

The Board of Regents, State of Iowa, met on Wednesday and Thursday, February 18 and 19, 2004, at the University of Iowa, Iowa City. The following were in attendance:

	<u>February 18</u>	<u>February 19</u>
<u>Members of the Board of Regents, State of Iowa</u>		
Dr. Newlin, President	All sessions	All sessions
Dr. Arbisser	All sessions	All sessions
Ms. Rokes	All sessions	All sessions
Dr. Becker	All sessions	All sessions
Mr. Downer	All sessions	All sessions
Mr. Forsyth	All sessions	All sessions
Mr. Neil	All sessions	All sessions
Ms. Nieland	By telephone	By telephone
Dr. Turner	All sessions	All sessions
<u>Representing the Office of the Board of Regents at the Board Table</u>		
Executive Director Nichols	All sessions	All sessions
Director Barak	All session	All sessions
Director Elliott	All sessions	All sessions
Assistant Director Newell	All sessions	All sessions
Minutes Secretary Briggie	All sessions	All sessions
<u>Representing the State University of Iowa at the Board Table</u>		
President Skorton	All sessions	All sessions
Interim Provost Cain	All sessions	All sessions
Vice President True	All sessions	All sessions
<u>Representing Iowa State University at the Board Table</u>		
President Geoffroy	Arrived at 3:30 p.m.	Excused at 1:50 p.m.
Provost Allen	Arrived at 3:30 p.m.	Excused at 1:50 p.m.
Vice President Madden	Arrived at 3:30 p.m.	Excused at 1:50 p.m.
<u>Representing the University of Northern Iowa at the Board Table</u>		
President Koob	Arrived at 3:30 p.m.	All sessions
Provost Podolefsky	Arrived at 3:30 p.m.	All sessions
Vice President Schellhardt	Arrived at 3:30 p.m.	All sessions
<u>Representing the Iowa School for the Deaf at the Board Table</u>		
Superintendent Prickett	Arrived at 3:30 p.m.	Excused at 1:50 p.m.
Director Heuer	Arrived at 3:30 p.m.	Excused at 1:50 p.m.
<u>Representing the Iowa Braille and Sight Saving School at the Board Table</u>		
Superintendent Thurman	All sessions	Excused at 1:50 p.m.
Director Woodward	Arrived at 3:30 p.m.	Excused at 1:50 p.m.

THE CORRESPONDING DOCKET MEMORANDUM FOR
EACH AGENDA ITEM IS AVAILABLE ON THE
BOARD OF REGENTS WEBSITE AT:

www.state.ia.us/educate/regents

COPIES OF THESE MEMORANDA CAN ALSO BE
OBTAINED FROM THE BOARD OFFICE
BY CALLING 515/281-3934.

BOARD OF REGENTS, STATE OF IOWA

The following business was transacted on Wednesday, February 18, 2004, beginning at 10:30 a.m.

EXECUTIVE SESSION. President Newlin requested that the Board meet in closed session pursuant to Iowa Code §21.5(1)(i) to discuss issues related to an employee's performance.

MOTION: Regent Turner moved to enter into closed session. Regent Becker seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 10:32 a.m. on February 18, 2004, and adjourned therefrom at 12:01 p.m. on that same date.

President Newlin reconvened the meeting at 1:20 p.m.

MEETING OF THE BOARD OF REGENTS, STATE OF IOWA, AS THE BOARD OF TRUSTEES OF THE UNIVERSITY OF IOWA HOSPITALS AND CLINICS.

President Skorton provided opening remarks and then introduced Director Katen-Bahensky.

Director Katen-Bahensky introduced Jennifer Niebyl, Professor and Head of the Department of Obstetrics and Gynecology, and Edward Bell, Professor of Pediatrics and Director of Neonatology.

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Professors Niebyl and Bell presented information on the Maternity Center and Neonatal Intensive Care units prior to Board members touring the new facilities. Slides of their PowerPoint presentation are attached to these minutes (Attachment A).

