

The State Board of Regents met at the Iowa School for the Deaf on Thursday and Friday, October 18-19, 1979. Those present were:

	<u>October 18</u>	<u>October 19</u>
Members of State Board of Regents:		
Mrs. Petersen, President	All Sessions	All Sessions
Mr. Bailey	All Sessions	All Sessions
Mrs. Belin	All Sessions	All Sessions
Mr. Brownlee	All Sessions	All Sessions
Dr. Harris	Arr. 4:15 p.m.*	All Sessions
Mrs. Jorgensen	Arr. 4:15 p.m.*	All Sessions
Mr. Neu	All Sessions	All Sessions
Mr. Shaw	Absent	All Sessions
Mr. Wenstrand	All Sessions	All Sessions
Office of State Board of Regents:		
Executive Secretary Richey	All Sessions	All Sessions
Director McMurray	All Sessions	All Sessions
Director Sonnenschein	All Sessions	All Sessions
Research Analyst Bacon	All Sessions	All Sessions
Ms. Discher	All Sessions	All Sessions
State University of Iowa:		
President Boyd		Exc. 3:30 p.m.
Vice President Bezanson		Exc. 3:30 p.m.
Associate Dean Muston		Exc. 3:30 p.m.
Assistant Vice President Small		Exc. 3:30 p.m.
Assistant to President Mahon		Exc. 3:30 p.m.
Associate Director Brisben		Exc. 3:30 p.m.
Iowa State University:		
President Parks		All Sessions
Vice President Christensen		Exc. 3:40 p.m.
Vice President Hamilton		Exc. 3:40 p.m.
Vice President Moore		Exc. 3:40 p.m.
Assistant to President Henry		All Sessions
University of Northern Iowa:		
President Kamerick		Exc. 3:45 p.m.
Provost Martin		Exc. 3:45 p.m.
Vice President Stansbury		Exc. 3:45 p.m.
Director Kelly		Exc. 3:45 p.m.
Iowa School for the Deaf:		
Superintendent Giangreco	All Sessions	All Sessions
Business Manager Kuehnhold	All Sessions	All Sessions
Iowa Braille and Sight Saving School:		
Superintendent DeMott	All Sessions	All Sessions
Business Manager Berry	All Sessions	All Sessions

*Late arrival was due to transportation problems.

GENERAL

The following business pertaining to general or miscellaneous items was transacted on Friday, October 19, 1979.

APPROVAL OF MINUTES. The minutes of the September 13-14, 1979, board meeting were approved, as distributed. President Petersen stated that any additions or substantive changes could be turned in to the Board Office.

IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION. The Iowa Coordinating Council held its October meeting in the Grimes State Office Building, Des Moines, on October 3, 1979. The following highlights of that meeting were reported:

1. The Coordinating Council approved a proposed agreement between the Iowa Coordinating Committee for Continuing Education (as a designee of the Iowa Coordinating Council for Post-High School Education) and the American Council on Education's Program on Noncollegiate Sponsored Instruction. The program will be administered in Iowa out of the Regents' Interinstitutional Program Coordinator's office.
2. It was reported that the College Aid Commission received a grant to develop its information system for postsecondary education and to computerize its annual work with the HEGIS reports.
3. The council formalized its relationship with the Iowa Coordinating Committee for Continuing Education. It was indicated that the relationship between the two organizations has been rather informal, and that has been resolved as a result of the council's action.

In response to a question from Regent Bailey, President Petersen indicated the relationship has been clarified with this action.

4. The council approved changes in its travel procedures to bring those regulations in line with those currently provided for state employees and members of various boards and councils.
5. The Coordinating Council had a long discussion regarding the proposed revenue bonding for merged area schools. The council was asked to endorse the proposed legislation to provide revenue bonding for the merged area schools.

Regent Wenstrand reported that the area schools indicated there is only one school which was interested in bonding at this time and two schools who might be interested later. Two reasons were given for the need for dormitories: specialization of the schools and the cost of commuting. The area schools stated there was no interest in constructing a lot of dormitory space. Regent Wenstrand indicated the private institutions were concerned about this matter.

President Petersen stated that the Department of Public Instruction has proposed this legislation during the last session and the Board of Regents took "no position." It was the consensus of the board at this meeting to take the same position this year.

President Petersen asked Regent Wenstrand if the Coordinating Council would also take a "no position" on this matter. Regent Wenstrand indicated there would be further review of each sector and the matter would come back before the council.

In absence of objections, President Petersen received the report on the Iowa Coordinating Council for Post-High School Education.

IOWA COLLEGE AID COMMISSION REPORT. Regent Bailey reported on the following items from the October College Aid Commission meeting:

- The commission was visited for the first time by a legislative visitation committee.
- With reference to the contract for processing the student aid programs with ACT, Regent Bailey discussed the series of events which lead to the commission receiving a billing for \$79,300 for renewal of this contract. He plans to object to this large increase in the fee and explained he would have further information to report to the board after the November commission meeting.
- The student loan program of the state is proceeding very well. Over \$20 million of guaranteed loans have been made since May. A total of 597 lending institutions are participating.
- Regent Bailey, as a member of the College Aid Commission, was appointed to the Student Loan Liquidity Corporation.
- It will be recommended to the legislature that state scholars should be presented a monetary amount in recognition of their scholarship.

In response to a question from Regent Belin, Regent Bailey indicated the amount of scholarship for a no-need scholar would probably be \$100 or \$200, but it would be left to legislative determination. He added that the Governor had indicated his approval of this concept. President Petersen suggested that in this time of scarce resources, it is perhaps not the best time to fund the Iowa scholars program. Regent Bailey stated this was a debatable matter in the field at the present time.

- The Medical Tuition Collection Program is succeeding very well.

President Petersen received the report on the College Aid Commission meeting for the board.

ACCREDITATION REPORT--ENGINEERING PROGRAMS AT THE UNIVERSITY OF IOWA. Board acceptance of the accreditation report on engineering programs at the University of Iowa by the Engineers' Council for Professional Development (ECPD) was requested.

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The team from ECPD visited the University of Iowa early in 1979 to review its programs in engineering--chemical, civil, electrical, industrial, and mechanical. The team's purpose was to evaluate whether these programs met overall criteria requirements of the council in areas such as faculty, students, curriculum, equipment, and administrative support.

At a closed meeting of its board of directors on July 31, 1979, the ECPD decided to reaccredit the programs in civil, electrical, and mechanical engineering to September 30, 1985. It decided to reaccredit for three years to September 30, 1982, the programs in chemical and industrial engineering. A report to be sent to the ECPD by March 1, 1981, may serve as the basis of extension of accreditation to September 30, 1985, without a campus visit for these latter two programs.

According to the ECPD standards, accreditation of a program is granted for a specific period, usually three or six years. If, for any reason, the future of a program appears precarious or definite weaknesses exist, the accreditation will be granted for a shorter period, usually three years. A comprehensive evaluation of an institution's total program will be held at intervals not exceeding six years.

The report from the ECPD to the university contained two parts. The first part considered specific items that were included in the outline for the visit that relate to ECPD's minimum criteria. The second part consisted of comments regarding elements of the program that were not included in these minimum criteria.

The ECPD Committee felt that the university does very well, considering its limited resources and its position in engineering education in the state. The university also makes maximum use of its outstanding basic sciences, health, and medical schools in the engineering program. ECPD felt that the \$350,000 allocation for renovation of the laboratories was an important step in the right direction, as it is necessary to make laboratory instruction on par with lecture and theory. It felt that the grid organization, whereby budgetary matters are handled through divisions and curriculum matters through the programs, was difficult to evaluate, but felt that if the students got a good engineering education, the organization could not be faulted.

The Board Office commended the University of Iowa for its continued success in achieving accreditation for its engineering programs. It was reported that a complete copy of the accreditation materials for this program is on file in the Board Office.

In response to a query from President Petersen, Ray Muston, Associate Dean for Academic Affairs, noted that the concerns expressed by ECPD on the chemical and industrial engineering programs (which lead to the three-year accreditation) are continually being addressed and the report will be submitted by March 1, 1981.

A discussion then ensued on the basic fundamentals of the accreditation process. President Boyd indicated that there are occasions when the university is not in full agreement with the points raised by the accreditation team. Regent Belin felt there can be a thrust away from the teaching aspect in an accreditation process. In noting that the quality of the curriculum depends upon the

quality of instruction, President Boyd added that accreditation teams are generally good about addressing the curriculum issue, but tend to dictate the curriculum. He remarked that the matter of government intrusion into the voluntary accreditation process exists.

President Petersen added there is a thrust at this time for the government to take over the accreditation process. President Boyd stressed that accreditation should not be an instrument of federal policy. He added that voluntary accreditation will have to serve the needs of the federal government to assure proper usage of funds.

Regent Shaw felt that accreditation is a useful process, but should not be the sole determination. He noted that programs can begin and continue before the accreditation process "catches up with them." President Boyd indicated that the pressure for accreditation develops quickly.

In absence of objections, President Petersen accepted the report on engineering programs at the University of Iowa on behalf of the board.

ACCREDITATION REPORT--SPEECH PATHOLOGY AND AUDIOLOGY AT THE UNIVERSITY OF IOWA. The board was requested to receive the accreditation report from the Education and Training Board of the American Boards of Examiners in Speech Pathology and Audiology.

The University of Iowa has been notified that its program in speech pathology and audiology was accredited for a five-year period beginning August 1, 1979, to August 1, 1984. In its docket memorandum to the board, the Board Office summarized the site visit report with the following comments:

The university has one of the oldest programs in the United States in speech pathology and audiology and it can serve as an excellent model of a well-developed philosophy and curriculum. The program is mature and one that has generated a good deal of basic knowledge of the discipline. The University Council on Speech Pathology and Audiology is certainly unique and is a good model to follow. The number of faculty with joint appointments and interacting with other departments was impressive.

Strengths of the program:

- An outstanding faculty is probably its greatest strength.
- The Wendell Johnson Speech and Hearing Center is a fitting monument to the man for whom it is named.
- The facilities for research must be mentioned, even though they are not necessarily crucial to the M.A. training program.
- A very strong curriculum provides the best in basic sciences in speech pathology and audiology and also provides much opportunity for clinical training.

Limitations of the program:

- Clinical training sites, including the public schools, could be more fully-utilized.
- Better coordination of clinical activities would provide better practicum experience.
- Use of part-time faculty should be examined.
- Priorities and interaction of the M.A. program and the Ph.D. program should be reviewed.

The site visitation team concluded that "this program very clearly complies with the minimum requirements for ASHA accreditation."

The Board Office stated that the university should be commended for its efforts in achieving this very complimentary accreditation report. A complete copy of the site visit report and other materials related to this accreditation are on file in the Board Office.

Associate Dean Muston noted that the university is very pleased with the report.

President Petersen accepted the report on behalf of the board. She congratulated the University of Iowa on a very positive report.

COMMITTEE ON EDUCATIONAL COORDINATION. A. Post-Audit Report of B.A. and B.S. Programs in Computer Science at the State University of Iowa. Board acceptance of the post-audit reports and approval to continue the Bachelor of Arts and Bachelor of Science programs in computer science at the university were recommended. At its September meeting, the board referred this matter to the Committee on Educational Coordination and the Board Office for review. In recommending acceptance of the post-audit report, the following comments were made by the committee:

- These degree programs have had steady increases in enrollment since they were first initiated and it is anticipated that the number will increase during the next three years.
- Although undergraduate degree programs in computer science exist at seven other Iowa institutions, it is clear that the University of Iowa's programs are meeting a need.
- Graduates of both programs are able to find employment in the field.
- Budget allocations to the Department of Computer Science are sufficient to meet the projected faculty needs.

It was noted by the Board Office that enrollment in the program has increased from 65 students in the initial year of the program to 207 in 1978-79. Also, various manpower reports reporting on the need for computer science programs indicate a continuing need for trained personnel in this area. The Board Office recommended approval.

MOTION:

Mrs. Belin moved board acceptance of the post-audit report and approval to continue the B.A. and B.S. programs in Computer Science at the State University of Iowa. Mr. Bailey seconded the motion and it passed unanimously.

B. Designation of Home Economics "Curricula"--Iowa State University. The board was requested to approve the request from Iowa State University to designate all existing undergraduate programs in the College of Home Economics as "curricula." At the September board meeting, this matter was referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review. At that time, Mr. Richey explained the referral was requested to receive input from the other universities.

The report from the committee indicated that there is no precise and standard terminology for educational programs in American higher education. Since the proposed designation of "curricula" by Iowa State University poses no problem to the other two universities, both the committee and the Board Office recommended approval.

MOTION:

Mr. Bailey moved approval of the request from Iowa State University, as stated above. Mrs. Belin seconded the motion and it passed unanimously.

STUDENT FINANCIAL AID--ANNUAL REPORT. The board was requested to receive the annual report on student financial aid. President Petersen noted that the student aid report has been presented previously in different formats. She added this report gives a clear picture on the amount of student aid, how the aid is being utilized, and the large number of students receiving it.

Following are excerpts from the report, as presented by the Board Office:

Introduction

Participation in postsecondary education has traditionally been one of the major mechanisms for achieving equality of opportunity and social mobility in the United States. Financial support from public and private student aid programs has made that participation a real possibility for substantial numbers of individuals whose personal and family resources have been inadequate to pay for it. The major source of funds has been federal aid.

The four basic federal programs are:

-- the Basic Educational Opportunity Grant (BEOG)

The BEOG provides from \$200 to \$1,800 a year to qualified applicants. The amount depends largely on the cost at the institution that the student attends and the income of the student's parents. Generally, in 1979-1980, students from families earning under \$25,000 will qualify for at least a \$250 BEOG grant.

-- the Supplemental Educational Opportunity Grant (SEOG)

The SEOG is for undergraduate students who have very serious money problems--students who could not continue their schooling except for this aid. These grants are worth from \$200 to \$1,500 per year.

-- the College Work Study Program (CWSP)

The CWSP provides an opportunity for students to work at jobs on the school campus or off-campus at nonprofit organizations. Preference is given to students with the greatest financial need who meet the other qualifications. The university contributes a portion of the pay for students in the CWSP program.

-- the National Direct Student Loan (NDSL)

This is a low interest loan (3%) made directly to needy students by the university. Qualified students may borrow up to \$5,000 for four years of college or \$2,500 for two years of vocational school or college.

At the three Regent universities, the BEOG program has grown from a very minor impact in 1973-1974 to a major source of financial assistance in 1978-1979. The National Direct Student Loan program has also shown substantial gains over the six-year period. The College Work Study Program has grown only slightly and the SEOG program has remained about the same throughout this period.

There are five funding categories of student aid at the Regent universities:

- 1) institutionally-controlled aid funds, such as general educational funds which are primarily used for scholarships and private funds donated to the institutions for use as long-term loans to students;
- 2) federal funds under institutional control, which consist of three of the major federal student aid programs;
- 3) funds not controlled by the institution, which include state of Iowa scholarships, veterans' benefits, social security benefits, vocational rehabilitation benefits, and basic grants (BEOG);
- 4) private student assistance groups, such as corporate and private donors and other special student aid programs;
- 5) federally-insured student loan program.

Institutionally-Controlled Student Aid Funds

The 1978-1979 institutional reports show that the University of Iowa has increased its scholarships from \$1,928,334 to \$1,990,316; however, the average scholarship amount has decreased from \$765 to \$666 reflecting the larger number of students participating in this program this past year (i.e., 435 students more than the previous year). The long-term loan program at the University of Iowa was down about \$25,000 from 1977-1978.

At Iowa State University, the dollar amount of the scholarship program and the long-term loan program were both down in 1978-1979 from the previous year in respect to both dollar amounts and average awards. It was interesting to note that both ISU's scholarships and loan programs had fewer students participating than in the previous year.

The University of Northern Iowa shows increases in both the scholarship and loan programs and in the number of students served.

Institutionally-Controlled Federal Funds

These funds consist of three federally-funded programs: the Supplemental Educational Opportunity Grant (SEOG); the National Direct Student Loan program (NDSL); and the College Work Study Program (CWSP). The dollar amounts for these programs are up for all three programs at the University of Iowa and down for the NDSL program at Iowa State University. All three programs are down at the University of Northern Iowa (the funds in these programs have fluctuated over the last several years).

Non-Institutionally Controlled Student Aid Funds

The state scholarship programs have increased at the University of Iowa and the University of Northern Iowa, but have decreased both in the total dollar amount and the average award at Iowa State University.

Other Types of Student Aid

This category of student assistance consists of all the remaining types of student financial aid, except employment and federally-insured student loans. Included in this funding group are scholarships by corporate and private donors and various forms of assistance associated with certain fields of study, such as the Health Professions and the Law Enforcement Education programs.

All programs in this category show increases at the three Regent universities for 1978-1979, except the Health Professions and Nursing Loans Program at the University of Iowa.

General Insured Student Loans

The general insured loans are federally-insured loans which are provided to students through local financial lending institutions. For the last nine years, more than a billion dollars annually has been loaned through this program nationally.

In Iowa, the new Guaranteed Student Loan Program administered by the College Aid Commission provides the source of these loans. This is a higher interest loan program available to almost any student regardless of financial need. The dollars available for these loans have grown since last year due to the new loan program.

