u>

This project is the initial phase of a three phase program to modernize existing space and to construct additional space for Home Economics. A visual presentation by the project architects, Brooks, Borg & Skiles, is discussed later in these minutes.

Friley Hall Renovation--Phase 5

Source of Funds: Dormitory Assistance Surpluses \$1,100,000

This project is a continuation of a remodeling program and would renovate 65 student rooms and associated living spaces. The Department of Residence Halls administrative offices would also be remodeled as part of this phase.

The university requested authorization to enter into a design services

agreement with Brooks, Borg & Skiles Architects-Engineers of Des Moines, Iowa. This firm provided architectural services and construction documents for Phase 4. Compensation shall not exceed \$100,000.

Story Construction Company of Ames, Iowa, would be used as a construction manager.

Amended project budgets were submitted on the following three projects.

Elwood Drive Extension--Sixth Street Relocation

Source of Funds:	Institutional Road Funds	\$1,655,220	
	Income from Treasurer's	<u>\$59,480</u>	
	Temporary Investments		
	TOTAL BUDGET:		<u>\$1,714,700</u>

Utilities--Replace Steam Generators No. 1 and 2

Source of Funds:	Utilities Systems Revenue Bonds,		
	Series ISU 1985		<u>\$26,500,000</u>

Gilman Hall Renovation-Phase 2--Physical Chemistry Laboratories

Source of Funds:	Income from Treasurer's Temporary Investments	<u>\$350,000</u>	
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CONSULTANT AGREEMENTS

Friley Hall--West Dining Area Renovation

Cost Planning & Management International, Inc., Des Moines, IA (Design Services)	<u>\$27,500</u>
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The university requested approval of the consultant contract with CPMI on the above project. This contract involves services during the design phase of the project. The project, which would renovate two dining and serving areas in the Friley Residence Hall, was approved by the board in January 1986.

Friley Hall--Partial Kitchen Renovation

Brooks, Borg & Skiles Architects-Engineers, Des Moines, IA (Design Services)	<u>\$20,000</u>
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The university reported an agreement with Brooks, Borg & Skiles for design services necessary to prepare contract documents involved with renovating the food refrigeration and storage areas in the Friley Hall kitchen.

Alumni Hall--General Remodeling

Steaker-Harmsen Construction Services Company, Ames, IA (Consulting Services)	<u>\$12,500</u>
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The university reported an agreement for cost-consulting services on this project. The firm will provide unit cost information during design and prepare detailed estimates of probable construction costs.

Printing and Publications Building--Roof Replacement

Brown Engineering Company, Des Moines, IA \$18,900
(Engineering Services)

The university reported an agreement with Brown Engineering to provide engineering services for the replacement of the roof on the Printing and Publications Building. This project was approved by the board in July, 1985, with a revised budget of \$440,000. The project involves the replacement of the roof and the heating, ventilating, and air conditioning system in the university-owned facility, which was constructed in 1968.

Elwood Drive Extension--Sixth Street Relocation

Wallace Holland Kastler Schmitz & Co., Mason City, IA
Increase \$13,948.65

The additional engineering services on this project involve additional inspection on the project which resulted from a delay in the completion of the lighting and traffic signal contract. The road construction project is financed principally through the State Parks and Institutional Road Fund. The university would pay for the additional engineering services.

Utilities--Replace Steam Generators No. 1 and 2

Burns & McDonnell Engineering Company, Kansas City, MO
Increase \$390,000

This amendment has been negotiated with Burns & McDonnell to an agreement that was approved by the board in December, 1984. The original agreement covered the design services necessary to prepare construction documents on this project. The maximum compensation for that agreement was \$550,000. Prior to the submission of this month's register, the university had negotiated this amendment to cover design services for the remainder of the project, which would include the complete installation of two 170,000 lb/hr fluidized bed boilers and associated pollution control equipment, along with all supporting systems, including coal, ash, and limestone handling, a new plant addition, and new smokestack. Compensation under this amendment would have been based on a multiple of direct personal expenses, with a maximum not to exceed the \$2,550,000. Source of funds for the additional engineering agreement are the utility system revenue bonds.