Discussion followed regarding the number of patients served by the two other neonatal intensive care units within the state; mortality rate of infants served by community-based neonatal intensive care units versus referral center neonatal intensive care units; and, the improved survival rate of infants born at 23 weeks gestation compared to those born at 22 weeks gestation.

Following the tour, Regent Turner expressed appreciation for the planning and collaboration between the units and departments. She said the facility will be a great addition for patients.

Regent Becker stated that, as a director of special education, she appreciated the University's ability to help very tiny babies survive and thrive.

Director Katen-Bahensky discussed the receipt of nursing magnet hospital designation by the University of Iowa Hospitals and Clinics, and provided a PowerPoint presentation of the Director's report for the previous quarter (Attachment B).

In response to a comment by Regent Neil about the availability of DVD players in the maternity center, Director Katen-Bahensky stated that many of the DVD players and other amenities are purchased through the Children's Miracle Network. She said the University of Iowa's dance marathon held in support of the Children's Miracle Network, which is the largest student-run philanthropic activity in the state, raised more than \$625,000. Iowa State University's dance marathon raised over \$100,000 for the Children's Miracle Network.

MOTION: Regent Downer moved to express the Board's appreciation to the leadership of the student dance marathons at both the University of Iowa and Iowa State University. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Downer suggested that the media could assist in informing the public about the great work of the student dance marathons, which may help the events to grow even further.

President Newlin asked for a motion recognizing the receipt of nursing magnet status by the University of Iowa Hospitals and Clinics.

MOTION: Regent Neil moved to congratulate the University of Iowa Hospitals and Clinics for receipt of nursing magnet hospital status. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

Associate Director Rice presented the quarterly update on operations and programs (Attachment C). She referred to a previous request by the Board to be provided with information on employee vacancy rates and turnover rates. University Hospitals officials requested to be able to track the data for a few more quarters before they are added to the institutional score card. She noted that the operating margin had declined from last year and had fallen significantly short of the benchmark.

Associate Director DeFurio presented the quarterly update on finances (Attachment C). With regard to the operating margin, he stated that senior and middle management are working hard to implement improvement plans for expense reduction and revenue enhancement to achieve at least a 1-1/2 percent margin by the end of the fiscal year.

Per the Board's request at its previous quarterly meeting, University of Iowa Hospitals and Clinics officials presented a briefing about the Health Insurance Portability and Accountability Act (HIPAA) (Attachment D).

Discussion followed regarding the cost to comply with HIPAA. Regent Forsyth said it would be helpful to keep track of the HIPAA costs and savings because the legislation was promoted as being cost effective.

President Newlin thanked University officials for the report.

ACTION: President Newlin stated the Board received the quarterly report on the University of Iowa Hospitals and Clinics, by general consent.

APPROVAL OF MINUTES OF BOARD MEETING OF JANUARY 14, 2004.

President Newlin asked if there were any additions or corrections to the minutes, other than those which had been submitted prior to the meeting.

Executive Director Nichols stated the Board Office is making an effort to streamline the Board's meeting minutes process and to make the minutes more succinct. In the past, the practice has been to capture in the minutes the conversations that occur during Board meetings. He said it would be helpful if Board members would so state if there are particular comments that he/she wishes to be included in the official record.

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ACTION: President Newlin stated the Board approved the minutes of the January 14, 2004, meeting, as revised, by general consent.

President Newlin introduced newly-appointed Regent Jenny Rokes who was attending her first meeting; Thomas Evans, Director of Human Resources and Legal Affairs at the Board Office effective March 29, 2004; and Marilee Mitchell, Administrative Assistant for Business and Finance at the Board Office.

President Skorton introduced Provost-Designate Michael J. Hogan whose appointment was included on the University of Iowa's personnel register.

CONSENT ITEMS. (a) Board Meetings Schedule. Approval of the Board meetings schedule was requested.