In conclusion, the Board Office recognized the following concerns expressed by the financial aid officers at the three universities:

- The Middle Income Student Assistance Act, which was passed in 1978 and which expanded the Basic Grant program (BEOG) and the Guaranteed Student Loan program (GSL), has increased administrative costs without providing help toward meeting those costs. It was stated that a new bill has been proposed in Congress to eliminate this problem.
- The head-of-household applicants enrolled as students find it more difficult to qualify for BEOG, than do their sons or daughters.
- It is felt that family home equity, which is currently used to determine eligibility for financial aid, is not a valid way to determine the family's ability to help pay the cost of education.

- There appears to be an inequity in that an on-campus job held by a student is counted toward meeting the student's total need, while borrowing from the Guaranteed Student Loan program would not be counted toward a student's total need.

It was noted that these concerns are being addressed by state, regional, and national financial aid organizations, who are working toward their resolution.

President Petersen stated the large amount of dollars in student aid demonstrates the need of the students to meet the costs of education. Regent Belin added that the entire student aid process is a democratization to all groups of people.

Regent Shaw made comments on two of the concerns which had been voiced by the financial aid officers. On the family home equity issue, he had no strong feelings either way. On the issue of a student's income being counted toward meeting total need versus borrowing from the GSL program, which would not count, he stated this very a very complex issue. There is a difference between borrowing that becomes a debt to be repaid and holding a job to pay bills.

Mr. Richey indicated that in terms of a total funds package, a student can borrow more money than is actually needed. Regent Shaw stated that students should have the same incentive to borrow or to work.

President Petersen indicated that tremendous strides have been made in making student aid programs more equitable. Regent Shaw indicated, however, that the system should not provide a "path of least resistance" for the student, in that an element of sacrifice to receive an education is not all that bad. Regent Bailey interjected a "school of thought" of some financial aid officers that borrowing funds to receive an education is favorable to working, in that a student can devote the majority of time and effort to studying.

President Petersen felt it was a view of society that people who were previously denied educational opportunities are now able to take advantage of those opportunities because of student aid resources.

President Petersen received the report on student aid on behalf of the board and expressed thanks to the institutions and the Board Office for presenting this helpful report.

ANNUAL REPORT ON FALL ENROLLMENTS--PART I. Part I of the annual enrollment report was presented to the board, which contained current headcount and full-time equivalent (FTE) enrollment at the three universities and headcount enrollment figures for the two special schools. The Board Office reported the following enrollment statistics:

University Enrollment

Headcount

Headcount enrollment increased this year at the University of Iowa by 359 students (1.6%) and at Iowa State University by 434 students (2.0%). It decreased

at the University of Northern Iowa by 73 students (0.6%). Total headcount figures are:

University of Iowa	23,349
Iowa State University	23,486
University of Northern Iowa	10,382

Headcount in the three Regent universities for 1979-1980 totals 57,217, up 720 students (1.3%) from 1978-1979. Last academic year, headcount enrollment went up 582 students (1.2%), while enrollments declined nationally by 0.2% from fall 1977 to fall 1978. This 0.2% decline is due in large part to the large decline in California.

FTE Enrollment

FTE enrollment is up at the University of Iowa by 46 students (0.2%), at Iowa State University by 352 students (1.5%), and down at the University of Northern Iowa by 177 students (0.2%). Since 1973, the University of Iowa has had only one FTE decrease; Iowa State University has had two; and the University of Northern Iowa has had three. However, the University of Northern Iowa has also had very sizeable headcount and FTE increases in three other years since 1973.

There is a difference between estimated fall 1979 enrollment and actual enrollments in headcount. These differences between estimates and actual may well necessitate some adjustments in the institutions' budgeting procedures. It is not possible at this date to show the FTE (fiscal year) enrollments.

In conclusion, the Board Office indicated that the overall enrollments this fall show an increase in headcount and FTE, except for a very small decrease at the University of Northern Iowa.

Special Schools Enrollment

Iowa School for the Deaf

The 1979-1980 fall enrollment at Iowa School for the Deaf totals 274. This is a decrease of 23 students; last year the decrease was 24 students; the year before it was 34. The enrollment has declined steadily since 1971, when it was 407 students. During this period, lower elementary enrollments declined, while the upper grades have increased. This decline is partly due to exhaustive efforts to control rubella since the 1963-1965 epidemic and to mainstreaming since Public Law 94-142.

Iowa Braille and Sight Saving School

Enrollment at Iowa Braille and Sight Saving School is 94 students, the same as it has been for the last two years. This represents a period of stabilization after a steady decline since 1972-1973. A slight difference in the categories of student levels from 1978 to 1979 was noted, as Iowa Braille and Sight Saving students progress through the curriculum.

MOTION:

Mr. Bailey moved board acceptance of Part I of the Annual Report on Fall Enrollments. Mrs. Belin seconded the motion.

Regent Shaw expressed concern about an article which appeared in The Chronicle relating to the reliability of enrollment figures and the reporting periods, as submitted by various institutions. He wished to make certain there were no problems in Iowa on this issue.

President Petersen emphasized that the Iowa College and University Enrollment Report (prepared for the Iowa Coordinating Council on Post-High School Education by W. A. Cox of the University of Iowa) is compiled with specific agreement on dates and on which students should or should not be counted. She expressed confidence in that report.

President Boyd indicated he believes the state of Iowa makes a strong effort to be complete and accurate. President Kamerick added that in many states there is a more direct connection between student enrollment and appropriations than in Iowa. President Petersen noted that the board's reports and projections have been quite conservative.

VOTE ON MOTION:

The motion passed unanimously.

SUPPLEMENTAL OPERATING BUDGET REQUESTS FOR THE 1980 LEGISLATIVE SESSION.

During the development of the budget requests for the 1979-1981 biennium, it was recognized that some adjustments to the requested levels of support would be needed to support existing program operations during the biennium. The Board Office offered the following background information on the proposed supplemental operating budget requests:

- There had been some concerns as to the adequacy of the requested 11% increase in fuel and purchased electricity budgets, given the acceleration of oil prices and its impact on prices of other fuels and electricity.
- There had been Regents' recognition of a 9.5% increased need for supplies and services to catch up and keep up in this vital support resource in the request budget for 1979-81; yet the State Comptroller assumption of 5% for each year was ultimately the appropriated level for price inflation.
- During the 1979 legislative session, it became evident that the University of Iowa and Iowa State University would receive health and medical education capitation grant awards for 1979-1980 at a reduced level compared to 1978-1979. An appropriation was received for approximately 99% of the institutional request. The General Assembly, however, appropriated these replacement dollars for 1979-1980 only, rather than establishing the funding as part of the universities' base budgets. Thus, the need to seek continuation of this support for 1980-1981, as well as anticipated further losses of federal support for medical education, was clearly indicated.

It was also noted that the matter of salary adjustments for non-organized employees for the second year of the biennium was currently being reviewed with any proposed revision pending final Presidential wage guidelines for the year beginning October 1979.

The board was also provided background information on price inflation, which is the basis for fuel and purchased electricity as well as supplies and services requests. In addition, appropriate state receipts were reported through September 1979.

A. Health and Veterinary Medicine Education Capitation Grant Losses. The board was presented the following recommended actions:

- 1) That the allocation of \$400,000 in appropriations to replace health and veterinary medicine education capitation grant losses for 1979-1980 be revised by increasing the University of Iowa allocation by \$9,621 and by decreasing the Iowa State University allocation by \$9,621; and
- 2) That a supplemental appropriation of \$1,055,923 be requested for fiscal year 1980-1981.

For 1979-1980, the sum of \$400,000 was appropriated by the legislature to offset forecasted reductions in federally-funded education capitation grants. The appropriation bill had two specific limitations:

- that funds to be received by the universities from the appropriation would be based on confirmation by the State Comptroller's Office that the losses occurred; and
- the appropriation was for the first year of the biennium only.

The board's allocation of the \$400,000 appropriation was \$60,000 to Iowa State University and \$340,000 to the University of Iowa. The initial institutional estimate of loss was \$60,000 for Iowa State University and \$343,722 for the University of Iowa, or a total of \$403,722. Actual losses are now established at \$50,379 for Iowa State University and \$369,119 for the University of Iowa, or a total of \$410,498. A reallocation of the \$9,621 from Iowa State University to the University of Iowa will reduce the unfunded deficit at the University of Iowa for 1979-1980 to \$10,498.

The following table lists award losses by program and year for the biennium with the institutional request for replacement in 1980-1981:

<u>College</u>	<u>1979-80 Losses (Confirmed)</u>	<u>1980-81 Losses (Estimated)</u>	<u>1980-81 Requested</u>
<u>SUI</u>			
Medicine	\$212,751	\$208,764	\$ 421,515
Dentistry	112,620	112,502	225,122
Nursing	1,896	16,142	18,038
Pharmacy	32,852	23,238	56,090
Subtotal	\$360,119	\$360,646	\$ 720,765
<u>ISU</u>			
Veterinary Medicine	\$ 50,379	\$284,779	\$ 335,158
Total Request	\$410,498	\$645,425	\$1,055,923

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In stating that the federal government has made a finding that there may be need for fewer health professionals in Iowa, Regent Belin asked whether it was wise to go forward with the same plan for training of these professionals. President Boyd suggested that reviewing the current plan could be done, but the university is not convinced that needs will be met by cutting back in this area. He added that the College of Medicine and the other health colleges are presently underfunded. He emphasized that this supplemental request is to maintain the present level of funding, not to increase it.

Discussion then continued on the numbers of persons in the health professions and their distribution. Regent Wenstrand indicated that his impression is that there may be an oversupply of health professionals in this part of the country. President Boyd explained that the distribution question is always present. He added that health care delivery is one of the major domestic policy issues in this country. In addition to adequate numbers of health professionals, President Boyd expressed concern with the costs involved in health care delivery.

In addition to providing professionals to render health services to this state, President Petersen introduced another facet to the discussion. She stated that vocational opportunities were being provided to the people of the state of Iowa. She added there is a need for health professionals and for their effective distribution; therefore, replacement of lost capitation funds should be appropriated from the state. Regent Shaw echoed that opinion.

MOTION:

Mr. Bailey moved that 1) the allocation of \$400,000 in appropriations to replace health and veterinary medicine education capitation grant losses for 1979-1980 be revised by increasing the University of Iowa allocation by \$9,621 and by decreasing the Iowa State University allocation by \$9,621; 2) a supplemental appropriation of \$1,055,023 be requested for fiscal year 1980-1981. Dr. Harris seconded the motion.

It was decided that the issue of the plans on projected enrollments for the health colleges and their distribution in the state and the country could be effectively discussed during the Board of Regents' seminars in the summer.

VOTE ON MOTION:

The motion passed unanimously.

B. Fuel and Purchased Electricity. The board was requested to approve:

- 1) a supplemental appropriation request for the amount of the current estimated deficit of \$2,383,000 for 1979-1980, including a carry-forward deficit from 1978-1979 of \$225,000 for each of the years 1979-1980 and 1980-1981; and
- 2) an Iowa School for the Deaf supplemental appropriation request for \$6,600 for opening the new vocational addition in September 1980.

Prices of energy are estimated by the institutions to be considerably higher than last year. Actual expenditures for 1978-1979 were \$15,785,000. Current institutional estimates for 1979-1980 and 1980-1981 are compared below with the approved pass-through budget according to Senate File 485, which excludes opening new buildings:

	1 9 7 9 - 8 0		1 9 8 0 - 8 1	
	\$	% Inc.	\$	% Inc.
Pass-through Budget (SF 485)	\$16,751,000	6.1	\$18,594,000	11.0
Estimated Expenditures	\$19,198,000		\$22,663,000	
Less Opening New Buildings	208,000		457,000	
Est. Expend. excl. New Bldgs.	\$18,990,000	20.3	\$22,206,000	16.9
Budget Deficits	\$ 2,239,000		\$ 3,612,000	
Less Paying Patient Support	(81,000)		(281,000)	
Plus 1978-79 Deficit Balance	225,000		--	
Est. Pass-through Deficit	\$ 2,383,000		\$ 3,331,000	

The above table includes adjustments to the budget deficit, which excludes paying patient support and includes the 1978-1979 deficit carry-forward of \$225,000. The amounts of \$2,383,000 and \$3,331,000 for 1979-1980 and 1980-1981 represent the current estimate of pass-through appropriation deficits.

The pass-through budget for 1979-1980 provides for a 6.1% increase in funding over actual expenditures in 1978-1979, rather than 11% when costs for opening new buildings are excluded. The difference is due to the deficit incurred in 1978-1979.

The capital request for the Vocational Building Addition at Iowa School for the Deaf was funded and will be ready for occupancy in September 1980. This capital request was not analyzed for its impact on operating costs when developing the 1980-1981 operating budget requests. Therefore, the institution is requesting \$6,600 as a supplemental appropriation for fuel and purchased electricity on the basis of added, maintained space and the unit energy costs experienced at the institution. It was noted that no additional operating costs will be incurred.

In its docket memorandum to the board, the Board Office reported that revised appropriation requests for 1979-1980 and 1980-1981 may be submitted by the institutions in March of each year, based on actual prices and consumption through the first six months of each year.

At the board meeting, Mr. Richey explained that the institutions anticipate a 20% per year growth in cost of fuel and purchased electricity (it was 20.3% the first year of the biennium and the recommendation figures out to a 16.9% growth factor for the second year or about \$1,000,000 less than the institutional request). He added that part of the rationale for the recommended amount is to wait and see what the price of inflation will be next year. When this inflation rate is known, the board can submit that information to the General Assembly for action.

While stating that was an interesting point, Vice President Moore expressed the thought that the board should consider taking steps toward approval by the legislature of the pass-through concept, as opposed to receiving annual appropriations. Regent Bailey wondered whether anything could be accomplished by attempting this, since one legislature cannot commit subsequent legislatures. He explained this is similar to the funding of tuition replacement funds.

President Petersen indicated a likelihood these these figures could change later, because they are subject to price inflation for which there is no control. Vice President Moore remarked that this may not be the case, since there is a predictable pattern to the inflation within this country--labor, rail, and coal prices.

Mr. Richey explained a further justification for reducing the universities' request in that there was a need for recognition of the more direct problem with supplies and services. In response to a query from President Petersen, Mr. Richey stated the fuel and purchased electricity institutional figures will be presented to the legislature along with a statement that a request for additional funds may be submitted later.

MOTION:

Mr. Brownlee moved the board approve a supplemental appropriations request for the amount of the current estimated deficit of \$2,383,000 for 1979-1980, including a carry-forward deficit from 1978-1979 of \$225,000 for each of the years 1979-1980 and 1980-1981; and an Iowa School for the Deaf supplemental appropriations request for \$6,600 for opening the new vocational addition in September 1980. Mr. Bailey seconded the motion and it passed unanimously.

C. Supplies and Services. Board approval was requested for the following action: That a supplemental appropriations request totaling \$3,618,000 be made for fiscal year 1980-1981 to offset unfunded price inflation during the 1979-1981 biennium.

The Board Office presented the following supporting information:

At the time the 1979-1981 biennial budget request was being developed in June 1978, the Wholesale Price Index (WPI) and the Consumer Price Index (CPI) were beginning to reflect on an annualized basis price increases from 9% to 11%. There was no clear indication at that time that this was a trend and the Board of Regents approved 7% as a conservative estimate of price inflation for the 1979-1981 biennium. Concurrently, the institutions had demonstrated lost purchasing power from price inflation compared to increased appropriations for supplies and services (formerly general expense) during the 1970s to be approximately 25%. The board also approved a catch-up request of an additional 2.5% for each year of the 1979-1981 biennium.

Thus, during the 1979-1981 appropriation process, the Regents' objective was to achieve a 9.5% annual increase in supplies and services funding to offset pre-existing losses, as well as forecast losses. The State Comptroller's Office recommended a 5% inflation factor for each year of the 1979-1981 biennium and, subsequently, this inflation assumption was established in the appropriation for supplies and services.

Since that time, the price indexes have confirmed near double-digit inflation, increasing to the present situation of a 1% or more rise in the CPI each month since December 1978. The annualized rate of price increase was approximately

9% for 1978 and all indications are that for the current year, it will be not less than 10%, and 11% is not an unrealistic expectation for 1980.

This means that where price inflation appropriations are 5% each year of the biennium, lost purchasing power for each year of the biennium are likely to be at the 5% to 6% level. Thus, the requested increase of 10% remains a conservative estimate of need.

The total supplemental appropriations request by institutions is as follows:

University of Iowa	\$1,931,000
Iowa State University	1,182,000
University of Northern Iowa	439,000
Iowa School for the Deaf	46,000
Iowa Braille and Sight Saving School	<u>20,000</u>
TOTAL	<u>\$3,618,000</u>

MOTION:

Mr. Bailey moved board approval of a supplemental request totaling \$3,618,000 for fiscal year 1980-1981 to offset unfunded price inflation during the 1979-1981 biennium for supplies and services. Mr. Brownlee seconded the motion.

It was noted by President Petersen that this request for supplemental appropriations for supplies and services is a very critical need at the Regents' institutions.

VOTE ON MOTION:

It passed unanimously.

President Boyd reminded the board that the matter of salary increases for unorganized faculty and staff at the five institutions would be before the board in the next few months.