Vice President Madden explained that, after the register had been submitted to the Board Office for review, the university was informed that the firm of Burns and McDonnell had been purchased by employees of the firm. He indicated the university wanted to be assured that the same engineers would be working on the project and would still be a part of the firm. The amendment presented to the board for approval would cover the design services through February 1986.

CONSTRUCTION CONTRACTS

The following contract was referred to the board for action:

Utilities--Replace Steam Generators No. 1 and 2
Fluidized Bed Boiler and Baghouse

Award to: Pyropower Corporation, San Diego, CA
TOTAL AWARD OF: (4 bids received) \$13,950,000

This contract was referred to the board because the low bidder, Pyropower Corporation, took exception when submitting their bid to several sections of the contract specifications. Pyropower sought modification to the contract specifications concerning limiting their indemnification, put restrictions on the warranties, and limit their contract liability for damages to the amount of the contract price. The exceptions identified by the contractor have been reviewed by the university administration. As the result of discussions between the university and Pyropower, modifications of the exceptions were drafted by the university and agreement between Pyropower and the university has been reached.

The exceptions to the contract specifications agreed to by the university do not alter the sequence of the bids. The next bid was \$4,040,000 higher than Pyropower. The university is satisfied with the exceptions to the contract documents that have been negotiated, and indicates that the potential impact of the exceptions are minimal and acceptable.

This portion of the Power Plant Replacement project involves the fabrication and installation of two fluidized bed boilers and associated pollution control equipment. The university was pleased with the results of the bid which enables them to proceed with the purchase of two 170,000 lb/hr fluidized bed boilers. The bid price received for a single fluidized bed boiler was \$9,268,000. The second boiler is being purchased at a substantial savings to the university.

The following contracts were awarded by the Executive Secretary on behalf of the board:

Utilities-Replace Steam Generators No. 1 and 2--North Plant Addition

Award to: Story Construction Company, Ames, IA
Base Bid of \$3,083,543 (3 bids received)

This portion of the Power Plant Replacement project involves the construction of the building addition that will house the new boilers.

Gilman Hall Renovation-Phase 2--Physical Chemistry Laboratories

Award to: R. H. Grabau Construction Company, Inc., Boone, IA
Base Bid of \$204,532 (9 bids received)

This project is the first stage within the second phase of the Gilman Hall renovation. This stage, with an estimated budget of \$350,000, will renovate

the area vacated by chemistry stores into physical chemistry teaching laboratories. The project was approved by the board in July, 1985.

The larger second phase Gilman Hall renovation project is part of the Regents' 1987 capital request.

Physics Hall--Second Floor Exit For Fire Safety

Award to: Badding Construction Company, Carroll, IA
Base Bid of \$52,212

Even though this project has a budget of less than \$250,000, the construction contract was awarded by the Executive Secretary due to a minor irregularity.

During the opening of the bids, the check that accompanied the bid of Badding Construction Company was not recognized by university personnel as a certified check. The Badding bid was declared unacceptable and was not opened or read aloud. Subsequently, it was determined that, in fact, the check was certified, and the university's action was in error. Therefore, the Badding bid, which was low, should be accepted.

The error was on the part of the university and acceptance of the Badding bid is proper. The second low bidder, Harold Pike Construction, indicated that they would not contest the award to Badding Construction.

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Telecommunications Project--Cable Plant
AT&T-IS, Morristown, NJ

Increase \$55,056

This is the second change order on this project. Approval of the change order does not require an increase in the total project budget of \$13,950,000. The amount of the original contract with AT&T-IS is increased to \$6,955,198.

The additional cost has been generated by inside cable plant revisions due to the placement of fiber optic riser cable in specific construction installation requirements.

MOTION:

Dr. Harris moved that the board approve the Register of Capital Improvement Business Transactions as submitted. Mrs. Anderson seconded the motion, and it passed unanimously.