(b) Institutional and Board Office Personnel Transactions. Ratification of the following personnel transactions was requested. *University of Iowa:* Register of Personnel Changes for December 2003 and January 2004 which included the appointment of Michael J. Hogan as Provost, effective July 1, 2004, at an annual salary of \$260,000. *Iowa State University:* Register of Personnel Changes for January 2004. *University of Northern Iowa:* Register of Personnel Changes for January 2004. *Iowa School for the Deaf:* Register of Personnel Changes for November 2004. *Iowa Braille and Sight Saving School:* Register of Personnel Changes for November and December 2003 and January 2004. *Board Office:* Appointment of Thomas A. Evans, Jr., as Director of Legal Affairs and Human Resources, effective March 29, 2004, at an annual salary of \$98,500.

(c) Approval of Vendors with a Potential Conflict of Interest. Approval was requested of the following additions to the respective institution's list of approved vendors with a potential conflict of interest: *University of Iowa:* Aubey & Enzle, L.L.P., Campus Crusade for Conservation, Inc., Laurel Farrin, Firefly Communications & Design, LLC, FlowerPower, William Mentor dba Will Mentor, Inc., Owen Rehnblom Construction, ValuCon, Inc., and Darvin Yoder. *Iowa State University:* Lana Pavlik.

(d) Post-Audit Reports, Master of Public Health and Bachelor of Science in Applied Physics, University of Iowa. Approval was requested to receive the post-audit reports from the University of Iowa and to refer the reports to the Interinstitutional Committee on Educational Coordination and the Board Office for review.

Regent Becker asked that the University of Iowa's post-audit report of the Bachelor of Science in Applied Physics be separated from the consent docket for discussion.

Regent Downer asked that the vendors with a potential conflict of interest be acted on separate from the consent docket because he had a potential conflict of interest with one of the vendors.

MOTION: Regent Becker moved to approve the consent docket, with the exception of the vendors with a potential conflict of interest and the University of Iowa's post-audit reports. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Downer moved to approve the following additions to the respective institution's list of approved vendors with a potential conflict of interest: *University of Iowa*: Aubey & Enzle, L.L.P., Campus Crusade for Conservation, Inc., Laurel Farrin, Firefly Communications & Design, LLC, FlowerPower, William Mentor dba Will Mentor, Inc., Owen Rehnblom Construction, and Darvin Yoder. *Iowa State University*: Lana Pavlik. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Neil moved to approve the addition of ValuCon, Inc., to the University of Iowa's list of approved vendors with a potential conflict of interest. Regent Arbisser seconded the motion. MOTION CARRIED WITH REGENT DOWNER "ABSTAINING".

Regent Becker addressed the post-audit report of the Bachelor of Science in Applied Physics at the University of Iowa. She said it appeared that the number of students enrolled in the program was not as high as had been predicted at the time the program was approved.

President Skorton responded that the action being requested this month was to refer the matter to the Interinstitutional Committee on Educational Coordination and the Board Office.

Regent Forsyth asked that the review address graduation rates for both the Bachelor of Science in Applied Physics and the Master of Public Health.

MOTION: Regent Becker moved to receive the post-audit reports from the University of Iowa and to refer the reports to the Interinstitutional Committee on Educational Coordination and the Board Office for review, with the understanding that the issues of enrollment and graduation rates would be addressed. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

REVISIONS TO POLICY MANUAL.

Assistant Director Newell presented the Board Office recommendation.

MOTION: Regent Neil moved to approve for final reading and publication editorial changes to Board of Regents Policy Manual §1.03E: Governance Reports. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.

Associate Director Racki presented the Board Office recommendation.

MOTION: Regent Becker moved to approve the leases for the benefit of the institutions as summarized below: University of Iowa— Lease renewals with Pharmacom Corporation, Applied Fullerene, Innovative Software Engineering, and Market Technology Systems for their use of business incubator space at the Oakdale Research Park; Farm lease renewals with Tom Williams and Scott Ogden for their use of University farm land at the Hawkeye Farm and Oakdale Farm in Johnson County, Iowa; Lease renewal with the International Machinist Union Local Lodge in West Burlington, Iowa, for the University's use of office space for a research survey. Iowa State University— Lease extension with the ISU Research Park Corporation for the University's use of office space in Ames for the Center for Transportation Research and Education. Regent Turner seconded the motion, and upon the roll being called, the following voted:

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AYE: Arbisser, Becker, Downer, Forsyth, Neil,
Newlin, Nieland, Rokes, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

PUBLIC RADIO STATIONS. (a) Special Report.