SUPPLEMENTAL BUDGET REQUESTS FOR CAPITAL IMPROVEMENTS TO THE 1980 LEGISLATIVE SESSION. The following actions were recommended for board approval:

- 1) Approve a capital request to the Governor and the 1980 Legislature of \$17,250,000 to be funded by direct appropriations; and
- 2) Approve the detailed listing of capital projects divided into four programs, and the priority order of projects by class in Program A (New Construction, Remodeling and Equipment), as shown on the following two pages:

CAPITAL PROGRAMS REQUEST OF
STATE BOARD OF REGENTS FOR 1980
(\$000)

<u>Recommended Priority Class</u>	<u>Institution¹</u>	<u>Project</u>	<u>Project Request²</u>
<u>PROGRAM A</u>			
<u>New Construction, Remodeling & Equipment</u>			
1	ISU	Old Veterinary Medicine Quadrangle-- Renovate for Education & Psychology-- Equipment & Util. Dist. Imprvmts.	\$ 930
1	SUI	Old Armory Replacement with Communica- tions and Performing Arts Facility Construction	9,400
		a. Communications Facility (w/o equipment) 47,000 GSF	\$ 5,250
		b. University Theatre Addition (w/o equipment) 36,000 GSF	\$ 4,150
1	UNI	Russell Hall Renovate - Construction	380
2	SUI	Chemistry Botany Building Safety Modifications (Phase II and Functional remodeling)	3,380
3	UNI	Communication Arts Center - Final Phase - <u>Planning</u> (80% of 6% to take plans to bid stage)	285
3	ISD	Recreation Improvements	130
		a. Pool Expansion	\$ 90
		b. Recreational Facility - Planning - 55% of 7% to take plans into working drawings)	\$ 40
3	UNI	Wright Hall - Renovate	860
3	UNI	Sabin Hall - Conversion for Offices	135
		SUBTOTAL PROGRAM A	\$15,500

PROGRAM B

Statewide Health Services Program

-	SUI	State Hygienic Laboratory - Planning for new addition	\$ 200
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PROGRAM C

Energy Management Program

-	SBR	Phase II and Phase III Detailed energy audits and working drawings on 3.0 m. GSF	850
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PROGRAM D

Casualty Losses

-	ISU	Repairs to Turbine Generator damaged in fire July, 1979	<u>700</u> ³
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		TOTAL CAPITAL PROGRAMS REQUEST	<u>\$17,250</u>
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- 1 SUI - University of Iowa
ISU - Iowa State University
UNI - University of Northern Iowa
ISD - Iowa School for the Deaf

2 All costs are expressed in actual funding needed at time contracts are projected to be awarded.

3 Subject to confirmation/change in February, 1980, when damage is assessed and liability determined.

It was reported that the board's capital program request for the 1979-1981 biennium, as initially presented to the Governor and the 1979 legislative session, was for about \$55 million. Legislative response was to appropriate \$40,886,000 for fiscal year 1979-1980 and an additional \$4,550,000 (for tuition replacement) in 1980-1981.

As reported at the September meeting, unfunded projects expressed in dollars initially requested totalled approximately \$13 million. The institutions agreed earlier this year that the capital requests for consideration by the 1980 session would be limited to those projects on the board's approved capital askings which were left unfunded by the 1979 session. The only exception to that practice would be emergency-type projects for which a need exists and which have occurred since the board approved that biennial capital request.

The following actions were reported by the Board Office in compilation of the capital request before the board at this meeting:

- All unfunded projects are listed for the most part in Program A, while Program B includes the askings for Statewide Health Services. The Board Office presented detailed information on each project and this information is on file in the Board Office.
- Costs on each project were updated to reflect the delay in funding inherent in non-action by the 1979 session. In that regard, the following items were noted:

1. In preparation for the capital request for the 1979-1981 biennium, an inflation factor of 9% each was projected for fiscal year 1978-1979 and for fiscal year 1979-1980. The June 28, 1979, Building Cost Index of the Engineering News Record shows that inflation in construction was 7.7% for the fiscal year. Other measures, more immediate than a national index, show a price increase of 6.3% in the Kansas City construction area and 11.5% increase in the Minneapolis area. The bottom line is that the 9% projection turned out to be fairly close to the mark.
2. For 1979-1980, inflation estimates from various sources on a calendar year basis indicate that inflation will run in the neighborhood of 10.5% to 11.3%. Therefore, an inflation factor of 11% has been used on these project askings for fiscal year 1979-1980. The inflation rate in 1980-1981 has been projected to be 10%; while for 1981-1982, it has been projected at 9%.
3. Each project has been estimated and expressed at a funding level actually needed at the time the contracts are projected to be awarded. (Previously, project costs were projected only up to the time when the legislative appropriations would be made.) This enabled project schedules, including bid dates for each project in Program A, to be established.

-- Review took place with the institutions about the necessity for any additions to the capital request because of emergency needs, etc. As a result of this review, the Iowa State University request for movable equipment for the Veterinary Medicine Quadrangle renovation was added to the capital list.

The Board Office provided the following information on Program C--the energy management program:

Each of the universities is currently in the design stage in identifying projects to be funded from the initial appropriations made in the 1979 session. It is not anticipated that any contracts for construction will be awarded until March 1980 or thereafter. While the original plan has construction dollars being requested again in 1980-1981, it is the recommendation (and that of the institutions) that construction dollars be deferred one year and that design funds only be requested of the 1980 session.

The recommendation that \$850,000 in design funds be requested will enable detailed energy audits and working drawings to be developed on approximately 3 million gross square feet of space at the institutions. If these funds are provided in the 1980 session, the request to the 1981 session will be based on hard projects, as well as a great deal more information on energy savings potential at the institutions than is now available, because of the undertaking of detailed energy audits and construction of the initial phases of the program.

As noted by the Board Office, it is anticipated at this time that the construction dollar request to the 1981 session would be somewhere between \$6 million and \$8 million, assuming that that magnitude of projects can be found which have desirable return on investment. It was added that should the state wish to invest more than \$850,000 in energy programs at this time, the institutions would be prepared to discuss the level of that investment with the Governor and the legislature and could utilize additional construction funds sometime late in 1980.

On Program D (casualty losses), the board was presented the following information in the docket material:

A turbine generator in the Iowa State University power plant was damaged by fire in July 1979. The Executive Council has to this point allocated from the State Contingency Fund \$150,000 for emergency repairs to the power plant. The Board Office recommended that a request be submitted to the Executive Council to totally fund repairs to the power plant from the State Contingency Fund.

During discussion at the board meeting, Mr. McMurray stated that the university indicates the budget for the repairs now totals \$450,000. He explained the intent would be to seek this amount from the Executive Council, less the \$150,000 already provided.

The damage to the turbine generator itself cannot be determined until late February 1980. The university has estimated at this point that it does not appear the turbine is as severely damaged as initially thought--the turbine can possibly be repaired for about \$700,000, rather than replaced (which would cost upwards of \$1.5 million). It was explained that Program D covers the repairs to the turbine generator itself and would be subject to confirmation or change in February 1980, when the damage can be assessed and the liability determined.

The Board Office noted that the inclusion of this project at this time has the advantage of keeping the issue in front of both the executive branch and the legislature, while at the same time it does not foreclose funding of this loss in part from either the Executive Council or from the manufacturer of the turbine should liability be determined to be on that side.

At the meeting, Mr. McMurray informed the board there was an additional item as part of the Iowa State University Quadrangle Remodeling project request. After further review, it was determined that with the timing on the project that Utilities Distribution Improvements, as well as the Movable Equipment request, needs to be handled in the 1980 session. Therefore, he stated the change under Program A would be: Old Veterinary Medicine Quadrangle--Renovate for Education and Psychology--Equipment and Utilities Distribution Improvements totaling \$930,000. Mr. McMurray concluded that the total capital request would be revised to \$17,250,000.

In addition, Mr. McMurray reported that he had just been informed by Superintendent DeMott that a project on the Iowa Braille and Sight Saving School campus might be classified as an emergency need--Demolition of the Power Plant Stack and Ash House project. He further explained that the board was notified last summer that there had only been one bid received to undertake this project and the bid was rejected. The school will be analyzing the situation through an outside consultant during the next few weeks to determine whether it is an emergency. Mr. McMurray indicated this project could be additive to the board's action today and the board would receive a report on this matter at the November meeting.

A discussion then ensued on capital appropriations in general and the priority listings within capital appropriations. Regent Shaw brought up the matter of delay in requesting funding for the law school project until the next biennium and whether funds would be appropriated for this project, considering the

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amounts received and requested to date. He was concerned that legislative agreement to this capital request might be a problem. President Boyd stated he shared Regent Shaw's concerns, but explained that the university has dealt with a difficult matter of priorities in developing its capital request.

Regent Shaw expressed his additional concern that increased energy consumption loads are being created by construction of new buildings. He explained the institutions should avoid that situation by reducing its number of buildings. President Boyd explained that the university's plans call for demolishing the Old Armory, after the communications and performing arts facilities are constructed.

Regent Bailey commended the university for its forthrightness in setting its capital priorities. He added that the board's institutions and the legislature are working very hard on energy management which, hopefully, will save energy.

President Petersen concluded that in recent years, the board's ten-year capital program has increased the number of remodeling projects and decreased the percentage of new space. Mr. Richey added that the ten-year building program would be before the board at the November meeting. President Parks noted that he welcomed the discussion on the ten-year building program at the November meeting. He explained this would present an opportunity to review specific building needs of the institutions at an early date so that there would be no surprises when projects were brought forward for funding.

MOTION:

Mr. Bailey moved board approval of a capital request to the Governor and the 1980 legislature, as amended at the board meeting, of \$17,250,000 to be funded by direct appropriations; and the detailed listing of capital projects divided into four programs and the priority order of projects by class in Program A (New Construction, Remodeling and Equipment), as shown earlier in these minutes. Dr. Harris seconded the motion and it passed unanimously.

LEGISLATIVE PROGRAM--1980 SESSION. The board was presented the following report from the Board Office on the legislative program for the 1980 session:

- Discussion is anticipated at the November meeting on the program for the board's 1980 legislative session. Board members and institutional executives were requested to inform the Board Office about possible items to be developed into that program.
- It was noted that the November report will examine bills introduced, but not acted upon, in the 1979 session which will carryover to the 1980 session.
- Reports from interim legislative committees which discussed matters of interest to the Board of Regents or the institutions will be reported on at the November meeting.

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- It was noted that the Governor's Economy Committee essentially has completed its field work and its recommendations are expected by the end of December.
- Since the September board meeting, the Education Visitation Committee has met at each of the universities.

In absence of objections, President Petersen accepted the legislative report on behalf of the board.

ADMINISTRATIVE RULES--RULES FOR PUBLIC HEARINGS. The recommendation from the Board Office requested board approval of the rules for public hearings which will be submitted for inclusion in the Iowa Administrative Code. A copy of those rules follow:

REGENTS, BOARD OF /720/

NOTICE OF INTENDED ACTION

Pursuant to the authority of section 262.9(3) of the Code, the state board of regents proposes to amend chapter 11 of the board of regents rules appearing in the Iowa Administrative Code relating to the conduct of public hearings.

Members of the public who wish to express views on this proposed rule may present them in writing to R. Wayne Richey, Executive Secretary, State Board of Regents, Lucas State Office Building, Des Moines, Iowa 50319. Written comments received on or before December 5, 1979, will receive consideration. If a request is received for an oral presentation as provided by Section 17A.4(1)"b" of the Code by December 5, 1979, the presentation may be made at the above-named office on December 7, 1979, at 10:00 a.m.

ITEM 1. Add new unnumbered paragraph to subrule 11.4 as follows:

The person in charge of a public hearing may, in his/her discretion announce and invoke any or all of the following rules for the orderly conduct and the proper decorum for the holding of public hearings:

1. Request that those present sign an attendance roll giving their names and addresses and representative status, if any;
2. Request that those requesting to make oral presentations, including those entitled to make oral presentations, sign a roster, giving their names and addresses and representative status, if any;
3. Permit oral presentations from anyone present or by a spokesman for those present, including those not otherwise entitled to make an oral presentation;
4. Limit individual oral presentations to a fixed time;
5. Fix the time for the entire public hearing;

6. Establish and amend the agenda and the order of oral presentations;
7. Cause to eject unruly or disorderly persons;
8. Make and enforce other reasonable regulations for the good order and the proper decorum for the conduct of the public hearing.

Date

R. Wayne Richey
Executive Secretary

It was reported by the Board Office that Chapter 17A, Code of Iowa, was passed with the intention of providing "a minimum procedural code for the operation of all state agencies when they take action affecting the rights and duties of the public." It requires each agency to formulate and publish in the Iowa Administrative Code those statements that apply to the general public in its dealings with the agency.

Part of the process of putting rules into the code allows for an oral presentation to be made by "interested persons" on rules that are being proposed. The above rule has been used to conduct past public hearings held by the Board Office staff on behalf of the board. The Board Office was advised by counsel to the Legislative Rules Committee that the rule needs to be formally incorporated in the code, because it does pertain to the actions of the board affecting the public. The rule will apply only to hearings held by the Board Office on behalf of the board.

MOTION:

Mr. Bailey moved board approval of the rules for public hearings to be submitted for inclusion in the Iowa Administrative Code. Mr. Wenstrand seconded the motion and it passed unanimously.

AFFILIATED ORGANIZATION ANNUAL REPORT--IOWA STATE UNIVERSITY MEMORIAL UNION.
The board was presented the following information in the annual report of the Iowa State University Memorial Union:

- The Memorial Union is a non-profit corporation governed by a board of directors which consists of 12 students, 12 alumni members, 6 faculty members and 1 Board of Regents member.

- The Iowa State University union is unique among the unions at the three Regent universities in that it is a nonprofit corporation. The unions at the University of Iowa and at the University of Northern Iowa are part of the university.
- The union at Iowa State University is supported in part by student activity fees of \$7.00 per term for operations and \$2.00 per term for the building.

A copy of the complete Memorial Union Annual Report is on file in the Board Office, which includes the financial report to June 30, 1979.

At the board meeting, Regent Belin (who is the board's representative on the memorial union board of directors) passed around some general information on the union for board members' review. In her comments to the board, she indicated this organization "was very prosperous and very well run." She added that at the last meeting held in September, the board of directors had an extended discussion about the tragic automobile accident which had occurred in the Memorial Union parking ramp in which one person was killed. She reported that an engineering firm was requested to run tests on the ramp guards involved in the accident.

Vice President Hamilton explained that those tests have now been completed by the engineering firm and it was found that nothing could have prevented the accident. He noted that the area will be restored with the same ramp guards.

President Petersen received the report on behalf of the board and thanked Mrs. Belin for her report and her representation on the committee.

AFFILIATED ORGANIZATION ANNUAL REPORT--IOWA STATE UNIVERSITY RESEARCH FOUNDATION. The following report was presented to the board on the research foundation:

IOWA STATE UNIVERSITY RESEARCH FOUNDATION, INC.

July 1, 1978 - June 30, 1979

October 13, 1979, marks the 41st year of service of the Iowa State University Research Foundation, Inc., a nonprofit corporation organized to provide a means of obtaining and promoting intellectual properties developed by faculty, staff, and students at Iowa State University.

The Research Foundation began with approximately 33 patents being assigned to it by the Board of Patent Trustees of the Alumni Association and by Iowa State University. On June 30, 1979, the Research Foundation had perfected a total of 314 patents, 114 of which have expired after a 17-year life.

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In the past 17 years, ISURF has received and evaluated over 642 disclosures. In the past year it received 49 disclosures, filed 16 patent applications, and was granted 13 patents.

ISURF continues to contact licensees of technology developed at Iowa State University. From licenses developed in the past, the Research Foundation earned a little more than \$351,000 in royalty income during the past year, primarily due to royalties on a vaccine for atrophic rhinitis.

Copyright gross income for the year was \$128,923, an increase over 1977-1978 and is expected to increase over the next several years.

During the life of ISURF, it has granted 3 million dollars to the University for educational and research projects and, in this next year, expects to make grants of \$200,000.

ISURF has an investment portfolio consisting of \$175,000 in common stock and \$180,000 in a farm. It also continues to hold Gateway Hills (the old Ames Golf and Country Club) and is now in the process of selling this property.

In the financial summary of the research foundation for the period from July 1, 1978, through June 30, 1979, a total income of \$632,444 was reported. Expenses for the year were listed at \$751,907. A copy of the complete financial summary is on file at the Board Office.

In noting Mrs. Jorgensen's representation on the research foundation's board of directors, President Petersen received the Iowa State University Research Foundation Annual Report on behalf of the board.

BOARD OFFICE PERSONNEL REGISTER. The following action was reported on the register and was recommended for ratification:

Appointment:

Jo Ellen McGrane, unclassified clerical, at \$4.52 per hour to work intermittently on an emergency basis as needed, effective September 28, 1979.

In absence of objections, President Petersen ratified the September 1979 Register of Personnel Changes as reported by the Board Office.

NEXT MEETINGS.

November 15-16	University of Northern Iowa	Cedar Falls
December 19-20	Iowa State University	Ames
January 17-18		Des Moines
February 21-22	University of Iowa	Iowa City
March 18-19 (Tue. & Wed.)	Iowa State University	Ames
April 17-18	University of Northern Iowa	Cedar Falls
	Iowa Braille & Sight Saving School	Vinton
May 15-16	University of Iowa	Iowa City
June 18-19	Iowa State University	Ames
July 17-18	University of Northern Iowa	Cedar Falls

President Petersen then asked board members and institutional executives if there were additional matters 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 Friday, October 19, 1979.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for the State University of Iowa were ratified by the board.

OTHER PERSONNEL TRANSACTIONS. The following personnel transactions were presented to the board for action:

Appointment

George A. Chambers, Professor, as Director of the University of Iowa Institute for School Executives.