LEASE OF LAND AND TOWER, OPERATING AGREEMENT -- WOI-TV. The Board Office recommended approval of the modification of a five-year lease-agreement with Palmer Communications Corporation for the use of the land, television tower and transmitter building at Alleman, Iowa, by the State Educational Radio and Television Facility Board and the State Board of Regents for the use and benefit of Iowa State University's WOI-TV for an annual rent of \$3,200 per

year for a period of five years commencing January 2, 1986.

In 1971 the board entered a three-party, five-year lease-agreement (renewable for 20 five-year periods) with Palmer Broadcasting Company (WHO-TV) and the State Educational Radio and Television Facility Board (KDIN-TV) for the construction, maintenance, and operation of a television tower, access road, and transmitter building on approximately 3.3 acres at Alleman, Iowa. Each of the three parties to the lease received an undivided one-third interest in the property of the leasehold. The 3.3 acres of land on which the facilities are located are owned by Palmer Communications. Each to the lease-agreement owns its own antennae, transmission lines, and transmitter building. The lease-agreement provides that every five years the parties will consider renewal options. On January 2, 1986, Palmer Communications Corporation, the successor of Palmer Broadcasting, approved a modification to the lease-agreement for the next five-year period. The modification resulted in an increase in the rent for the parties from \$2,700 for the preceding five years to \$3,200 for the next five years. The increase represented an increase of 18.5 percent or approximately 4 percent compounded each year from the last renewal.

The university reported that nothing in the lease-agreement modification would adversely effect or limit the board in its deliberations on the future of WOI-TV.

MOTION:

Mr. Tyler moved that the board approve the modification of a five-year lease-agreement with Palmer Communications Corporation for the use of the land, television tower and transmitter building at Alleman, Iowa, by the State Educational Radio and Television Facility Board and the State Board of Regents for the use and benefit of Iowa State University's WOI-TV for an annual rent of \$3,200 per year for a period of five years commencing January 2, 1986. Mrs. Murphy seconded the motion, and upon the roll, being called, the following voted:
AYE: Anderson, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.
NAY: None.
ABSENT: Duchen, VanGilst.

SEED STORAGE BUILDING. The Board Office recommended the board authorize the university to negotiate with the United States Department of Agriculture-Agricultural Research Service (USDA-ARS) for the construction of an additional seed storage building at the North Central Region Plant Introduction Station in Ames, with final plans and intergovernmental agreements to be approved by the board.

In the 1940's the Agricultural Experiment Stations in the North Central Region (composed of 12 states) joined with the USDA-ARS to develop and maintain a plant introduction station at Iowa State University, known as the

ISU/USDA-NCR Plant Introduction Station. It is one of such stations nationwide. It receives about one-half of its support from the USDA-ARS and the remainder from the agricultural experiment stations in the North Central Region.

The present facilities of the station have reached their capacity for storing germplasm of foreign and domestic plants. The university has land available for construction of an additional seed storage building at Mortensen Road and South State Avenue, adjacent to the existing seed storage area. The university contemplated that the USDA-ARS would agree to build a facility of approximately 4,000 square feet on this land at a cost of approximately \$280,000. There would be no state funds involved in the construction.

MOTION:

Mrs. Anderson moved that the board authorize the university to negotiate with the United States Department of Agriculture-Agricultural Research Service (USDA-ARS) for the construction of an additional seed storage building at the North Central Region Plant Introduction Station in Ames, with final plans and intergovernmental agreements to be approved by the board. Mr. Greig seconded the motion, and it passed unanimously.

COMPUTATION CENTER PROGRESS REPORT. The Board Office recommended the board receive the report from the university on financing options for the proposed Computation Center; and request the university to continue to work with the Board Office and appropriate consultants and to return to the board with a specific financing proposal.

In this report, the university sets forth a general plan for financing the \$10 million project. The university indicated that it will continue to work with the Board Office to ensure that planning steps comply with all requirements of the board.