Assistant Director Gonzalez began the presentation (Attachment E) of the special report which was in response to the Board's request in September for information on current and future collaborative efforts among the public radio stations. She introduced Bill McGinley, General Manager of WOI Radio, John Hess, General Manager of KUNI Radio, and Steve Parrott, Director of University of Iowa Relations.

Mr. McGinley addressed the collaborative efforts. Mr. Hess addressed the major accomplishments. Director Parrott addressed the strategic planning activities and critical concerns. He also expressed appreciation to Assistant Director Gonzalez for assisting with the strategic planning effort.

Assistant Director Gonzalez concluded the presentation by addressing future issues.

Regent Forsyth commended Iowa State University for eliminating all institutional general fund support to WOI Radio, and commended the institutions for their collaborative efforts. He acknowledged that the other two universities have begun to reduce the general fund support to their public radio stations. With regard to the integrated strategic plan, he said he hoped there would be an effort to achieve economies of scale where those are available, and that a year from now another report will show that great progress was made over the year.

ACTION: President Newlin stated the Board received the special report of the Regent university public radio stations, by general consent.

(b) WOI Radio Expanded Service – South Central Iowa.

Vice President Madden presented Iowa State University's request.

MOTION: Regent Becker moved to (1) approve Iowa State University's request to purchase KIIC-FM radio, including its license and assets, in Osceola for an amount not to exceed its appraised value. (2)

Authorize Iowa State University to submit a Letter of Intent to the seller describing the general terms of the offer. (3) Authorize Iowa State University to pursue due diligence if the Letter of Intent is accepted. (4) Authorize Iowa State University to submit an Asset Purchase Agreement to the seller for an amount not to exceed the appraised value. (5) Authorize Iowa State University to submit the necessary paperwork to the Federal Communications Commission (FCC) regarding the license transfer. (6) Authorize Iowa State University to begin discussions with Public Radio Capital for the purchase of the physical plant and a lease arrangement that enables WOI to operate the station. (7) Authorize WOI Radio to use the Board of Regents master lease for an amount not to exceed \$270,000 for up to five (5) years, subject to Banking Committee approval, to assist in financing until grants and community support are obtained. Regent Forsyth seconded the motion. MOTION CARRIED UNANIMOUSLY.

ACCREDITATION REPORTS, UNIVERSITY OF IOWA.

Dean Merchant provided an overview of the accreditation report for the College of Public Health.

Alec Scranton, Professor of Chemical and Biochemical Engineering, described the accreditation process for the College of Engineering and its six engineering programs. Professor Scranton indicated that the College is required to submit interim reports for the Electrical Engineering and Mechanical Engineering programs related to outcomes assessment.

Discussion followed regarding collaboration between the Colleges of Engineering at the University of Iowa and Iowa State University, adding value for the students, and what engineering programs are offered at the University of Iowa that are not offered at Iowa State University.

President Skorton expressed his belief that greater collaboration could take place in areas of undergraduate engineering in the interest of individual students.

Professors Helena Dettmer and Kenneth Mobily provided an overview of the accreditation report of the Bachelor of Science in Leisure Studies.

ACTION: President Newlin stated the Board received the following accreditation reports from the University of Iowa, by general consent: College of Public Health, College of Engineering (Biomedical Engineering, Chemical Engineering, Civil Engineering, Electrical Engineering, Industrial Engineering, and Mechanical Engineering), and Bachelor of Science in Leisure Studies.

APPROVAL OF BOARD 2004-09 STRATEGIC PLAN.