Resignation

Jan K. Muhlert, Director of the University of Iowa Museum of Art, effective December 31, 1979.

MOTION:

Dr. Harris moved the board approve the appointment and resignation, as listed above. Mrs. Belin seconded the motion and it passed unanimously.

POST-AUDIT REPORT OF GENETICS PH.D. PROGRAM. The board was requested to refer the post-audit of the Genetics Ph.D. program to the Interinstitutional Committee on Educational Coordination and the Board Office for review.

The university explained that this program is an interdisciplinary program that involves faculty for various university departments and relies on courses taught in those departments. The first students were admitted to the program in 1976, and although none have yet received the degree, 11 individuals currently are pursuing study in the program. The university noted that establishment of the genetics program has made available an important area of study in the biological and health science areas.

MOTION:

Mr. Bailey moved the board approve referral of the post-audit report on the Genetics Ph.D. program to the Interinstitutional Committee on Educational Coordination and the Board Office for review. Dr. Harris seconded the motion and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that the final register for October 1979 had been received, was in order and was recommended for board approval.

The following construction contracts awarded by the executive secretary were recommended for ratification:

University Hospitals--Antepartum Monitoring Room and Support Facilities

Awards to:

<u>General:</u>	Burger Construction Company, Inc., Iowa City, Iowa	<u>\$33,629.00</u>
<u>Mechanical:</u>	Jones Plumbing and Heating, Inc., Iowa City, Iowa	<u>\$25,100.00</u>
<u>Electrical:</u>	DeBrie/Klosterman Electric, Inc., Hills, Iowa	<u>\$ 5,550.00</u>

There was an irregularity in the electrical portion of the project in that a single bid was received. This was waived because: plans and specifications were taken out by two prospective bidders; size of this contract probably hurt the interest in the project; the bid received was responsible and within the budget estimate for that phase of the project.

This project was also listed under "New Projects" on this month's register. The budget was reported at \$77,500 funded by University Hospital Building Usage Funds.

The following new projects were presented to the board for approval:

Burge Hall--Remodel B7, B9 for Educational Programming

Source of Funds: Building Repairs \$26,200.00

The physical plant department will act as engineer and inspection supervisor.

University Hospitals--Obstetric and Gynecology Utility Rooms and Teaching Support Functions Remodeling

Source of Funds: Account Y985-1018 \$64,600.00

The board had previously selected R. Neumann Associates, Iowa City, Iowa, as architects at a fee of \$5,000, which now calculated at 7.8% of the project budget.

Hancher Footbridge Water Main Weatherproofing

Source of Funds: Treasurer's Temporary Investments \$35,000.00

The board was also requested to ratify selection of Shoemaker & Haaland, Coralville, Iowa, to provide final design services and contract administration on the project. Compensation is on the basis of an hourly fee with a maximum cost of \$3,100, which figures out to 8.9% of the project budget.

University Hospitals--Gothic Tower and Concourse Roof Replacements

Source of Funds: University Hospitals Building Usage Fund \$32,500.00

In July, the board approved a contract with Shive-Hattery and Associates to provide both a study of the roofing needs of the General Hospital and draw plans for selected portions of the roofs at a cost of \$11,900. This particular job accounts for \$2,500 of that fee, which is 7.7% of the project budget.

Phillips Hall--Remodel Rooms 119, 121, and 123

Source of Funds: Building Repairs \$51,300.00

The physical plant department will act as engineer and inspection supervisor.

East Hall--Video Center Renovations

Source of Funds: Building Repairs \$27,700.00

The physical plant department will act as engineer and inspection supervisor. The university noted that this is a temporary move for the Video Center from inadequate space, pending a more permanent solution to the space needs of the Video Center.

Industrial Design and Metalsmithing Studios Remodeling--School of Art and Art History--Art Building

Source of Funds: Building Repairs \$99,950.00

In May, the board had previously selected Gene Gessner, Inc., Iowa City, Iowa, as engineer on the project. This contract was for a fixed fee of \$11,390 or 11.4% of the budget. This fee is slightly in excess of normal engineering fees, but it was reported this is a complicated project intended to correct ventilation problems and update building systems and construction to current Iowa OSHA standards.

Renovation for Handicapped Access--Phase III

Source of Funds: 1979 Capital Appropriations \$850,000.00

The handicapped accessibility program at the University of Iowa was initiated with an allocation of \$300,000 from 1976 capital appropriations and these funds were utilized to make accessibility modifications to buildings on the Pentacrest and to put elevators in those four buildings. Phase II of the program continued with a \$280,000 allocation appropriated by the 1977 session and these funds were utilized to put elevators in two buildings and to make modifications to nine other buildings. It was reported that Phases I and II are now complete, with the exception of a ramp to the Engineering Building which waits upon some urban renewal construction underway in Iowa City.

Phase III, as outlined below, will make modifications of some sort (other than water fountains) in 24 buildings on campus and will also put water fountains in 18 additional buildings. The \$850,000 would be utilized as follows:

Conveyance Devices

Three new elevators	\$440,150
Two chair lifts	49,300
Two elevator modifications	<u>153,285</u>
Subtotal -- 7 Buildings	\$642,735

The following items were reported to be deleted from the original plans, as presented to the legislature:

Museum of Art -- Instead of an elevator, a wheelchair lift will now be installed because of the excessive cost of an elevator.

Children's Hospital -- An elevator will be deleted, as it was determined that Section 504 requirements can be basically met by continued usage of the interfloor ramp presently located in the building.

Field House -- The university explained that the only reasonable way to install an elevator would be to remove seats, which was not possible at this time. The cost of installing an elevator in an unacceptable location (the external east face of the building) would have cost \$400,000. The university noted that the building can accept an elevator as part of a proposed remodeling,

following construction of the Hawkeye Sports Arena, at a cost of under \$300,000 in inflated dollars at the time of construction. It was recommended that this elevator be deferred until that time (which is expected to be about 1982-1983) and that in lieu of an elevator, a chairlift be installed between the street level and the main activity floor. Programs located beyond that level would be relocated, as needed, to attain 504 requirements.

Exterior Access

Eleven Buildings \$ 43,805

It was reported that the only change from the original plans involves deletion of the exterior access to the University Theatre, until such time as an addition is made to that building. Handicapped persons do utilize this building and an exterior access would be far simpler to attain if it was part of the design for the addition.

Restrooms

Seventeen Buildings \$ 92,665

It was noted that the University Theatre is deleted from consideration and deferred until an addition is put on the building.

Water Fountains

Thirty-one Buildings \$ 11,000

Miscellaneous Projects

Seven Buildings \$ 10,620

Preliminary Conveyances--Engineering Design Fees \$ 17,900

Transfer to cover deficit in Phase I Budget \$ 31,230

The budget allocation for Phase I was \$300,000. The university spent additionally from its own funds \$111,526 because of some unusual problems encountered in installing these elevators due to rock conditions under the Pentacrest. The university has carried a deficit of \$31,230 in addition to those supplemental funds and it was proposed that this deficit be erased by transfer of current funds.

TOTAL \$850,000

The university also noted that it has run into some unusual costs in terms of Phase II elevators. This is due, in part, to unusual elevator cost inflation. The Board Office indicated this situation would continue to be monitored, when the elevator estimates become more refined for the other institutions. The Board Office also noted:

- It might be necessary to request additional funds for the Field House elevator in the future.
- If there is a possibility that any of the other institutions will have funds remaining upon completion of its set program for handicapped accessibility, a transfer of funds into the University of Iowa account to take care of the Field House elevator might be recommended.

The university also submitted project budgets on five subprojects from its Handicapped Accessibility Phase III project:

<u>Art Building--Install Elevator</u>	<u>\$164,200.00</u>
<u>Museum of Art--Install Chair Lift</u>	<u>\$28,200.00</u>
<u>Agricultural Medicine Research Facility--Install Elevator</u>	<u>\$95,950.00</u>
<u>Hydraulics Laboratory--Reconstruct Elevator</u>	<u>\$88,285.00</u>
<u>Field House--Install Chair Lift</u>	<u>\$21,100.00</u>

In addition, the university noted the following:

- There will be additional projects forthcoming, whenever projects are in excess of \$10,000.
- On the November capital register, there will be an entry requesting board ratification of the institution's action approving the selection of The Durrant Group for additional engineering services on the above five subprojects.

The board was requested to ratify the following awards for architectural/engineering services:

University Hospitals--Additional Air Conditioning Capacity for Information Systems Equipment Room; Motor Generator System; and Dry Sprinkler System

Ratify selection of Kimmel-Jensen-Wegerer-Wray, Rock Island, Illinois, to provide engineering services through final design on the above project on an hourly rate basis at a maximum cost of \$15,000. It was noted the board had not approved this project or budget to date.

Regent Bailey questioned if this was the normal course of action in that the board had not approved the project or budget as yet. Mr. McMurray stated this situation is somewhat unique to University Hospitals action in that a portion of the design is handled by in-house personnel, but final design to complete the budget and project description is done by the consulting firm. He added that this is pointed out in the docket memorandum as a reminder to the board as to what the engineering rates are. President Petersen also noted that the board reviews from time to time a list of probable hospital projects, which gives the board an additional framework to review such projects as they come forward.

In response to a question from Regent Bailey regarding detailed drawings, Vice President Bezanson stated that an outside consultant firm is preferred because the hospital administration feels they get a better budget figure in advance of bidding and these contracts are performed on an hourly basis.

Both Regents Bailey and Belin indicated their concern about this situation. Vice President Bezanson added that the in-house personnel arrangement does provide some budget savings to the projects involved. He concluded that hospital philosophy was that the engineering work can be done a little more carefully using outside consultants.

Hawkeye Sports Arena

The university requested ratification of three different contracts on this project, which were consultant services over and beyond the contract approved with Caudill Rowlett Scott for general architectural work:

1. Ratify selection of Shive-Hattery & Associates, Iowa City, Iowa, to provide topographical survey services on an hourly rate basis at a maximum of \$2,100. This includes providing field surveys, as required, to obtain ground control for photogrammetrically developing the aerial topographies.
2. Ratify selection of Shive-Hattery & Associates, Iowa City, Iowa, to provide a preliminary study on site and roadways on an hourly rate basis at a maximum cost of \$16,600. This preliminary study involves evaluation of alternate access routes to the arena site, preparation of the preliminary parking lot location plan, preparation of a preliminary site grading and drainage layout and providing preliminary designs for extension of water and sanitary sewer service.
3. Ratify selection of Stanley Consultants, Inc., Muscatine, Iowa, to provide a preliminary study on utilities for the arena on an hourly rate basis at a maximum cost of \$2,000. This study involves evaluating the impact of the addition of the arena to existing utility systems and the preparation of schematic drawings and conceptual costs on the utility delivery systems selected by the university.

Museum of Art--Sculpture Court

Ratify selection of Shive-Hattery & Associates, Iowa City, Iowa, to provide additional engineering services consisting of contract administration and project quality control during the construction of this project. Fees are on an hourly rate basis at a maximum cost of \$12,300. This is a \$277,707 project on which contracts were awarded in June 1979. Previously, the board had approved contracts with Shive-Hattery totaling a maximum of \$21,800.

East Campus Play Courts

Ratify selection of Shive-Hattery & Associates, Iowa City, Iowa, to provide additional engineering services consisting of contract administration and project quality control during the construction of this project on an hourly rate basis at a maximum cost of \$2,650. The budget for this project is \$45,800. Contracts were awarded in June. Previous contracts with Shive-Hattery on the project total \$5,080.

Chilled Water Plant Expansion--Phase III--Contract 3--General Construction

The university requested ratification of two contracts on this project:

1. Ratify selection of Shive-Hattery & Associates, Iowa City, Iowa, to provide on-site concrete testing based on 50 visits to the project site during concrete placement on an hourly rate basis at a maximum of \$4,500.
2. Ratify selection of Soil Testing Services of Iowa, Inc., Cedar Rapids, Iowa, to provide field and laboratory testing services on backfill on an hourly rate basis at a maximum of \$3,000.

Electric Distribution Line Crossing Washington Street

Ratify selection of Shive-Hattery & Associates, Iowa City, Iowa, to provide additional engineering services on this project consisting of contract administration and testing services on an hourly rate basis not to exceed \$4,200. The previous contracts approved with Shive-Hattery were for \$2,900

Mormon Handcart Historical Site

Ratify selection of Paul Christiansen, Mount Vernon, Iowa, to provide site services involving the establishment of prairie species on the site on an hourly rate basis for a maximum of \$265.

Lindquist Center Area--Site Planning

Ratify selection of Crose-Gardner Associates, Des Moines, Iowa, to provide additional engineering services consisting of preparation of design development plans on a fixed fee basis of \$2,000.

Hawkeye Court Apartments--Repair Roofs, Phase IV

Ratify selection of Shive-Hattery & Associates, Iowa City, Iowa, to provide construction observation services on an hourly rate basis at a maximum cost of \$9,600.

MOTION:

Mr. Bailey moved the board approve the Register of Capital Improvement Business Transactions for October 1979; ratify awards of construction contracts made by the executive secretary; approve the new projects; ratify awards for architectural/engineering services on the projects listed above; and authorize the executive secretary to sign all necessary documents. Mr. Shaw seconded the motion.

In noting that Shive-Hattery & Associates had been selected to oversee a number of projects as construction manager, President Petersen asked if this firm could handle all these projects. Vice President Bezanson stated that Shive-Hattery is a very large firm in the area and could effectively manage the projects. In addition, he indicated that the university was in the process of reviewing the procedures under which architects and engineers are selected.

While inquiring about the university's contracting policies with consultant firms, Regent Belin asked whether competitive bidding is involved. Vice President Bezanson answered that there is competitive bidding in that the university interviews the firms. If the project involved is of any substantive size, the university would go to a more formal process. He added that bidding, as such, is not usually done by the architectural/engineering community. Regent Belin asked if the consultant firms submit any kind of budget and Vice President Bezanson indicated they submit a listing of hourly fees and a budget ceiling.

Mr. McMurray noted that the University of Iowa has developed a form on all these architectural/engineering contracts, which appears as exhibits in the docket material each month. The form for each contract lists the reasons

why the consultant has been selected; the detailed proposal letter from the consultant; and the hourly rates of the firm.

President Petersen noted that previously internal university personnel have acted as construction managers and now the board is using professionals to perform these duties. She asked about the relationship between the university and the construction managers on these projects. Vice President Bezanson stated that the university personnel works very closely with the professionals in this area of construction management.

VOTE ON MOTION: The motion passed unanimously.

JOHN F. MURRAY ENDOWMENT FUND. No activity was reported in the investment portfolio of the John F. Murray Endowment Fund for the quarter ending September 30, 1979.

LEASE RENEWAL. The board was requested to approve a lease renewal with the Iowa Health Systems Agency, Inc., for 1,000 gross square feet of space located at the Oakdale Campus. The Iowa Health Systems Agency, Inc., is a tenant that the university's health education and services community find beneficial to have located within the university complex.

Terms of the proposed lease were reported as follows:

- Lease is renewed for a three-year period beginning October 1, 1979.
- Annual rental rate is \$2,700 or \$225 per month over the life of the lease, which will total \$8,100. It was noted this works out to \$2.70 per square foot and represents maintenance and operation costs only. It is 8% more than the previous three-year contract.
- The lessor (university) may cancel this lease with six month's written notice.

MOTION: Mr. Brownlee moved board approval of the renewal lease with the Iowa Health Systems Agency, Inc., as stated above. Mr. Bailey seconded the motion.

Regent Bailey commented that the 8% increase in the rental rate for the lease renewal seemed minimal. Vice President Bezanson indicated it is a fair price for that location.

VOTE ON MOTION: Upon a roll call vote, the following voted:
AYE: Bailey, Belin, Brownlee, Harris, Jorgensen, Neu, Shaw, Wenstrand, Petersen.
NAY: None.
ABSENT: None.
The motion passed unanimously.

LEASE RENEWAL. The board was requested to approve renewal of a lease with The Mayflower Venture for storage space located at 1110 North Dubuque Street, Iowa City, Iowa. It was reported the lease was originally approved for the 1977-1978 year and continued for 1978-1979 under a holdover clause with no change in the original terms.

The following lease renewal terms were presented:

- The lease covers 4,812 square feet of storage space for law library books.
- Lease period begins October 1, 1979, and ends September 30, 1980.
- Renewal rental rate is \$12,240 for the one-year lease period. This reflects a \$20 per month or 2% increase in rent. The revised rental rate would be \$2.54 per square foot, which compares to library book storage space rental costs recently approved for library books at Iowa State University at \$2.50 per square foot.
- All utilities will be provided by the landlord.

MOTION:

Mr. Bailey moved the board approve the renewel lease for storage space at 1110 North Dubuque Street, Iowa City, Iowa, as noted above. Mr. Wenstrand seconded the motion. Upon a roll call, the following voted:

AYE: Bailey, Belin, Brownlee, Harris, Jorgensen, Neu, Shaw, Wenstrand, Petersen.

NAY: None.

ABSENT: None.

The motion passed unanimously.

LEASE FOR OFFICE SPACE. It was recommended that the board approve a three-year lease for the Iowa State Services for Crippled Children (ISSCC), Northwest Region, with the following conditions:

- The lease period begins October 1, 1979.
- Space provided in the lease is for 608 square foot located at 1012 Central Avenue, Fort Dodge, Iowa.
- Annual rental rates will be \$3,600, \$3,960 and \$4,356, respectively, for each of the three years.