The general financial plan proposed by Iowa State University is similar to that utilized to finance the University of Iowa Human Biology Research Facility. It would be supported by \$3.7 million in gifts to the Achievement Foundation and the anticipated receipt of \$6.3 million in additional gifts during the next seven years. The university suggested that the ISU Achievement Foundation issue bonds or some other type of debt security to finance the project.

Under the type of financing suggested by the university, the land would be leased to the ISU Achievement Foundation and the Foundation would construct the building. Following completion of construction, the university would lease the Computation Center from the Foundation with a provision that the building become the property of the university in seven years when all outstanding bonds are retired. The lease payments to the Foundation were proposed to be equal to annual debt service on the bonds.

The university suggested anticipated gifts of \$6.3 million be used to meet

the debt service principal with the university paying interest costs. It is also assumed by the university that university funds would be used to meet operating costs of the facility during the period of the lease.

A number of basic issues need to be examined carefully with the board's bond counsel and financial consultant before any concrete financial plan could be presented to the board for approval. It was expected a detailed financial plan can be presented to the board for examination and action could be presented at the April or May board meeting.

MOTION: President McDonald stated the report was received by general consent of the board.

HOME ECONOMICS ADDITION - PHASE I. Vice President Madden introduced Robert Mathieu and Kirk V. Blunck of the firm, Brooks, Borg, and Skiles, and Everett Swagert, university architect.

Mr. Mathieu stated his firm had been retained to develop a plan for the entire College of Home Economics. The plan included evaluation of the existing MacKay Hall and LeBaron Hall buildings in relationship to the long-range planning and programming goals established by the College of Home Economics. One of the goals was to get the Child Development Department closer to the other departments of the college. MacKay and LeBaron Halls needed approximately 40,000 additional net square feet to accomplish that goal. The first phase of the project would be construction of a new building which would house a computer lab, media center, reading room, conference and seminar rooms, classrooms and lecture hall, offices and research labs.

Mr. Blunck stated that, after the new building was completed, existing activities could be moved from MacKay Hall which would allow required expansion of other departments. He stated the building would be located directly to the west of LeBaron Hall. Direct connections would be made to the west end of MacKay Hall and to the southwest stair tower of LeBaron. Phase I of the project has an approximately total of 36,000 square feet, on three levels. The basement level would be unfinished except for spaces devoted to mechanical and electrical equipment rooms. Exterior facing material would be limestone similar to the exteriors of the library, Beard-shear, MacKay and Curtiss Hall.

Dr. Ruth Deacon, Dean of the College of Home Economics, stated that the project allowed for a very functional facility and for efficient expansion of LeBaron and MacKay Halls.

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

SECURITY OFFICERS. The following appointments of security personnel were approved as a part of the consent docket:

Permanent Status: Mervin Johnston, Jack Opperman, Gerald Prescott.

Temporary Status: Robert Bowers and Raymond Nichol.

NAMING OF BUILDING. The Board Office recommended the university be authorized to designate the Quadrangle Building as the Virgil S. Lagomarcino Hall.

Iowa State University requested that the Quadrangle Building be in the future officially known as Virgil A. Lagomarcino Hall.

The Quadrangle Building, built in 1912 for veterinary medicine, currently houses the administrative, classrooms and laboratories of the College of Education. The building was extensively remodeled in 1981 and has been the home of the College of Education since that time.

Dr. Lagomarcino has been on the faculty at Iowa State University since 1961 and has served as the only dean of the College of Education since it was established in 1968.

MOTION: Miss VanEkeren moved that the board approve the designation of the Quadrangle Building as the Virgil S. Lagomarcino Hall. Mrs. Anderson seconded the motion, and it passed unanimously.

AGREEMENT WITH THE ALUMNI HALL CORPORATION TO TRANSFER OWNERSHIP OF ALUMNI HALL TO THE UNIVERSITY. The Board Office recommended approval of the agreement authorizing the transfer of Alumni Hall to the university, subject to approval of the Executive Council.