To reflect all of the Regents' revisions to the strategic plan draft made during the January meeting, Executive Director Nichols recommended adding the words "and socioeconomic status" to performance indicators 1.1.2.2 and 1.1.2.4, in addition to the revisions incorporated in the most-recent draft. He then thanked institutional staff and institutional heads for their work with the Board Office over the past year on this project. He asked to pay particular tribute to Deb Hendrickson and Barb Boose of the Board Office.

President Newlin expressed his appreciation to everyone, including Executive Director Nichols and the Board members of the Strategic Planning Priority Study Group.

MOTION: Regent Downer moved to approve the Board's 2004-09 strategic plan. Regent Turner seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF REVISED FY 2004 BUDGETS.

Executive Director Nichols provided background on the need to approve revised FY 2004 budgets. On October 10, Governor Vilsack ordered a 2.5 percent across-the-board cut in state spending based on reduced state revenue estimates as forecasted by the Revenue Estimating Conference. In November 2003, the Regent institutions and Board Office proposed plans to address total budget reductions of \$18.9 million due to state appropriations reductions of \$15.5 million and other revenue reductions of \$3.4 million. This month, the institutions and the Board Office presented detailed, revised FY 2004 budgets for approval. The proposed reductions were consistent with plans presented to the Board in November.

President Skorton provided a PowerPoint presentation (Attachment F) of the University of Iowa's revised FY 2004 budget.

Regent Forsyth asked that the institutional heads address the impact of the budget cuts on quality.

President Skorton responded that the University of Iowa has lost tenure-track faculty in the College of Liberal Arts. Class sizes have increased. The University's lean administrative structure is even leaner. He said the overall quality in terms of content remains excellent because of the University's commitment to excellence. Students and parents are bearing a larger burden of the educational cost. Health care is funded primarily by non-state funds so that area of the University has not suffered as much.

Regent Becker addressed losses to the University of Iowa's service mission. For example, the Center for Disabilities and Development has reduced and/or indefinitely suspended patient care programs in the areas of behavior disorders, assistive technology, clinical outreach, tele-consultation, patient intake and care coordination functions by \$163,161. As a Special Education Director, she looks to the Center for Disabilities and Development for assistance, which also illustrates a link between K-12 education and the universities. She stated that citizens are losing services.

President Skorton said the University of Iowa experienced an additional \$1.4 million in reductions in non-general education line item appropriations. One such line item is the State Hygienic Laboratory, Iowa's public health laboratory. He said the University has the bare minimum resources to provide public health laboratory services.

President Newlin expressed appreciation to President Skorton and his staff for their effort to try to meet the budget cuts.

President Geoffroy provided a PowerPoint presentation (Attachment G) of Iowa State University's revised FY 2004 budget. Within his presentation he made the comment that Iowa State University is moving from being a public-supported University to a public-related University. He stated that University officials truly regret the choices they have had to make but those choices were made to protect educational services.

President Newlin requested a motion of Board support for the combining of the College of Family and Consumer Sciences and the College of Education at Iowa State University.

MOTION: Regent Becker moved to express the Board's support for the combining of the College of Family and Consumer Sciences and the College of

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Education at Iowa State University. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Koob presented one slide (Attachment H) that showed the cumulative impact of reductions in state appropriations and enrollment levels. The University of Northern Iowa's long-term strategy has been to reduce enrollments to follow the trend in the appropriations reductions. With regard to quality of the programs, he said the factors the University is able to control – student-faculty ratio, tenure to tenure-track faculty, and class size – are of the same quality as when the budget cuts began. However, the rising tuition has led to an increase in the number of hours worked by students and an increase in debt load. The student experience is changing because of the students' efforts to pay tuition.

Regent Downer asked how much of a reduction in enrollment would be required if the levels of appropriations and enrollments were to converge at the 2004-05 level. President Koob responded that enrollment would have to be reduced by an additional 700 students.

Superintendent Prickett stated that Board members had received a concise detail of what needs to be reduced at the Iowa School for the Deaf. She pointed out that additional reductions in force would come from the least tenured teachers which would require teachers to teach without the appropriate certifications.