The Board Office stated that a new lease was required as the result of Trinity Regional Hospital of Fort Dodge converting space previously leased by ISSCC to housing for low income and elderly persons. Review of the search process for new space indicated difficulty in locating suitable space.

It was noted that the rent increases for the second and third years of the lease amounted to 10% annually. It was also reported that the landlord had renovated the premises to respond to the needs of the ISSCC Northwest Regional Office at "considerable expense," and the three-year lease proposed by the

landlord was, in part, the result of renovation outlays. Also, the 10% escalation in rent the second and third years was based on anticipated increases in insurance, taxes and utility costs.

The Board Office, in its docket material, reported that previously the board has approved multiple year leases with increases in rent established for the second and subsequent years for both land and office space. For office space the increase was designated to cover tax increases only. In addition, it was noted that board has approved leases that have resulted in direct payment for renovations.

The Board Office also reported that a 10% increase in rent for the second and third years of this contract appeared to be appropriate, given current conditions of accelerating utility and other operating costs. Moreover, tax increases on commercial enterprises of this type do not have statutory limits, as has been the case for private dwellings and farm land.

Regent Shaw noted that it seemed somewhat unusual that a portion of the rental rate was based on renovation done at the request of ISSCC, but completed before the lease was approved.

MOTION:

Mr. Shaw moved board approval of the lease for office space for the Iowa State Services for Crippled Children, Northwest Region, as stated above, and Mrs. Belin seconded the motion. Upon a roll call, the following voted:

AYE: Bailey, Belin, Brownlee, Harris, Jorgensen, Neu, Shaw, Wenstrand, Petersen.

NAY: None.

ABSENT: None.

The motion passed unanimously.

PROPOSED FINANCING OF THE HAWKEYE SPORTS ARENA. Discussion on this matter centered around two financing proposals:

- 1) a public bonding issue as put together by the board's bond consultant;
- 2) a privately-negotiated placement with Morgan Guaranty Trust Company of New York and Iowa-Des Moines National Bank (I-DM/MG).

Copies of the detailed descriptions of those two proposals follow, as part of these minutes.

Paul D. Speer and Associates

IOWA STATE BOARD OF REGENTS

\$13,000,000

Student Fee and Athletic Facilities Revenue Bonds
 (Sports Arena at State University of Iowa)

(Preliminary Bond Specifications)

Total issue \$13,000,000. Denomination \$5,000. Nos. 1-2600, inclusive. Interest not to exceed 7% per annum. To be dated January 1, 1980. To mature July 1, 1983-2004, inclusive. First Coupon July 1, 1980. Semiannually thereafter on January and July 1. Principal and interest payable at Office of the Treasurer, State University of Iowa, Iowa City, Iowa, or at the option of the holder at an alternate paying agent in Chicago, Illinois and/or New York City. Registrable as to principal only. Callable on any interest date in whole or in part on or after July 1, 1990 at par and accrued interest plus a premium (or additional interest) equal to 5% if called July 1, 1990 and reducing by 1/2 of 1% on each interest paying date thereafter so that on or after July 1, 1995 bonds will be callable at par. If less than all outstanding bonds are called they shall be called in inverse order of maturity and by lot within a maturity. Redemption may be made from any available funds including the proceeds of refunding bonds or funds escrowed for that purpose in advance of the redemption date.

MATURITIES

\$300,000	1983	\$450,000	1990	\$ 725,000	1998
300,000	1984	475,000	1991	775,000	1999
325,000	1985	500,000	1992	800,000	2000
350,000	1986	525,000	1993	875,000	2001
375,000	1987	575,000	1994	925,000	2002
400,000	1988	600,000	1995	975,000	2003
425,000	1989	625,000	1996	1,025,000	2004
		675,000	1997		

SECURITY

Bonds are to be authorized under the provisions of Chapter 262.44 through 262.53 of the 1979 Code of Iowa, as amended. The Bond Resolution to be adopted by the State Board of Regents will make the pledges set forth in Chapter 262.47, 262.48 and 262.49, including establishment of student fees adequate, with the net revenues of the athletic facilities at the State University of Iowa and other available revenues, to pay principal and interest on the bonds as same mature plus 15% thereof to create a bond reserve fund sufficient by July 1, 1985 to be equal to and remain at the highest amount of principal and interest due in any future fiscal year. Any revenues pledged by the resolution shall not be used for any other purpose until the annual principal and interest due in the fiscal year has been paid or provided for plus not less than \$250,000 (or so much thereof as may be needed), shall have been paid into the Bond Reserve Fund in said fiscal year whenever said Fund is not at the required maximum.

The initial student fee shall be the equivalent of not less than \$25.50 per full-time student. There shall be established a surcharge on all non-student tickets for all intercollegiate football, basketball and wrestling events at the State University of Iowa of not less than \$2.00 which shall be available to the Revenue Fund. There shall also be established a prior charge on the net revenues

of the intercollegiate athletic facilities at the State University of Iowa of \$240,000 in each fiscal year. All such funds plus interest thereon and such other funds as the State University of Iowa may make available shall be paid into the Revenue Fund as soon as available. Interest earnings on the Revenue Fund shall be a part of the gross revenues, provided that in any fiscal year when the gross revenues paid into the Revenue Fund exceed 115% of the annual principal and interest requirement, the excess may be distributed by the University for any lawful purpose, including application to the required revenues of the succeeding fiscal year or reduction of student fees. All revenues not required in any fiscal year from any of the pledged sources shall be considered surplus and may be used by the State University of Iowa for any lawful purpose, provided that if there is any deficiency in the Bond and Interest Sinking Fund or in the Bond Reserve Fund, such deficiencies shall be made up from the next net revenues available before any transfer to any other University uses.

PARITY BONDS

No bonds having a prior lien on any of the pledged revenues shall be issued. Bonds on parity may be issued from time to time for construction of additional athletic facilities at the State University of Iowa or for refunding purposes provided that the total pledged revenues paid into the Revenue Fund during the last complete fiscal year including student fees, athletic facilities net revenues, including athletic surcharge, and interest earnings have been not less than 120% of the maximum principal and interest due in any fiscal year, prior to the fiscal year commencing on the date of the final maturity of outstanding bonds, on the outstanding bonds plus the bonds then being issued. Student fee revenues may be adjusted to reflect any increase in pledged fees. Such revenues shall be evidenced by certificate of an independent certified public accountant who may be the accountant making the audit report on the facilities. For all purposes principal and interest due July 1 of any year shall be considered an obligation required in the fiscal year ending the immediately preceding June 30.

All funds shall be kept invested as fully as practicable in accordance with the laws of the State of Iowa governing investments of funds by institutions governed by the State Board of Regents, provided that all demand or time deposits or certificates shall be secured by F.D.I.C. plus the excess by eligible securities having at least an equal market value.

Usual pledges of adequate rates, revenues, insurance, operation, repair, maintenance and accounting of funds. Annual audit by Certified Public Accountant within 90 days of completion of fiscal year. The intercollegiate athletic facilities at the State University of Iowa shall be operated as a unit for revenue producing purposes.

The accounts pertaining to the Sports Arena Revenue Bonds and the funds required shall be kept separately from other University accounts, provided that for investment purposes the funds may be invested proportionately with other University funds under the limitations of this Resolution and the earnings thereof shall be accounted for as a part of the Revenue Fund.

Other general provisions in Resolution of November 14, 1968 for \$5,500,00 Auditorium Revenue Bonds should be followed.

Proposal Submitted to
The University of Iowa for the
Private Placement Financing of the Proposed
Hawkeye Sports Arena by
Morgan Guaranty Trust Company of New York
and Iowa-Des Moines National Bank

General Characteristics of Proposal

The proposal by the Iowa Des Moines National Bank and the Morgan Guaranty Trust Company is for a private placement issue with two major and separable components. It has been designed to meet the University's stated goals of cash flow flexibility and cost minimization. The total issue is structured to provide a debt coverage ratio of 1.25 times and fund a debt reserve of \$1.55 million. The total amount of the debt issue is \$14.69 million, which includes our \$13 million debt requirement, a \$1.55 million debt reserve, and fee of \$140,000 for placement and other costs.

Student fees, ticket surcharge income, and a designated portion of athletic revenues will be pledged to meet debt service requirements. Pledged athletic revenues are pre-funded from athletic cash balances and surcharge income as received in the fiscal year prior to actual debt service payments. The issue would be comprised of assignable (not negotiable) notes, based on the legal advice of Chapman and Cutler, Bond Counsel in this issue. The financing will be pursuant to the provisions of 262.44 to 262.53, inclusive, of the Code of Iowa, 1979, as amended.

Characteristics of the Two Components

1. Fifteen-year serial issue. Serial notes would be issued in a principal amount of \$7.41 million. The serial bonds are not callable nor are they prepayable over a fifteen-year life. The bonds would be issued in at least \$5,000 denominations.

2. Twenty-three year term maturity. This issue would be a principal amount of \$7.28 million and would be characterized by a split coupon. The coupon interest rate for the first fifteen years is estimated to be one-half of one percent lower than the coupon rate for the last eight years. This twenty-three year term issue has a prepayment capacity, available beginning in the fifth year. Minimum and maximum payments are negotiated, and Iowa-Des Moines and Morgan Guaranty have indicated that such features as delay of principal payments for the first two to three years could be built into the debt service structure. In any case, the minimum and maximum would be specified so that a debt coverage of 1.25 times would always be maintained. These minimum and maximum payments would be determined after the debt feasibility study currently in progress by Coopers & Lybrand is completed. There would be no restriction on the use of any funds generated in excess of the minimum debt payment.

Terms of the Placement Arrangement

This issue will be placed on a best efforts basis and is not underwritten by Iowa-Des Moines or Morgan Guaranty Trust Company. They believe that \$5-6 million can be placed in Iowa and altogether the issue would be placed among approximately twenty-five financial institutions. They believe the feasibility study that we have undertaken with Coopers & Lybrand will aid in the sale of the issue.

A fee of \$140,000 covers the placement fee for Morgan Guaranty and Iowa-Des Moines, rating agency fees, printing and legal fees, computer charges, and other related costs. Iowa-Des Moines and Morgan Guaranty advised us that any negotiated placement would be submitted to the Board for review to allow the Board to accept or reject the proposal. If the proposal is rejected, there is no financial obligation by the Board to Iowa-Des Moines and Morgan Guaranty.

In beginning his presentation, Vice President Bezanson introduced: Casey Mahon, Assistant to President; Bill Barnes, Professor in the College of Business Administration; and Susan Phillips, Associate Professor in the College of Business Administration. Vice President Bezanson stated these three persons had been actively involved with the arena financing proposals over the past number of months.

Vice President Bezanson explained that he would like to discuss the financing alternatives with the board. He said the university was asking for guidance from the board in order to accomplish arena funding in early 1980. He presented the following points in substantiating the university's request to proceed with private negotiations for financing:

The university looked at a variety of alternate means of financing, including the more traditional public auction procedure. A wide variety of financial institutions were contacted that might be interested in submitting proposals tailored to the university's needs. Three firm proposals from private concerns were reviewed over the past months with the Board Office and the proposal that the university had selected was from Iowa-Des Moines/Morgan Guaranty.

Vice President Bezanson explained that the university needs and interests in the financing on this project were unique to the kinds of financing the university had done in the past. He stressed the flexibility and stated that the project and financing were very complex because of working with a variety of revenue sources and putting together a financing arrangement at a time when there is a relatively unstable bond market. He cited the high interest rates and the fact that they will continue to be high.

In speaking about the bonding proposal, Vice President Bezanson stated it was a unique public bonding proposal in relation to what has been offered in the past. The proposal was truly a major departure and, if it could be sold profitably, the university would be pleased with this financing as an alternative.

Iowa-Des Moines/Morgan Guaranty personnel have been working very closely with the university and have advanced a financing proposal that contains the elements of flexibility that the university felt was important. I-DM/MG would operate on a best effort basis, which would depend upon the board placing the package with them. The fee to I-DM/MG would be due when agreement was reached on a proposal acceptable to the board and at closure. The university preferred private placement of the financing arrangement for three reasons:

- It was felt the financial instruments could not be economically sold in the public financing market.
- The relationship that the university would have with I-DM/MG is that they would sell directly to the investor, not the underwriter. Public bonds are sold to underwriters, who do not sell face-to-face. If financing is sold directly, an underwriting spread is not paid. In addition, the spread paid in the market adds to the interest.
- Given the university's terms on this issue, the flexibility of split coupons was important and would be best priced and best sold in the private market. This would permit costs to be identified on the features deemed appropriate.

Vice President Bezanson stated that one important feature of the private financing arrangement was flexible use of the funds that are generated. A reserve fund is proposed to be financed as part of the bond issue and any excess funds generated from net athletic revenues are not restricted in this proposal. Further, there is no restriction on the source of funds for payment. He pointed out that in economic terms this flexibility would provide a hedge in interest rates--if rates increase, the university would stretch the financing; if rates decline, the university would prepay without penalty. In the proposed public bonding, there is no provision for prepayment before 15 years and no provisions for defeasement.

Vice President Bezanson emphasized that the real question here was the sequence of the issue. He felt the issue should be placed in the negotiated market first. If a negotiated placement could not be arranged, a later attempt at the public market could be based on a bonding issue more traditionally structured. He noted that if it is widely known that the public market did not succeed, very few private concerns will take up the private issue.

Vice President Bezanson noted the proposals have been highly competitive and the advantage of that competition was a very healthy departure from previous practice. He stressed these additional points on the I-DM/MG proposal: the issue would be widely available in Iowa; these two firms are well respected in the bond brokering business; and there is a great deal of interest in this financing and a good deal of pressure to present a proposal that is above any question.

Pertaining to the costs of either issue, Vice President Bezanson said that the total fee for the I-DM/MG proposal would be about \$140,000 (\$100,000 for placement fees and costs plus about \$40,000 for legal work); whereas the public bonding proposal would total about \$240,000 (\$40,000 for administrative costs plus an estimate of \$200,000 for underwriter's spread). He indicated that costs will vary from issue to issue and spreads on today's market are high.

In his closing remarks, Vice President Bezanson stated the university felt fortunate to have access to two good options but felt that private placement was the preferable one in terms of cost. In recommending private placement, the university was not saying that business should always be placed in the private market. He indicated that because of the complexity of the market and the proposals, there were exceptional circumstances and going with private placement on this issue would not set a precedent.

The university also submitted extensive written materials on this issue, which are on file in the Board Office.

In his memorandum to the board, the executive secretary made the following comments and recommendation:

The proposed financing of the Hawkeye Sports Arena is relatively simple. The total debt financing would amount to \$13 million (unless the board decides to finance the reserve fund in the initial issue) and would be retired through a combination of income from pledged student fees; a surcharge on athletic tickets for football, basketball and wrestling; and a pledge of \$240,000 annually in athletic revenues that will be freed in 1980, when the Kinnick Stadium loan is paid off. Although the proceeds of the surcharge and certain other athletic income are pledged to debt retirement, the student fees are the "balancer" in the pledge. The pledge of student fees is not less than \$25.50 per full-time student.

The public bond issue is proposed preliminarily to be 25 years. The private placement proposal favored by the University of Iowa would involve \$14.6 million in debt, of which approximately half would be a 15-year serial issue, non-callable, and a 23-year term maturity of about \$7.3 million. The public issue would be callable after 15 years without penalty. It would be callable after 10 years at a penalty of 5%; after 11 years, a penalty of 4%, etc.

The university states that funds will be needed for the sports arena projects in March 1980. This statement is based on the assumption that certain of the components of the project, such as steel, will be advance-ordered and that the contract for the construction of the project probably will be awarded in April or May of 1980. With this need for money, the sale of a public issue would take place in middle to late February with the bonds to be delivered and the money received in mid-March. For the bonds to be sold in February 1980, the board would need to adopt a bond resolution at its January 1980 meeting.

The university proposal for private placement does not insure adequate competition. There would be no opportunity for competitive bidding on a single set of specifications. Consequently, there would be no way of knowing whether the financing had been achieved at the lowest possible cost. The same philosophy holds with respect to the purchase of equipment and commodities by public agencies generally by standard specifications and competitive bid. An article enclosed with docket material indicated that competitive bidding rather than sale by negotiation appears to result in lower interest costs, as well as other costs associated with the financing.

It was asserted that with a private placement, the market can be "tested" and that the specifications for the issue can be adjusted at the last minute to reflect the needs of the market. It was also suggested that the market can be timed more closely with a private placement and that more flexibility for

future financing can be built into the issue. The board's bond consultant had indicated that the market "can be tested" at the last minute and that if the market does not appear to be reasonable, the board could take appropriate action with respect to its issue. With respect to the issue of flexibility regarding future financing, anything that can be built into specifications to be placed privately can be built into the public issue. The only question is how much the features of flexibility will cost and that is the issue, whether the sale is public or private.

Mr. Richey reported that the fee for the sale (including printing, consultant fees, underwriting costs, etc.) is approximately twice as high through private placement as by public sale. In this specific issue, the cost differential would be approximately \$100,000.

Mr. McMurray then detailed the two differences between the two proposals, those being the call feature and the administrative costs. The board was also furnished a letter from former President Stanley Redeker in support of public financing; materials from Mr. Paul Speer on historical interest rates paid on board bond issues; two research studies on the issue of competitive bidding versus negotiations. All these materials are on file in the Board Office.