In December 1984 the board authorized the university to acquire Alumni Hall with no cost or debt to the institution. It also authorized the university to negotiate for architectural services to renovate the building for appropriate university programs.

It was reported by the university that in 1904 a predecessor organization to the Board of Regents authorized the construction of a building and made certain program commitments to the Young Men's Christian Association (YMCA) and Alumni Association which are currently observed. The building, called Alumni Hall, was originally operated as a residence hall and also housed organizational offices under a trust established in 1907. That trust was dissolved, and assets were transferred to a nonprofit corporation named "The Alumni Hall Corporation" in 1979. The land upon which the building stands belongs to the State of Iowa.

In the 1979 Articles of Incorporation, the purpose of the Alumni Hall Corporation is as follows:

This corporation shall be exclusively for charitable and educational purposes, and no member shall receive any pecuniary profit therefrom. Such purpose shall be accomplished through management, maintenance, and control of a building situated on the campus of Iowa State University of Science and Technology, said building at present known as the Alumni Hall building. The principle object of said management, maintenance, and control shall be to dedicate the

building and its use to the welfare of the students of Iowa State University.

Presently, Alumni Hall is a residence hall for approximately 45 students and houses the campus YMCA and YWCA organizational offices. It is located at the south end of a pedestrian mall that extends past Beardshear Hall to the Parks Library at the north.

In 1984 the Alumni Hall board of directors expressed interest in transferring ownership of the building to the university. The deterioration of the building from age and limited funding potential to improve it led the corporation to consider university ownership. The university indicated an interest in acquiring the building at that time and estimated that remodeling the building would cost approximately \$2 million. The building is located near other campus student service departments, and the university wished to use it to meet student service department space needs.

The agreement identifies the university, the Alumni Hall Corporation, and the recognized campus YMCA and YWCA organizations as recipients of the assets of the corporation. These are acceptable recipients in terms of dissolution of nonprofit corporations, according to the university.

Upon the dissolution of the Alumni Hall Corporation, the university would receive outright title to the building and responsibility for its management. Dissolution is planned on or about June 30, 1986.

After title has transferred, the university would begin the planned remodeling of the building as presented in the capital register.

Additionally, the agreement called, in part, for the following:

- Allocation of five hundred square feet of space each for the YMCA and for the YWCA organizations.
- Assurance that both YMCA organizations may continue to occupy space indefinitely, providing they shall remain campus organizations in good standing.
- Access to conference and seminar rooms for the YMCA and YWCA shall be the same as any other tenant of the building.
- Current residents (Men of Alumni Hall) would be entitled to remove communal furnishings accumulated over many years.
- Maintenance of all space in the building would be at the university's expense.

It was the intent of the agreement that the YMCA and YWCA organizations continue to have office space in Alumni Hall indefinitely; however, the university reserved the right after five years' occupancy in the renovated space to modify the terms of the agreement. This means that changes in space allocated or relocation may occur.

The normal protective assurances are granted to the university in the agreement.

MOTION:

Mrs. Murphy moved that the board approve the agreement authorizing the transfer of Alumni Hall to the university, with the transfer subject to the approval of the Executive Council. Mrs. Anderson seconded the motion, and upon the roll being called, the following voted:

AYE: Anderson, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.

NAY: None.

ABSENT: Duchen, VanGilst.

President McDonald then asked the board members and institutional executives if there were additional matters to be raised 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 19, 1986.

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

PHASED RETIREMENT. The phased retirement of Doris J. Baldwin, Secretary for the Office of Student Field Experience, effective March 1, 1986, was approved as a part of the consent docket. Ms. Baldwin will reduce her appointment to half time for the year beginning March 1, 1986. She meets the service and age requirements established by the board.

FACULTY CONSTITUTION. The Board Office recommended approval of the Constitution of the Faculty of the University of Northern Iowa as last amended, February 3, 1986.