Superintendent Thurman stated the revised budget for Iowa Braille and Sight Saving School was included in the meeting materials. He said the primary impact of the reductions can be summarized into one concept: Reducing the experiences of children with disabilities has a direct impact on the kind of adults they become.

Regent Turner reviewed what had been identified by each of the institutional heads as the impact of the budget cuts. She said the budgets have become a crisis situation. The public has told the Board of Regents over the years that it wants students who come to the Regent universities to interact with tenure-track faculty. She stated this is an issue about the quality of education for the state of Iowa. Families, students, and Iowa's entire citizenry have to understand the issue is that of protecting the quality of the institutions. She expressed support for aggressive efforts to get that point across to citizens, legislators and to everyone who is touched by Iowa public education.

Executive Director Nichols stated there was no change in the Board Office revised FY 2004 budget from what was reported in November.

MOTION: Regent Neil moved to approve the revised FY 2004 general fund operating budgets for the Regent institutions and the Board Office. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

REPORT ON TUITION AND FINANCIAL AID POLICY REVIEW.

Executive Director Nichols stated the Board Office had identified 11 categories of tuition-related policy items for Board consideration. The first five were presented at this meeting with a Board Office recommendation. At a later time, perhaps at the May Board of Regents meeting, the additional categories will be presented for review.

Executive Director Nichols provided a PowerPoint presentation of the first tuition-related policy item for Board consideration (attachment I-1) regarding statutory timing of tuition setting. The Board Office recommended the following for the 2005-06 academic year tuition decisions, contingent on necessary statutory revision:

December/February, with a March statutory deadline.

Under ordinary conditions, the Revenue Estimating Conference would have set official forecasts for state revenues by the December Board meeting and specific recommendations for tuition and fee increases could be presented to the Board in December. At the February meeting, the Board would give final approval to tuition rates for the coming year.

Under unusual circumstances, a range of tuition rates could be offered in December, with further discussion in February, and a final decision made by the Board in March.

Regent Forsyth stated that he had discussed this issue with legislative leaders who indicated a willingness to remove any timing limitations. Therefore, he recommended the Board aggressively pursue removal of a date for setting tuition.

The university presidents were asked to comment on Regent Forsyth's suggested change to the Board Office recommendation. The presidents expressed support for the concept of the Board of Regents retaining flexibility in the timing of setting tuition.

Executive Director Nichols offered the following interpretation of the Board's discussion: The Board directed the Board Office to plan on the December-February schedule for the coming year; pursue elimination of the statutory date; and, continue the requirement for a 30-day notification to student leaders.

MOTION: Regent Forsyth moved to approve the Board Office recommendation with regard to the timing of tuition setting and with the understanding that the December-February schedule will be implemented for the coming year if the statutory deadline is changed to permit this schedule; elimination of the statutory date will be pursued; and, the requirement for a 30-day notification to student leaders, either by statute or by rule, be continued. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

Executive Director Nichols provided a PowerPoint presentation of the second tuition-related policy item for Board consideration (attachment I-2) regarding mandatory student fees. The Board Office recommended changes be made to the Board policy for miscellaneous fees as follows, effective for the 2005-06 academic year:

For a new mandatory fee to be established, a university must:

- Disclose the origination of the proposed fee (i.e. by student request or a need identified by the university).
- Identify the basis for the fee (i.e. services to be provided by fee and related costs of those services).
- Obtain documentation from the recognized student body governments indicating student support for the new fee.

Additionally, Board policy should require that unexpended funds from mandatory fees be spent for the purposes for which the fee was originally implemented.

MOTION: Regent Becker moved to approve the Board Office recommendation regarding mandatory student fees, as shown above. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

Executive Director Nichols provided a PowerPoint presentation of the third policy item for Board consideration (attachment I-3) regarding miscellaneous (non-tuition-related) fees. The Board Office recommended:

The Board would approve:

- All new institutional or college-wide fees; and
- Fees of \$20 or more per occurrence.