The executive secretary then recommended that the Board of Regents state its intent to finance the Hawkeye Sports Arena through the proceeds of a public sale of revenue bonds with the understanding that if satisfactory bids are not received, the board will authorize negotiations to finance the arena by private placement.

Mr. Richey concluded that the board is well-established in the financial markets of this country and will have the advantage of that market in this instance, if it decides to sell its bonds publicly.

President Petersen then opened up the meeting for questions and comments. Regent Jorgensen asked if there is a ceiling on allowable interest for public bonds and Mr. Richey indicated it floats. Regent Harris expressed his opinion that he did not see many differences between the university's request and the Board Office recommendation and, therefore, wondered why the university's request should be reversed.

President Petersen questioned why the institution would not have equal flexibility on investment of funds in a public issue. Vice President Bezanson explained that as long as excess revenues are not designated specifically for retirement of debt, those revenues are exempt from federal arbitrage requirements. President Petersen asked if the institution expected to expend any excess revenues at the outset. Vice President Bezanson in reply stated that most of those revenues would be set aside if the board adopted the Morgan proposal until the fifteenth year.

Mr. Richey emphasized that the Speer proposal is based on the specifications as requested by the university. If they are called at five years on either a private or public sale, the university would pay for that in the market. Vice President Bezanson agreed. He mentioned the prepayment situation on the 15-year issue and the 23-year issue and said the university would repay the higher cost issue under the I-DM/MG proposal. He added that the Speer proposal was dangerously close to getting beyond the public market and it would not be as advantageously priced.

President Petersen remarked that many of the same individuals and institutions would be holders of these bonds, whether sold in either the public or private markets. Vice President Bezanson agreed, but said there might be a difference in the number. He indicated 20 to 25 investors would be involved in a private sale; more in a public sale. He said one advantage of a smaller group of investors is that there would be less people to deal with for possible modification or adjustment later. Regent Shaw stated it can work both ways as far as the number of people dealt with. He added there can be negative block with a smaller group.

Discussion then turned to the sources of revenue for the sale. Regent Shaw expanded on the issue of student fees and the fact that the funding is based upon the assumption that there would be roughly a 10% tuition increase in the next biennium. Vice President Bezanson indicated that the figure for student fee income is based on the number of students. He noted this figure can change, but indicated that a reduction in the number of students beyond what is anticipated might be made up by increasing the share in a given year for those remaining. Mr. Richey declared this is why this becomes a simple issue--the student fee income becomes the ultimate pledge. Regent Shaw agreed with Mr. Richey.

On the matter of the ticket surcharge, Regent Shaw inquired as to whether there are assurances that the board will receive those funds. Vice President Bezanson stated that the athletic Board of Control will assume the responsibility to collect the surcharge no matter what the base ticket price becomes.

In response to discussion on prepayment, Mr. Richey stated the amount of allowable prepayment in the private placement proposal has not been established and will have to be negotiated. He added there is a maximum amount of prepayment and a requirement that certain surpluses be carried over to the next year. Thus, the proposal does not necessarily have all the flexibility attributed to it.

Vice President Bezanson noted that in the I-DM/MG proposal there is a prepayment feature with a maximum and minimum payment each year. This is to the advantage of the 23-year bond holders, which is one reason why the longer-term note is purchased. He also indicated a relation to the rating and the conservatism of the I-DM/MG proposal in that the \$1.6 million debt reserve would be immediately invested and would earn interest. He noted the risky portion of the issue is the athletic revenue portion. If the amount of athletic revenues needed to make debt payments can be set aside in the prior year, this would give the assurance that there will be a cash balance to be sufficient to make up the year's level debt payment. He noted this was a very imaginative way to give security to potential investors.

President Petersen asked if such provisions could be a part of a public sale and Vice President Bezanson answered yes. Regent Neu asked whether any provision included in a private placement can also be included in a public issue. Vice President Bezanson answered yes, but indicated it makes the public issue more complex because there is no direct contact with the investor. Regent Shaw stated that in a public issue a prospectus is issued on each particular issue to educate potential investors. Vice President Bezanson noted this is perhaps not as effective as sale on a one-to-one basis. He added that in most every instance, the university would want to issue bonds on the public market; but when there are unique reasons, there should be no foreclosure from going to the private marketplace.

President Petersen noted that historically institutions and cities use private placement when there is a small issue, a weak credit rating or a weak proposal. She added that the board would hate to lose this project because the private market approach was chosen and gave the impression this was a weak proposal. Vice President Bezanson agreed. President Boyd declared this was a complicated issue, not a weak one. He said that this complexity could be better sold on a one-to-one basis in the private market.

Associate Professor Phillips indicated that in the past ten years there has been increased usage by the Big 10 universities to utilize the private market with very little difficulty. Mr. Richey noted that there had been some problems in Illinois and Indiana. Associate Professor Phillips stated there were political issues involved. President Boyd added that this matter was before the board because it was a political issue. He added that this has been talked about for some months in public session with full disclosure. He was concerned about the fact that alternatives had not been examined.

Regent Belin stated that because of the discussion on the issue, a better public proposal was presented. President Boyd agreed that the bonding consultant had been stimulated to provide a better proposal. Regent Belin commended the university for having had the creativity to explore these other issues. She said that competition can spur creativity.

Regent Bailey stated his inclination to proceed with the private negotiation if there was an understanding that the final negotiated placement costs would be close to public market costs. He added this was the most feasible, since this is where negotiation can be done.

President Petersen stated that the real leverage is that the board must give final approval. She asked if the negotiated sale can be rejected. Vice President Bezanson answered yes and indicated there would be adequate time to review and analyze the matter. He added that the university's judgment is that the private market can save money. He said the university would pay somewhat more in the private market than would be paid for a straight issue with none of the flexibilities or special features, but stated the university is willing to pay for these to get the advantages of flexibility. Regent Bailey noted his understanding of this.

President Petersen underscored the fact that at the present time there is a very chaotic market and there is no assurance this will change in the next few months. She added it would be difficult to determine the difference between a negotiated placement rate and a public sale rate, given the current market conditions.

Discussion then ensued on the rates attainable between a private negotiated sale and a public sale and how these would relate to the Bond Buyer's Index. Regent Bailey asked what rate would the university expect to pay over the Bond Buyer's Index on a negotiated placement. Vice President Bezanson stated that I-DM/MG would have to justify the rate under rigorous standards. The university would require substantial information about the indexes, private and public placements at the time when the crucial judgment would be made.

Regent Harris noted that time is of the essence and asked how much time would be involved if the board approved the Board Office's recommendation and then found that the bids were not satisfactory. Mr. Richey stated that the university needs the money in March or April. The bonds could be sold at the February

board meeting and would be delivered two or three weeks later. The cash proceeds would be available in March. It was reported that Mr. Speer had indicated that three and one-half weeks would be needed to test the market and place the debt. Mr. Richey added that the investors will know the situation no matter which option is chosen first. He closed by stating that there might be a month's delay, if the board had to go private, after failure in the public market.

In response to a query from Regent Harris on the amount of time required to invest in the private market, Vice President Bezanson explained that the process has a flexible time frame. He noted the reason the university is before the board now is because it is in a position to move. He added that I-DM/MG would place as much of this issue in Iowa as possible.

MOTION:

Dr. Harris moved board approval to allow the University of Iowa to proceed with privately-negotiated placement of the financing for the Hawkeye Sports Arena and report the results to the board. Mr. Wenstrand seconded the motion.

Regent Brownlee made the following points:

- The University of Iowa has gone to a great deal of work to find the best possible solution on this matter, but I cannot agree with them.
- This is a public project which involves public work and should be financed in a public manner. The Board of Regents has had great success with the public market in the past.
- The question of precedent has to come up and the board would be setting a degree of precedent.
- The same features could be put in a public sale; but as I understand it, every innovation and special feature will cost the buyer.
- This board will have to make the decision that the price or the interest rate is satisfactory and that is an insurmountable task. It can't be compared.
- Experience shows that safety and prudence is reached through the competitive bidding process.

Regent Shaw expressed his agreement with Regent Brownlee's comments. He added that a better price could be obtained with a broader market--the public sale. Regent Shaw stated his intention to lean toward the competitive bidding process, but stressed that the specifications should be tailored to sell either way.

Regent Jorgensen also agreed that the public auction sale was the option the board should choose because "we are a public body and I feel we have to go with public bonds."

In a question posed to Regent Shaw, Regent Wenstrand asked if there would be any difference in the impact to proceed with the public sale first and the negotiated sale second. Regent Shaw stated that because of the same broad market, it could go either way. He added the board should take another look at the

situation before finalizing the sale. Regent Wenstrand expressed his agreement with Regent Shaw on this point and declared the following:

SECOND ON MOTION:

Withdrawn by Mr. Wenstrand.

President Boyd indicated that the private sector is a very vital part of the pluralism of this country and said he is not as skeptical of the private sector. He stated the university was not trying to obviate public procedures. He stated that the thrust of this discussion appears to be that the university would move forward with a public offering. President Boyd further expressed his concern that the board appeared to be debating these specifications of a bond issue and he was unclear from that debate as to whether the board would permit the degree of flexibility that the university found desirable in this issue. He asked for board clarification on this matter.

President Petersen explained it was her understanding from the discussion that there is a majority that wish the institution to proceed with the public sale first. She said she heard caution about too many features raising the price, but there was no objection to tailoring the specifications to suite the university's requirements. President Boyd reiterated that the flexibility will cost more and he understood the board was questioning whether to pay the price.

Regent Brownlee emphasized it was not the board's intention to limit the special features to be included in the bond issue. He indicated that it becomes difficult to assess how to judge those features, however.

Professor Barnes suggested it will be difficult to judge the rates on either of the two financing proposals. He explained a bond issue based on student fees and revenues will probably be acceptable at a higher interest rate and would anticipate that rate would be above the Bond Buyer's Index. He added that if the public market is attempted first and fails, the private market would disregard any attempt to finance the sale. If there is a need to go back to the public market the second time, that would require a complete restructuring of the bonding conditions.

Regent Harris stated it is the responsibility of this board and the institutions to keep the public well-informed. He said it is important to look at this private negotiated situation to see if it might not be the best deal. The board owes it to the public to make the best type of investment.

In responding to President Boyd's comments, Regent Shaw explained the board does not want to pass on the bonding provisions and stressed that the specifications should be structured so that sale could be accomplished.

President Petersen then explained that the previous motion had failed for lack of a second. She indicated there was no motion on the floor at this time.

A discussion then ensued on the desired wording of a motion offered by Regent Shaw. Regent Shaw felt strongly that the university should proceed to the public bidding process with a single set of specifications that could be

marketed either way. Regent Neu asked if it was necessary to include the "specification language requirement" suggested by Regent Shaw in the motion. President Petersen indicated that could be accomplished when the board was requested to adopt the resolution for the sale.

Vice President Bezanson indicated the university had presented its judgment on this matter, but stated they already had specifications that could be marketed either way. Regent Shaw stated that some specifications might not be understood in the public bidding area. Mr. Richey suggested that the I-DM/MG proposal is not in the form of specifications at this time, but is still subject to negotiation.

MOTION:

Mr. Shaw moved that the board state its intent to finance the Hawkeye Sports Arena through the proceeds of a public sale of revenue bonds with the understanding that if satisfactory bids are not received, the board will authorize negotiations to finance the arena by private placement. Mr. Neu seconded the motion.

Regent Bailey voiced his concern about the inference that there has not been a forthrightness in the universities recommendation. In suggesting this was an important point, President Petersen stated that a question of ethics was not involved. She added it happens not to be the judgment of this board on this particular day to proceed to the private market. President Petersen also commended the university for its creative approach to this financing matter and stated a better proposal was received as a result.

VOTE ON MOTION:

The motion passed unanimously.

In noting the board's preference to proceed with the public market first, President Boyd asked if the board would still be adverse to going to the private market if bond consultant states that the university's conditions and needs are not marketable with a public bond sale. Mr. Richey, President Petersen, and Regent Brownlee all spoke to this point with consensus being that such reaction would depend on whether the university's conditions were within reason for a public issue.

President Petersen asked board members and institutional executives if there were additional matters to be brought up for discussion pertaining to the University of Iowa. There were none.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Thursday, October 18, 1979.

PUBLIC HEARING ON ACADEMIC REVENUE BOND FUNDED PROJECT. President Petersen called the meeting to order at 2:00 p.m., Central Daylight Savings Time, on October 18, 1979, on the campus of Iowa School for the Deaf, Council Bluffs, Iowa. The roll being called, there were present Mrs. H. Rand Petersen, president, in the chair and the following named board members: Bailey, Belin, Brownlee, Neu, Wenstrand.

The president then stated that this was the date, time and place set for a hearing on the proposed plans and specifications and proposed form of contract for Utilities--Steam Tunnel Improvements--Lighting on the campus of Iowa State University, Ames, Iowa.

President Petersen asked whether anyone present wished to register objections concerning either the proposed plans and specifications or the proposed form of contract. No objections were filed.

The president then inquired whether the executive secretary had received any written objections to the project. The executive secretary stated that he had not received any such objections. There being no objections, the president declared the public hearing closed.

The following business pertaining to Iowa State University was transacted on Friday, October 19, 1979.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for September 1979 were ratified by the board.

OTHER PERSONNEL TRANSACTIONS. The following transactions were presented by Iowa State University for approval by the board:

Appointments

Theodore T. Kramer, Professor and Chairman of the Department of Veterinary Microbiology and Preventive Medicine, beginning July 1, 1980 and ending June 30, 1985, at a salary of \$48,300.

H. Martin Limbird, III, Director of the International Educational Services and Assistant to the Vice President for Academic Affairs, effective immediately at a salary of \$26,750.

Jerome H. Sullivan, Director of Financial Aid and Student Employment, effective January 1, 1980, at a salary of \$29,000.

Don F. Gustofson, Director of Development, beginning September 1, 1979, at a salary of \$38,000.

James A. Hopson, Executive Director of the Iowa State University Alumni Association, effective September 1, 1979, at a salary of \$28,000.

Robert J. Krotz, Director of the Iowa State University Achievement Fund, beginning September 1, 1979, at a salary of \$28,000.

MOTION:

Dr. Harris moved the board approve the personnel transactions, as listed herein. Mr. Bailey seconded the motion and it passed unanimously.

RESOLUTION FOR PUBLIC HEARING. The Board Office noted that at the September meeting a resolution was adopted for a public hearing on the project, Electrostatic Precipitator Additions--Induced Draft Fans, to be held at 2:00 p.m., Thursday, October 18, 1979. The university failed to advertise for the public hearing on this project; therefore, the public hearing could not be held.

The board was requested to reschedule the public hearing to be held at the November board meeting. After discussion, it was decided to schedule the public hearing for Friday, November 16, 1979, at 10:00 a.m. in the Board Room, Gilchrist Hall, University of Northern Iowa, Cedar Falls, Iowa.

MOTION:

Mr. Brownlee moved the board reschedule the public hearing for the project, Electrostatic Precipitator Additions--Induced Draft Fans, to be held at 10:00 a.m., Friday, November 16, 1979, at the location noted above. Mr. Bailey seconded the motion and it passed unanimously.

EASEMENT REQUEST FROM CITY OF AMES. The board was requested to approve the granting of an easement to the city of Ames for the construction and operation of underground electric control cables, which is part of the widening of 24th Street and Stange Road project.

The Board Office explained that as a result of this widening project, it will be necessary for the city of Ames to relocate its electric control cable serving the 24th Street substation and the only open route is along the north side of the Schilletter Village area on the Iowa State University campus. The 1979 legislative session appropriated \$125,000 to the Executive Council for the state share of this widening project.

The following items were noted:

- The easement is in the standard form and contains the standard liability clause.
- No cost of the facility to be constructed within the easement shall be assessed or charged to the state of Iowa beyond the appropriated amount.
- Consideration is \$1.00 and the fact that the substation service provides power to the Schilletter Village and University Village facilities.

-- The easement must also be approved by the Executive Council.

MOTION:

Mr. Shaw moved the board approve the granting of an easement to the city of Ames for the construction and operation of underground electric control cables, as part of the widening of 24th Street and Stange Road project. Mr. Bailey seconded the motion and on roll call, the following voted:

AYE: Bailey, Belin, Brownlee, Harris, Jorgensen, Neu, Shaw, Wenstrand, Petersen.

NAY: None.

ABSENT: None.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that the preliminary register for the period of September 15 through October 19, 1979, had been received and was in order. Receipt of the final register would occur at the board meeting and would contain a contract award recommendation on the project, State Gym--Upper Track Resurfacing.

The following construction contracts awarded by the executive secretary were recommended for ratification:

Plant Introduction Station Improvements--Field Headquarters and Seed Processing Laboratory

Award to: Hoffman Construction Co., Ames, Iowa \$248,169.00

The university also submitted an amended project budget on this project which showed this particular award. Total project cost remained at \$350,000.funded by a federal grant.

Visitor Information Booth--Elwood Drive

Award to: Harold Pike Construction Co., Ames, Iowa \$28,468.00

The university also submitted a revised project budget which reflected this contract award. The project cost reduced to \$50,000 from \$59,000 originally estimated.

The following construction contracts were recommended for board approval:

Utilities--Steam Tunnel Improvements--Lighting

Award recommended to: L. A. Fulton and Sons, Inc., Des Moines, Ia. \$ 9,570.00

A public hearing on this project funded from academic revenue bonds was scheduled for the first day of the October board meeting. Following that public hearing, the contract can be awarded.