The board considered the faculty constitution in 1973 and in 1975. On those occasions it was recommended that the board not approve the constitution because the wording in several sections abrogated the authority of the Board of Regents. On the last occasion, the board noted its appreciation for the concerns for quality of academic programs expressed by the faculty and noted its regret for the need to withhold approval of the constitution. The board was concerned that the constitution, as then drafted, represented "an unwarranted and improper delegation of responsibilities and power which have been entrusted to the board by the legislature."

The constitution was revised to eliminate the objections previously voiced by the board and is now consistent with the wishes of the board and similar in scope to the faculty constitutions at the University of Iowa and Iowa State University.

President Curris noted that faculty governance under this constitution had been operating smoothly and effectively and encouraged approval of the constitution.

Vice President Martin introduced Dr. Edward Armend, representing the university faculty and Professor Myra Boots, representing the Faculty Senate.

MOTION:

Dr. Harris moved that the board approve the Constitution of the Faculty of the University of Northern Iowa as submitted. Mr.

Duchen seconded the motion, and it passed unanimously.

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

EASEMENT. The Board Office recommended approval of the two easement agreements between the State Board of Regents and the City of Cedar Falls, Iowa, on behalf of the Cedar Falls Municipal Utilities to allow it to maintain a power line on the property of the University of Northern Iowa, subject to Executive Council approval.

The university requested approval to grant easements to the City of Cedar Falls. The city previously had an easement granted to them by the Chicago and Northwestern Transportation Company. The Cedar Falls Municipal Utilities operated a power line along the right-of-way of the track. When the railroad track was abandoned, the property reverted to the adjacent land owner, which in this case was the university.

The City of Cedar Falls now needs an easement from the board to continue to operate its power line. The easement has been divided into two separate parts at the request of the Cedar Falls Municipal Utilities for convenience in recording the documents.

The Board of Regents, as noted in section 262.67 of the Code of Iowa, is authorized to grant easements of public lands under its jurisdiction, subject to Executive Council approval. The easement must, in the judgment of the board, be desirable and beneficial to the state of Iowa.

The university requested approval of these easements so that the Cedar Falls Municipal Utility may continue normal operations. In return, the utility is limited by the terms of the easement as to the use of the land, including access to the existing power line. The utility has offered \$6,195 for the two easements. The offer is based on comparative land values along the right-of-way and is considered reasonable by the university. The university noted the proposed easements would not materially affect operations of the golf course. Further, the proposed easements are within the area proposed for future highway construction along South Main Street in Cedar Falls.

The easements are in the standard form and contain the standard liability clause.

MOTION:

Mr. Tyler moved the board approve the two easement agreements between the State Board of Regents and the City of Cedar Falls, Iowa, on behalf of the Cedar Falls Municipal Utilities to allow it to maintain a power line on the property of the University of Northern Iowa, subject to Executive Council

approval. Mr. Duchen seconded the motion, and upon the roll being called, the following voted:

AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.

NAY: None.

ABSENT: VanGilst.

RESIDENCE SYSTEM FUND TRANSFER. The Board Office recommended authorization for the university to transfer \$750,000 from the residence system Surplus Fund to the residence system Improvement Fund.

In 1964, dormitory bond resolutions established a required annual transfer of \$250,000 from operating revenues to the Improvement Fund for necessary renovations. Over time, as a result of inflation and the aging of the buildings, the required transfer has proven inadequate to meet continuing improvement needs. This circumstance is not limited to the University of Northern Iowa, as there have been similar request for transfers from the University of Iowa and Iowa State University.

University estimates indicate a need for approximately \$912,000 in residence system improvements. To meet this need, the transfer of an additional \$750,000 to the residence system Improvement Fund is required. The improvements proposed by the university are listed below:

<u>Improvement</u>	<u>Amount</u>
Repainting	\$ 60,400
Reroofing	60,000
Recarpeting	96,000
Other building improvements	113,000
Replace elevator controls (2 buildings)	140,000
New lounge furniture	142,000
Replacement and new equipment	<u>301,000</u>
	\$912,400

The university's residence system annual financial report for FY 1985 shows an end-of-year Surplus Fund balance of \$3,270,000. It is estimated that an increase of \$850,000 will accrue to the Surplus Fund from current year operations. Thus, a year-end Surplus Fund balance in excess of \$3 million is probable. This balance is believed to be reasonable and prudent given the age of the residence system buildings and the increasing annual need for remodeling, replacement, and renovations.