The university presidents would be authorized to make changes in approved fees as long as the fees remain below the \$20 threshold per occurrence.

Since the Board is scheduled to review and approve 2004-05 non-tuition-related miscellaneous fees during March and April, the Board Office recommends that this policy be effective with the 2005-06 academic year.

There was lengthy discussion among Board members, Board staff and institutional officials regarding the Board Office recommendation on miscellaneous fees. Discussion included the following:

- ❖ The Board's responsibility to approve all fees.
- ❖ An annual report on fees to the Board to determine whether abuse is occurring. The report would be provided to the Board at the same time the request for approval of fees is presented.
- ❖ Board members' desire to be presented with all of the fees at one time, including fees that are delegated to the institutions and fees that require Board approval.
- ❖ The recommended \$20 threshold per occurrence for Board approval of fees.
- ❖ The institutions' authority to adjust fees during the year if the cost of providing a service increases.
- ❖ Charges are based on the costs of providing the services.
- ❖ The proposed changes to miscellaneous fees did not originate with the institutions.

MOTION:

Regent Becker moved to approve the Board Office recommendation regarding miscellaneous fees with removal of the following language: "Fees of \$20 or more per occurrence". Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

Executive Director Nichols provided a PowerPoint presentation of the fourth tuition-related policy item for Board consideration (attachment I-4) regarding *Camp Adventure*[™]. The Board Office recommended:

The Board require that UNI charge the corresponding tuition rate for all credits awarded to students from the *Camp Adventure*[™] program and consider establishing a scholarship program to provide for the relevant tuition charges, effective with the 2005-06 academic year.

President Koob indicated he was in agreement with the Board Office recommendation.

MOTION: Regent Becker moved to approve the Board Office recommendation regarding Camp Adventure[™]. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

Executive Director Nichols provided a PowerPoint presentation of the fifth tuition-related policy item for Board consideration (attachment I-5) regarding tuition set-aside. The Board Office recommended:

The Board implement new policies, effective for the 2005-06 academic year, that include:

Continuing the minimum rate of set-aside of gross tuition revenues for student financial aid at 15%.

- Within the 15% tuition set-aside, no less than 50% of the dollars are to be distributed to undergraduate students.
 - Of the undergraduate proportion of tuition set-aside, no less than 50% of the dollars are to be distributed to resident students.
 - Of the undergraduate proportion of tuition set-aside, no less than 50% of the dollars are to be distributed for aid to need-based students.
- Authorizing each university to set aside additional tuition revenues for student aid to help achieve institutional strategic enrollment goals:
 - Up to an additional 10% of gross tuition revenues.
 - Not subject to the restrictions of the first 15%.

- Authorizing a transition period to enable the universities to meet current commitments to students.

There was lengthy discussion among Board members, Board staff and institutional officials regarding the Board Office recommendation on tuition set aside. Discussion included the following:

- ❖ Students who enter in 2004 would be the last group of students entering under the current guidelines.
- ❖ Regent Becker's two-page handout (attachment J) of national data on financing of college attendance costs for full-time, full-year aided dependent undergraduates for the 1999-2000 school year by family income and race/ethnicity.
- ❖ Regent Becker's request that a similar study be undertaken for Iowa before the Board adopts a recommendation on tuition set aside in order to determine the level of unmet need in the state. (Regent Becker noted that New Mexico undertook a similar study prior to making a decision about increasing financial aid.)
- ❖ The expectation that there will be greater need-based financial aid to support student access to the Regent universities.
- ❖ The amount of tuition set-aside to be designated for undergraduate and for graduate students.
- ❖ Whether tuition set aside should be applied to more than just tuition (total cost of attendance).
- ❖ Whether more policies are needed to govern tuition set-aside or whether the institutions should be given the maximum flexibility to establish a diverse and outstanding student body.
- ❖ Whether 15 percent is an appropriate minimum tuition set aside.
- ❖ Whether in-state students should receive at least their proportion of the tuition set aside.
- ❖ Whether undergraduate and graduate students should receive at least their proportion of the tuition set aside.
- ❖ Whether a policy or percentage is needed with regard to need-based aid.