The university also submitted an amended project budget, showing this recommended award. The project budget remained at \$250,000.

State Gym--Upper Track Resurfacing

Award recommended to: Western Waterproofing Company, Inc.,
West Des Moines, Iowa \$26,300.00

Mr. McMurray orally stated that two bids had been received on this project. In addition, there was a recommendation to waive an irregularity with the lowbid. The contractor originally submitted a bid bond which was not signed by an

Iowa resident agent, but had since replaced the bid bond which is in proper form. A letter of explanation from the bidder was included in the exhibits. The university submitted an amended project budget reflecting this recommended award. The budget level remained at \$30,000.

The board was requested to approve the following new projects:

State Gym--Pool Wall Repair

Source of Funds: Building Repairs \$12,500.00

Dairy Farm--Maternity Barn Repair

Source of Funds: Executive Council Allocation \$68,500.00

It was explained this project is intended to make repairs to the maternity barn located on the Iowa State University dairy farm and to construct a pole building for hay storage because of a severe fire that occurred on September 5, 1979, heavily damaging the maternity barn. The Executive Council had been requested to authorize by resolution a maximum expenditure of \$82,800 to cover costs of this fire: \$68,500 for construction and repairs; \$6,000 for cleanup and temporary cover; \$8,300 for the contents of hay, straw and shavings destroyed in the fire.

The following consultant contracts were presented to the board for approval:

Agronomy Addition

The university requested approval of an agreement with Cost Planning and Management International, Inc. (CPMI), Des Moines, Iowa, as consultants for programming and preliminary planning for the proposed addition to the Agronomy Building. Compensation would be based on hourly rates with a fixed maximum of \$50,850, including reimbursables. Source of funds was the ISU Achievement Fund.

The Board Office indicated that this project had been included for some time in the ten-year building program for the university and would add approximately 136,240 gross square feet and would renovate the existing space. This particular contract, with what is basically a cost consultant, is intended to further define the space needs of the department and develop concept plans to meet those space needs. This work would enable a more refined request on agronomy space needs to be considered as part of the board's capital request beyond the 1980 legislative session.

While noting that the majority of hourly rates listed by CPMI on its schedule of fees were in line, Regent Bailey questioned the hourly fee of \$70.00 per hour for a "construction consultant." Vice President Moore indicated that this represented a principal of the firm; someone in charge of the project. Mr. McMurray stated that most principals' rates are in the range of \$45 to \$50 per hour and suggested that this "construction consultant" could represent the head of the firm and would not be involved in much of the work on the project.

Regent Bailey concluded that the board has to pay close attention to these fees, as increases are a cause of inflation. He added that if questions are not raised, rate levels are established and future fees will be higher. Vice President Moore indicated this was a legitimate question and the university would consult with CPMI on this matter and report back to the board.

Printing and Publications Building Addition

The board was requested to ratify selection of Rudi/Lee/Dreyer Associates, Ames, Iowa, to provide full architectural services on an hourly basis at a maximum cost of \$24,100. The architect's compensation was reported at 6% of the overall project budget of \$600,000. Source of funds for the project is the Facilities Endowment Fund. Hourly rates of the firm were also presented.

MOTION:

Mrs. Belin moved the board approve the Register of Capital Improvement Business Transactions for the period of September 15 through October 19, 1979; ratify awards of construction contracts made by the executive secretary; approve the recommended construction contracts; approve the amended and revised project budgets; approve the new projects; approve/ratify the consultant contracts; and authorize the executive secretary to sign all necessary documents. Dr. Harris seconded the motion and it passed unanimously.

President Petersen then asked board members and institutional executives if there were additional matters to be raised for discussion pertaining to Iowa State University.

SPECIAL MATTER. Regent Wenstrand indicated it was appropriate on his part to recognize personally C. J. Gauger, State 4-H Leader, who was retiring from the Cooperative Extension Service at Iowa State University. He indicated Mr. Gauger has had a tremendous influence on a great number of people during his years of service to the university.

MOTION:

Mr. Wenstrand moved the board express special recognition to C. J. Gauger, State 4-H Leader, upon his retirement. Mrs. Belin seconded the motion and it passed unanimously.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Friday, October 19, 1979.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for the University of Northern Iowa were ratified by the board.

CHANGE OF NAMES FOR GYMNASIA. The university requested board approval of new names for the Men's Gymnasium, which would be changed to West Gymnasium, and for the Women's Gymnasium, which would be changed to East Gymnasium.

The university indicated that reorganization of the Department of Physical Education for Men and the Department of Physical Education for Women into the School of Health, Physical Education, and Recreation made these changes appropriate.

MOTION:

Dr. Harris moved board approval of the following name changes: from Men's Gymnasium to West Gymnasium, and from Women's Gymnasium to East Gymnasium. Mrs. Belin seconded the motion and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that the final register for the period of September 1 through October 5, 1979, had been received, was in order and was recommended for approval.

The board was requested to ratify executive secretary award of the following construction contract:

Steam Distribution Improvements--Division III

Award to: Waldinger Corporation, Des Moines, Iowa \$22,500.00

The Board Office reported that the executive secretary waived an irregularity (low bidder failed to submit specified EEO reporting forms with the bid) since the bidder submitted the specified EEO document prior to award of contract. In addition, this bidder had previously performed work under contract with the board and was on file with the compliance officer.

The board was requested to approve the following action:

Steam Distribution Improvements--Division I

The Board Office reported that on September 20 bids were opened on this project which involved replacing approximately 600 linear feet of 4-inch steamline drain. The project budget was \$21,150. A single bid was received in the amount of \$38,288. It was recommended that the board reject the single bid and authorize the university to proceed to undertake the project by competitive purchase order and use of in-house labor. The university had determined that the work could be undertaken by purchase order for \$9,363.30 and that

miscellaneous cleanup and repair tasks, estimated to cost about \$2,000, could be performed by the plant services labor force at the university.

Regent Harris asked for a clarification as to why there were such large differences among the figures in the original budget, the single bid received and the total for which the university could now do the work. Mr. McMurray stated that the figures were a direct comparison and indicated that the university had conferred with other contractors who had not bid the project to determine if they would be willing to undertake the work, if the university chose not to. Vice President Stansbury added that the single bid had been analyzed and found not to be competitive; therefore, the university was requesting rejection of the single bid.

Regent Bailey commended the university for its action and its austerity in this matter. Vice President Stansbury stated that Thomas Paulson, Director of the Physical Plant, was responsible for this action.

The board was requested to approve two revised project budgets:

Steam Loop #1

The university requests approval of a budget of \$348,000 on this project, which was an increase of \$23,000 from that previously approved. The increase was needed to cover a required increased scope of work to eliminate a significant ground water problem now encountered within the area traversed by the loop. Source of funds for this budget remained excess funds from the coal-fired boiler project.

The university also requested approval of a supplemental agreement with Brown Engineering Company to cover engineering services for elimination of this groundwater problem. This supplemental agreement would provide for the design of an underground gravity drainage system which would be able to accommodate the severe groundwater problem. Fees would be a \$4,000 addition to the original \$26,000 design agreement. The total of \$30,000 engineering fees amounts to about 9% of the \$320,000 budgeted for construction. While this percentage is somewhat higher than normal, it was reported that a greater design effort is required per construction dollar and the projects involved are quite small.

Coal-Fired Boiler Replacement and Auxiliaries

The university submitted an updated budget for the project and included recommendations relative to use of some anticipated balances in that budget, which indicated that there will be \$289,000 in contingencies after certain project approvals contained on this month's register are given. It was indicated that this balance should be more than sufficient to see the project to completion.

The Board Office noted that the board is permitted to fund other utility and remodeling projects from this bond project, because such additional projects were included by reference in the bonding resolution. From time to time, there will be additional recommendations for utilization of any excess funds as the project nears completion.

The board was presented project budgets and descriptions on four new projects:

Steam Vault Improvements

Source of Funds: Coal-Fired Boiler budget

\$78,000.00

It was reported that this project is intended to eliminate hazards in the university steam vaults, as pointed out in an inspection by the Iowa Bureau of Labor, Occupational Safety and Health Division.

Steam Line Replacement--Rider Hall

Source of Funds: Coal-Fired Boiler budget \$20,000.00

The Board Office noted this is an emergency project not funded by the utility appropriations made to the university in the 1979 capital appropriations.

Russell Hall Renovations--Design

Source of Funds: Coal-Fired Boiler budget \$35,000.00

The renovation of Russell Hall was included in the Board of Regents' capital request for this biennium in the amount of \$370,000. This project was not funded, but will be resubmitted for consideration as part of the 1980 capital request. Because of the urgency of this project, it was recommended that funds be allocated for design from the coal-fired boiler budget, which will enable the project to be bid as soon as funds are made available from the 1980 legislative session.

The university also requested permission to negotiate with Durrant Engineers, Madison, Wisconsin, to undertake this design work. It was reported that this firm is undertaking the comprehensive energy conservation and because much of the work in Russell Hall is related in some way to mechanical systems and their potential for energy management, it was recommended that the Durrant Group dovetail its work on energy conservation with the Russell Hall Renovations project.

Energy Conservation Studies--Phase I

Source of Funds: 1979 Capital Appropriations \$40,000.00

The Board Office stated that this project initiates the energy management program at the university in line with the board's prior approval of an agreement with Durrant Engineers for an energy conservation study. The budget will be updated as further contracts are awarded.

MOTION:

Mr. Bailey moved the board approve the Register of Capital Improvement Business Transactions for September 1 through October 5, 1979; ratify the construction contract award made by the executive secretary; reject the single bid received on the Steam Distribution Improvements--Division I project and authorize the university to proceed by competitive purchase order and use of in-house labor; approve the revised project budgets; approve the supplementary agreement with Brown Engineering Company; approve the new projects; authorize the university to negotiate with the Durrant Engineers for the design work on the Russell Hall Renovations project; and authorize the executive secretary to sign all necessary documents. Mrs. Belin seconded the motion and it passed unanimously.

President Petersen then asked 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 Thursday, October 18, 1979.

The following staff persons from the school were present for the afternoon session with the board: C. Joseph Giangreco, Superintendent; Norman DeVine, Assistant Superintendent; Walter E. Hines, High School Principal; Gene Grell, Upper Elementary Principal; Wade Karli, Assistant Principal--Upper Elementary; and Brenda Reelfs, Lower Elementary Principal.

REPORT ON SPECIAL READING PROGRAM PROJECT. The school's written material explained that hearing-impaired children rarely learn to read well, because teachers of the hearing-impaired must rely on methods and materials which have been designed for hearing children.

Superintendent Giangreco introduced Nancy L. Robbins, Title I Reading Consultant, who is currently working at the school to develop methods and materials designed specifically for the hearing-impaired child's language capabilities. Ms. Robbins made a oral presentation to the board on the additions and adaptations to the existing Iowa School for the Deaf reading curriculum in the areas of: reading readiness; beginning reading instruction; content area reading; and remedial and career reading. The board was introduced to special research planned for the year and to the kinds of services offered to parents and teachers to improve reading instruction.

Ms. Robbins explained that the research in reading has been focused on two questions: 1) What makes a winning player in the reading game? 2) Why are some texts easier to read?

With respect to the first question, Ms. Robbins noted that the strategies in making a winning player are usually, first, sound; then recognizing the symbol for that sound; and, finally, receiving the knowledge. She indicated a fluent reader sees the same thing in print that would have been heard orally. A deaf reader is unable to hear the phonics of a word to aid in the learning process of reading.

She stressed the knowledge that the reader brings to the printed material as a reading aid. Part of this knowledge involves real life experiences. Since the deaf reader has limited experiences, part of the learning-to-read process involves introducing experiences. Another factor in this knowledge is providing the right motivation to the deaf reader to ensure that the effort has been worth the goal. Finally, she stressed the importance of promoting a healthy risk behavior in the deaf student.

With respect to the second question, Ms. Robbins explained that some books and materials are better than others. She further explained that she is currently adding signs to a number of existing reading texts for first year reading students to help them through the process of translating print into a form

they can read. She will conduct a pre- and post-test of students on a group of students who will use the signed texts and a group of students who will not use the texts to see if the signed texts improve reading.

In response to a question from Regent Belin, Ms. Robbins explained that the school had to "create" many new books to use in its educational process because signed books are not commercially available due to the limited demand. In addition, other reading consultants could be trained to utilize these materials.

President Petersen received the report on the special reading program project and thanked Ms. Robbins for her work in this area.

REPORT ON MODEL COMMUNITY EXPERIENCE PROGRAM FOR DEAF STUDENTS. The following comments are taken from an oral report to the board by Kurt Knox, Iowa Western Community College Coordinator, regarding aspects of this cooperative program:

In the education of the deaf and hearing-impaired student, the lack of learning experiences with community activities, including work experiences, is a serious hindrance to the transition from secondary training. A major problem faced by deaf youth leaving school to enter the world of work is that they are not ready. Often, they have little understanding of what is involved in being an employee, what competing with hearing peers in a job setting means, and what realistic expectations of income they should entertain. This problem created the need for a model community experience program to enhance the transition from secondary programs into the opportunities to be faced during an individual's postsecondary future.

The Model Community Experience Program for Deaf Students is designed to unite the efforts of the Iowa School for the Deaf, Iowa Western Community College, and AEA XIII in providing an effective and efficient program to aid deaf and other hearing-impaired students in coping with the transition problems following their completion of secondary education. Mr. Knox explained that this cooperative effort allows him to draw upon the expertise of individuals from all three institutions to develop work experience training sites and training site follow-up for selected deaf and hearing-impaired students at the school and from AEA XIII. It also allows Mr. Knox to attend in-service meetings at AEA XIII which keep him abreast of current developments and changes in the vast field of work experience.

He further explained the general aspects of the program. The work experience training and exploration programs involve: Cooperative Education, CETA Work Experience Program, Governor's Youth Opportunity Program, Summer CETA Program, Youth Conservation Corp, Community School Program, Secondary Program in Area Career Education (SPACE), and Quick Step. SPACE is a joint program between ISD and Iowa Western Community College for the purpose of offering vocational education courses to juniors and seniors who indicate a special aptitude or interest in a particular area of study. Quick Step is a joint cooperative effort with Iowa Western Community College which allows eligible ISD juniors and seniors the opportunity to enroll in college-level courses while still in high school.

He stated the goal of the program is to help students accept their deafness and learn to live and work in the complicated twentieth century world. Through classroom and individual instruction, students are briefed on the purposes and functions of the work experience program and what they may expect from it during their high school years. Students learn about the different duties and functions of various jobs and what it means to be part of a minority group and the various positive ways of overcoming their handicap. The importance of acceptable on-the-job behavior and ethics, as it is related to job success and security, are stressed. Students learn the relevance of earning high marks on the student's evaluation forms that are submitted by the employer once a student begins working at a training site.

Another impact of the program is to help the Council Bluffs area business to be more aware of the uniqueness of hearing-impaired individuals and their vocational capabilities. To accomplish this, community awareness seminars have and will continue to be planned and conducted to increase the awareness among business leaders to the myths and misconceptions to employing the hearing-impaired. Mr. Knox felt the discussions and contacts made from these seminars will attract greater community involvement in the work experience program. A recent very positive development is that a new McDonald's in the area is making special plans to have deaf students employed there.

In summation, Mr. Knox explained that the model community experience program is for all students, whatever their post-graduation plans are. He said a well-designed, well-staffed work experience program helps students grow emotionally through a program which combines training, counseling, and actual employment situations. A "preventive" program of this kind, which exposes students to problems encountered in the outside world while they are still in school, develops them into more mature individuals.

Regent Wenstrand asked about the response of the community to this program. Mr. Knox stated he has been well received in the business community, when he has the opportunity to explain what the program attempts to accomplish. In response to a question from Regent Belin, Mr. Knox explained this is a brand new program which tries to place those students who could benefit most. The program is still growing. At this time, there is an opportunity for any student (with parent permission) to participate with the necessary adjustment in schedule. Regent Belin asked how the students get to the job sites. Mr. Knox answered that he transports the students at this time, but there is a possibility of hiring a driver through a CETA grant.

In response to a query from Regent Belin, Mr. Hines explained that the students are highly motivated and most of the students manage their jobs and their classwork. In response to a question from President Petersen, Mr. Knox explained that the students are rotated on the job sites to enable them to receive a number of different experiences.

President Petersen expressed the hope that the deaf students would not be exploited in this venture. Mr. Knox agreed fully and explained that when a student is placed on a job, there is a training agreement. He said a student can be removed from the training site for several reasons: employee and/or employer expectations are not met or personality conflicts with the situation. He explained he would not hesitate to remove a student from the program if it

was not working for the benefit of everyone. Mr. Hines concluded that the program is flexible to take into consideration the needs of each child.

President Petersen received the report on the Model Community Experience Program for Deaf Students on behalf of the board. She indicated this was a very exciting program.

SPECIAL EDUCATION PROGRAM--SEQUENCE OF MAINSTREAMING ACTIVITIES. The following comments are taken from written material presented to the board in the docket book. Additional comments and explanations were made during the board meeting by Norman DeVine on the mainstreaming efforts.

Iowa School for the Deaf (ISD) is operating its program in a manner that enables its students to participate in programs with non-handicapped students to the maximum extent appropriate to the individual needs of the student. ISD has been involved in the development of a cooperative arrangement with the Council Bluffs school system, the Lewis-Central school system, the local area education agency, and Iowa Western Community College to enable its students to participate in the regular school program for all or part of the school day.