MOTION:

Mr. Duchen moved that the board approve the transfer of \$750,000 from the residence system Surplus Fund to the residence system Improvement Fund. Dr. Harris seconded the motion, and it passed unanimously.

UNIVERSITY OF NORTHERN IOWA
February 19, 1986

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

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Wednesday, February 19, 1986.

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

1986-87 SCHOOL CALENDAR. The calendar was approved as a part of the consent docket.

The Board Office noted the calendar was constructed with strong consideration for inter-school athletic competitions and for energy conservation purposes. Consideration was given to the requirement that local schools begin their school year no sooner than the first day of September. This law passed by the General Assembly in 1985 does not apply to the special schools. However, because of the mainstreaming that occurs between the special schools and the local schools and because of the desire to provide some consistency between summer vacations of students in local schools and the special school, ISD intends to begin the school year on September 2. The school calendar was also consistent with the board's holiday schedule.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The register of the month of January 1986 contained no transactions.

LEASE. The Board Office recommended approval of a lease with Keith H. and Julia E. Husz for their use, on a crop-share basis, of 68 acres of land adjoining the Iowa School for the Deaf, for a period of one year, commencing March 1, 1986, and ending February 28, 1987, with automatic renewal for four additional one year terms unless written notice of cancellation is given by either party in November before the beginning of a renewal period.

The board first entered a lease arrangement for the subject land with the Huszes in March 1967. The Huszes and ISD share equally in the sale of the crops from the land. The Huszes have continued to this date this arrangement with ISD and the board, uninterrupted, through several leases, some written and some oral extensions of written leases. The school reported that for this past year it received net proceeds from the farm of \$11,327.62 or \$161.80 per acre for the seventy acres that comprised the farm in 1985. The size of the farm has diminished by two acres as the result of a sale of land owned by the Iowa Department of Transportation which had been thought to be a part of the ISD farm. The school recommended a five-year lease of this land to the Huszes. The Board Office recommended that the lease be for one year, automatically renewable for four one year periods with a provision for

termination before the beginning of each renewal period which would provide the board flexibility should it wish to consider alternate future uses of the land.

MOTION:

Mrs. Murphy moved that the board approve the lease with Keith H. and Julia E. Husz for their use, on a crop-share basis, of 68 acres of land adjoining the Iowa School for the Deaf, for a period of one year, commencing March 1, 1986, and ending February 28, 1987, with automatic renewal for four additional one year terms unless written notice of cancellation is given by either party in November before the beginning of a renewal period. Mrs. Anderson seconded the motion, and upon the roll being called, the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.
NAY: None.
ABSENT: VanGilst.

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

IOWA BRAILLE AND SIGHT SAVING SCHOOL

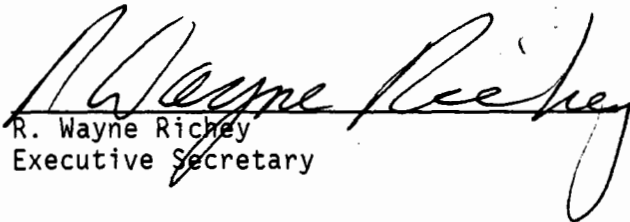
The following business pertaining to the Iowa Braille and Sight Saving School was transacted on Wednesday, February 19, 1986.

REGISTER OF PERSONNEL TRANSACTIONS. The register for the period of December 29, 1985, through January 25, 1986, was approved as a part of the consent docket.

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

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

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 4:30 p.m. on Wednesday, February 19, 1986.


R. Wayne Richey
Executive Secretary