Integration

During the 1978-1979 school year, the school's preschool program in cooperation with the local area education agency integrated hearing-impaired preschoolers with their hearing peers. This program operated on a weekly basis with attendance being at both the preschool hearing program and on the campus at ISD. Neither the area education agency nor ISD nor many parents were satisfied with the program.

The program is multi-categorical, which means that the hearing-impaired students are "integrated" with the mentally retarded, orthopedically-handicapped, visually-handicapped, etc.

A series of meetings with area education agency personnel have been held since school began this fall to formulate plans for a Model Preschool Program for the area. The preschool program will be a cooperative program between the area education agency and ISD, where the level of commitment to this program is high. The funds are received through the Department of Public Instruction and would go to Lewis-Central.

Mainstreaming

Students with the desire and ability are encouraged to integrate in classes at Lewis-Central school (a public school adjacent to the ISD campus) and at Gunn School, which was established this fall as a part of the Council Bluffs school system. ISD students have enjoyed good success in classes at Lewis-Central.

Quick Step

Quick Step is a joint cooperative effort with Iowa Western Community College which allows eligible ISD juniors and seniors the opportunity to enroll in college-level courses while still in high school. The purpose of the program is to provide those students with college or postsecondary education aspirations and abilities the opportunity to sample college-level training prior to high

school graduation. With this training, students will be better prepared for future college-level training or for employment in a field following graduation.

SPACE

SPACE (Secondary Programs in Area Career Education) is a joint program between ISD and Iowa Western Community College for the purpose of offering vocational education courses to juniors and seniors who indicate a special aptitude or interest in a particular area of study. The purpose of SPACE is to give the students an opportunity to further explore or obtain additional or advanced skills that will lead to employment in that area after leaving school or better prepare them for further education in that area.

The school presented the following summary capsulizing progress to date on the mainstreaming effort:

High School

Specific information was provided on the number of students involved in the various exchange programs between Iowa School for the Deaf, Iowa Western Community College, and Lewis-Central.

Upper Elementary

Due to the large influx of hearing-impaired students from the public schools and area education centers in this educational level, the school is hesitant to integrate these students into hearing classrooms again too quickly. It is felt that the residential change from the home environment to the dorm situation is enough to handle without compounding the situation by adding a new school setting at the same time. A deaf/blind resource room has opened up opportunities for visually-impaired students to be reversely integrated with other visually-handicapped peers, while still being integrated in regular deaf classes. Further specific information was reported on participants during the last few years.

Lower Elementary

Information was provided about participants in both the preschool programs at the Christian Home's Child Development Day Care Center and the elementary program with the Council Bluffs school system.

Finally, extracurricular activities (such as scouts, student council, and athletics) are also operated in an integrated manner which further maximizes the opportunity for social integration with non-handicapped students.

During his comments to the board, Mr. DeVine expanded on the mainstreaming efforts being made by the school. He explained that Iowa School for the Deaf recognizes its obligations to operate its program to the maximum extent appropriate to meet student needs. He added that the Office of Civil Rights and the federal government, in general, strongly insist that handicapped students have an interaction with normal students.

Further discussion ensued with board members, ISD personnel and Board Office staff on: the preschool program and the capabilities for its funding; 89-313 (Title I) funds; Public Law 94-142 and its funding and program conditions; and the annual reviews and staffings completed, per the agreement with the Department of Public Instruction, the area education agencies and the Board of Regents.

President Petersen inquired if there is less trauma in the flows of students back and forth during the mainstreaming "process." Mr. DeVine answered yes. He further explained that a more positive dialogue has developed during this year between the agencies involved in the mainstreaming effort.

Regent Belin added that in the abstract, mainstreaming is a "beautiful concept," but it does not always work "in the real world." President Petersen noted that if the best effort is put forward to make the concept succeed, the students will be served.

President Petersen received the report on mainstreaming efforts on behalf of the board.

SLIDE PRESENTATION. The board viewed a slide show about Iowa School for the Deaf which had been produced by Ramona Crookham, Director of the Child Study Center, and Barb Bele, an audio-visual technician. Some of the themes covered in the slide presentation were:

- the history of the school;
- the various services provided by the school, including guidance and counseling, career awareness, and medical care;
- the educational directions stressed in the lower elementary, upper elementary, high school, and career education programs;
- dormitory living;
- interscholastic athletics with the "hearing world;"
- various activities provided at the school, including coffees, extra-curricular activities (Boy Scouts, Girl Scouts, 4-H, Y-Teens, etc.), leisure-time activities.

Superintendent Giangreco noted that Dale Hovinga, Administrative Aide, had taken most of the pictures used in the slide show. He added that the presentation will be taken "on the road" for area education agency directors to view.

President Petersen thanked the school for allowing the board to view the slide presentation.

COMMUNICATION DEVICES USED BY DEAF PERSONS. The board moved to an area in which various types of communications devices used by deaf persons to communicate by telephone were set up. Board members were encouraged to participate in the demonstration. A TTY was the main piece of equipment demonstrated.

Mr. Hovinga indicated that Northwestern Bell Telephone Company is in the process of determining which piece of communications device to market for deaf persons. Mr. Hines added that it is important to bring the cost of these devices down so that individual families can afford the equipment.

Mr. Hovinga reported the following informational items on the communications equipment: Equal access is a major obstacle to overcome with phone service

to deaf persons; a special section in telephone directories is being planned to indicate persons with this specialized communications equipment; charges for telephone service need refinement.

There was further discussion on:

- The quality of interpreters and the fees charged by these persons. In this regard, it was noted that interpreters are provided without charge in federal and state courts; but in most other cases, deaf persons have to hire their own interpreters.
- The communications education program at Iowa School for the Deaf. Mr. Hovinga mentioned that the school is the first to have this kind of program in its curriculum. It was noted that all forms of communication are utilized within the course.

President Petersen thanked the school for its demonstration of communications equipment for the deaf.

REPORT ON STATUS OF BOARD OF REGENTS EVALUATION COMMITTEE. Superintendent Giangreco made an oral presentation on this matter at the board meeting responding to a point-by-point summary of all recommendations made regarding ISD. Most of the recommendations have been implemented. Yet to be implemented, however, is a comprehensive policy on the operation of the health service and the recommendation on the multi-handicapped. In addition, Superintendent Giangreco presented specific information in written form. This information is on file in the Board Office.

The following concerns were expanded upon by Superintendent Giangreco during his remarks to the board:

Multiply-Handicapped Students

There are 40 severely-handicapped students presently on the ISD campus. All aspects of their program--housing, classrooms, and curriculum--need to be addressed. There are some major problems in mainstreaming these multiply-handicapped students with normal deaf children because a complete restructuring of the entire environment is necessary.

It was noted that a major concern was adequate housing for the multiply-handicapped. Superintendent Giangreco stated that there is some space on campus that the school might be able to use for solution of this problem. He said the school would prefer building cottages for these special students, but the board rejected this idea because of the costs. Mr. Richey indicated that previous discussion revealed the cost for three cottages would be about \$900,000. Each cottage would hold 12 students. As to why these had not been planned for, Mr. McMurray indicated the master plan survey only studied existing, not future space needs. Mr. Richey added that the school would have to have firm figures on any proposed construction of these cottages within nine months, when the board will discuss the budget development for the 1981-1983 biennium.

Regent Bailey expressed caution in approaching this cottage arrangement for the multiply-handicapped student because of federal law conditions which require these students to be mainstreamed. Superintendent Giangreco agreed and added it would be the school's intent to get the students back into the mainstreaming program.

Regent Harris asked how many severely-handicapped students could the school have in five to ten years. Superintendent Giangreco indicated that it could be as many as 100 to 150. He added that more referrals are being received all the time. President Petersen inquired as to whether the school could serve that increased number of students with adequate support and staffing. Superintendent Giangreco answered yes. He noted that when parents see the program at the school, they are very happy with it.

Superintendent Giangreco expressed great concern over any budget cuts in the following areas:

Mainstreaming

Superintendent Giangreco stated that across the state the agreement with DPI and the area education agencies is working very well. He explained the ISD administration is totally dedicated to mainstreaming the student whose needs can be mainstreamed. With Lewis-Central's and Iowa Western's cooperation, the program can work. Now questions are being raised by Area Education Agency XIII regarding who will pay for the mainstreaming. They are saying that ISD should pay for this program with Title I funds. Also, the Department of Public Instruction is saying they will not have money to fund the Parent-Infant Workshop next year.

President Petersen expressed the need for further study of the needs of the multi-handicapped and the need to get some outside people to work on the study. Regent Belin suggested that the advisory committees and professionals at the universities could help with this matter. Mr. Richey indicated this entire subject will come up in the near future.

Houseparents

Superintendent Giangreco reported that the houseparent situation is critical. The evaluation committee brought up this issue. The school has come a long way, but needs to offer better salaries for this awesome responsibility. He added that Iowa Western has developed a program to train persons, but the school must be able to match these training efforts with better salaries. There was further discussion about people who serve as houseparents, the current salary situation for houseparents, the current number of houseparents, and the particulars of the shifts worked by houseparents.

Extra Programs

Superintendent Giangreco mentioned the SPACE program and the Parent Assistance Program as being very costly to the school. He reiterated that the budget for these special services cannot be cut, because some of the programs are mandated by law.

President Petersen asked if the school would be in a deficit position. Superintendent Giangreco answered no, but it would be tight. He explained that these are all programs that the school has acted on in response to the evaluation. In fact, some programs have gone beyond the recommendations.

Mr. Richey asked about the school's health policy and health service. Superintendent Giangreco answered that this is one area in which he felt the school was strong. He stated the general health of the children was excellent. In response to a question from President Petersen, Superintendent Giangreco stated that the multiply-handicapped students put an extra load on the health service. Superintendent Giangreco said the school is developing a comprehensive health center policy and will bring it to the board in the near future.

In concluding the afternoon session, President Petersen explained that this evaluation process is on-going. She hoped the presentations informed the board about the current standing on these issues. With regard to needed solutions in the problem areas, she asked whether the school could use some outside help. Superintendent Giangreco explained that some university people have already helped. He expressed appreciation to the board and the Board Office staff who have been working with the school on these issues.

President Petersen received the report on the status of the Board of Regents' Evaluation Committee recommendations on behalf of the board.

TOUR OF FACILITIES. Board members and Board Office personnel toured a portion of the Iowa School for the Deaf facilities, including the Lower Elementary Education Building, the High School Building, and the girls' and boys' dormitories.

The following business pertaining to the Iowa School for the Deaf was transacted on Friday, October 19, 1979.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for Iowa School for the Deaf for the month of September 1979 were ratified by the board.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. It was reported that the Register of Capital Improvement Business Transactions for the month of September 1979 had been received, was in order and was recommended for approval.

The register contained a single entry involving the project, Exterior Renovation and Roof Repairs, 1977-1978. It was reported that contracts had now been completed on this project, which involved repairs to the roofs of both Primary Hall and the Main Building and masonry wall repairs and ventilator removal on the Main Building. Total project cost was noted at \$212,974.23. The project had been funded from operating RR&A, a transfer of excess unemployment compensation funds, and from a \$50,000 allocation of 1978 capital appropriations.

MOTION:

Mr. Bailey moved board approval of the Register of Capital Improvement Business Transactions for September 1979. Mrs. Belin seconded the motion and it passed unanimously.

President Petersen asked board members and institutional executives if there were additional matters to be discussed pertaining to Iowa School for the Deaf. There were none.

On behalf of the board, President Petersen thanked Superintendent Giangreco for the hospitality and fine accommodations provided by the school for this board meeting.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Friday, October 19, 1979.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for September 1979 were ratified by the board.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The board was requested to approve the capital register for September 1979, which included the following transactions:

Enclosed Walkway from Rice Hall to the Gymnasium

It was reported that bids were taken on this project for the second time on September 18. By letter dated September 28, the board had been polled relative to award of contract to the low bidder. Since no objections were received, the contract had been awarded, as follows:

Award to: B. A. Westbrook Construction Co., Inc., Marion, Iowa	<u>\$132,844.00</u>
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The board was requested to ratify this action.

The school submitted for board approval the following revised project budgets on a number of projects which were currently underway:

Fire Safety Improvements

Originally, the board allocated \$100,088 from discretionary capital appropriations to eliminate fire safety deficiencies pointed out in the 1976 Fire Marshal's inspection of facilities at the school. This allocation was later supplemented by a line-item appropriation of \$150,000 from the 1977 legislature session. It was reported that all those improvements and deficiencies have now been completed and the sum of \$42,003.29 remains from the discretionary allocation. It was recommended that the board approve transfer of this amount as partial funding for the Enclosed Walkway project.

1977-78 Renovations/Remodeling--Phase I

This project involved repair of guttering on the Main Building, renovation of the dining room on the first floor of the Main Building, Phase I relocation of administration offices in the Main Building, and renovation of the instructional materials center/production center on the second floor of the Main Building. Funding is from a combination of operating funds and a portion of the 1977 capital line-item for remodeling and renovation.

The following items were noted for board attention on this project:

- The budget was reestablished at \$193,407.39.
- Several change orders were submitted for action.
- The contract with Berry-Mahurin was recommended for acceptance.

Phase II Capital Renovations, 1977-79

It was reported that this budget was established now at \$120,110 funded, in part, from the 1977 line-item appropriation for remodeling and renovation. Undertaken

to date on this project is the Phase II Administrative Office Relocation in the Main Building.

Enclosed Walkway

This budget was established at \$139,000 funded, in part, from fire safety balances and utilization of the remainder of the line-item appropriation. It was reported that this will leave a deficit of \$19,756.05 to be made up from sales tax refunds on outstanding contracts and from 1979-1980 Building Repairs funds, which would be utilized only if there is a difference between final budget and the sales tax refund receipts.

The Board Office reported that these four budgets totally expend all capital appropriations made to the school by legislative sessions prior to the 1979 Session.

MOTION:

Mr. Bailey moved board approval of the Register of Capital Improvement Business Transactions for September 1979, ratify the contract award for the Enclosed Walkway project; approve the four revised project budget transfers; and authorize the executive secretary to sign all necessary documents. Mrs. Belin seconded the motion and it passed unanimously.

RENEWAL OF AGREEMENT WITH VINTON AQUATIC CLUB. The board was requested to approve a renewal of the facilities use agreement between Iowa Braille and Sight Saving School and the Vinton Aquatic Club. The renewal covers the period from October 18, 1979, through April 3, 1980, for a fixed fee of \$520.

The Board Office explained the following about the renewal agreement:

- For many years the Vinton Aquatic Club has used the school's pool and locker room areas. The use will include an evening period once a week, early morning workouts and one Saturday for a competitive meet.
- The previous year's fixed fee was \$480.
- Under a long-standing agreement, the Club will insure, at its own cost, against personal injury up to \$300,000 for each occurrence and \$50,000 for property damage.
- The school's pool is the only indoor public pool in the Vinton community and currently is completing a comprehensive renovation, the first since it was constructed in 1941. Cost of the renovation is \$300,000 and includes a new filtration system, chlorination system, heating system, air handling system and pool tile repair.

Mr. Richey indicated he had asked the school to raise the liability limit on the insurance policy to \$500,000. Regent Bailey asked who the insured is and Business Manager Berry explained that the policy states Iowa Braille and Sight Saving School and the State Board of Regents.

Regent Bailey asked with the increased expenditure of \$300,000 for renovation, could this be considered a reason for increasing the fee. He also indicated that the rate increase for this renewal year hardly covered inflation.

In the docket material provided, the Board Office indicated that the school will monitor carefully pool utility costs this year, subsequent to renovation, to assure that in any future renewal of this facilities use agreement, any revised costs for utilities will be known and may be considered in setting the fixed fee.

MOTION:

Mr. Bailey moved the board approve the facilities use agreement renewal between Iowa Braille and Sight Saving School and the Vinton Aquatic Club for the period October 18, 1979, through April 3, 1980. Dr. Harris seconded the motion and it passed unanimously.

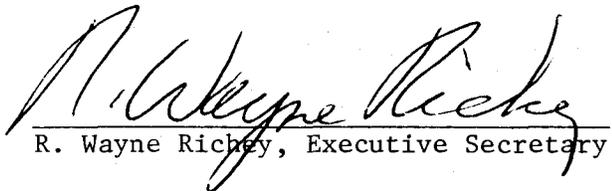
President Petersen than asked board members and institutional executives if there were additional matters to be raised for discussion pertaining to the Iowa Braille and Sight Saving School.

ITEMS OF INFORMATION. Superintendent DeMott reported three information items to the board:

- The school had received a visit from Ronald Mosher, State Comptroller, Larry Purdue and Eldon Sperry from the State Comptroller's Office, and Dennis Nagel from the Governor's Office. Superintendent DeMott reported the visit was very cordial.
- The school had received a visit from Ann Geraghty of the Bureau of Education of the Handicapped as part of the state audit. During the visit, it was indicated there was some problem with the Individual Education Programs in identifying what the child's program is and not having time to deliver the program. Superintendent DeMott noted attempts are being made to solve the problem.
- Finally, Superintendent DeMott announced that the Department of Public Instruction had certified him to teach and to administer in the state of Iowa.

President Petersen congratulated Superintendent DeMott on obtaining Department Public Instruction certification.

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 3:55 p.m., Friday, October 19, 1979.


R. Wayne Richey, Executive Secretary