- ❖ How to collect the data for the study and whether the data are currently available (assumption that approximately three-fourths of the student body files the Free Application for Federal Student Aid [FAFSA] form).
- ❖ The Board's need to have good data with which to make decisions.

MOTION: Regent Forsyth moved to defer action on the Board Office recommendation regarding tuition set aside until the Board Office, in conjunction with the institutions, provides an assessment of what it would take to perform the study suggested by Regent Becker. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

Director Barak referred to Regent Becker's reference to a New Mexico study. For the Board's proposed study, he said staff may be able to utilize the same national source of information to extrapolate the data for Iowa.

Executive Director Nichols stated that Director Barak recently received an award from a national higher education data collection organization. Dr. Barak's network will be utilized to the greatest extent possible for this project.

Executive Director Nichols reminded Board members that the Board Office is mandated to present to the Board recommendations on tuition set aside at the time it presents recommendations for tuition rates. Later this year, the Board Office will present the Board with information about the possibility of conducting a statewide unmet financial aid need study and its implications for a future tuition set-aside policy.

Executive Director Nichols thanked the Board for the direction it had provided to the Board Office. He said there were six more issues to be brought to the Board, and those issues will be at least as complicated as the issues about which the Board deliberated during this meeting.

REPORT OF THE BANKING COMMITTEE.

Regent Arbisser reported on the February 18, 2004, meeting of the Banking Committee. He said the Banking Committee approved: the selection of fund managers; a resolution for sale of UNI Student Health Center Revenue bonds; a resolution for sale of UNI Field House Revenue bonds; a preliminary resolution for sale of SUI Utility bonds; a resolution for redemption of ISU Dormitory bonds; and, the master lease purchase of a radio station. He said the Banking Committee also received an investment and cash management report.

Barry Fick of Springsted, Inc., the Board's financial advisor, reported on the bids that were received that morning for the sale of \$3,875,000 Student Health System Revenue Bonds, Series U.N.I. 2004. One bid was received from a syndicate led by Piper Jaffray. The true interest rate of 4.066369 percent was slightly better than the projected rate. When only one bid is received, the financial advisor ensures that the prices and rates received are fair and equitable. An analysis of other bond sales indicated that the bonds traded at interest rates that were equivalent to bonds of a AAA-rated general obligation entity. He said the rate was particularly gratifying since Standard & Poor's had recently adjusted the University's bond rating on student fee-backed bonds from a stable outlook to a negative outlook.

Regent Arbisser asked Mr. Fick to elaborate on the reason for the change in the bond rating outlook. Mr. Fick responded that the rating agencies noted that the University of Northern Iowa's enrollments had declined somewhat in the last couple of years, resulting in reduced occupancy in the dormitories. The rating agencies expressed concern that state support has been declining over the past several years, which was part of the rationale for the negative outlook for the bond rating.

MOTION:

Regent Arbisser moved to adopt (1) A Resolution providing for the sale and award of \$3,875,000 Student Health System Revenue Bonds, Series U.N.I. 2004, and approving and authorizing the agreement of such sale and award. (2) A Resolution establishing a self-liquidating and revenue-producing facility to be known as the "Student Health System" and authorizing and providing for the issuance and securing the payment of \$3,875,000 Student Health System Revenue Bonds, Series U.N.I. 2004 to pay the costs of constructing, furnishing, and equipping an addition to the Student Health Center Building and improving, remodeling, and repairing the existing Student Health Center Building, including the debt service reserve fund, and paying costs of issuance. Regent Forsyth seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Mr. Fick said bids had also been accepted that morning for \$10,000,000 Field House Revenue Bonds, Series U.N.I. 2004. The successful bid was submitted by a group led by Piper Jaffray which included the same members as for the Student Health System bond sale. The bid was for a true interest rate of 3.94789 percent. He noted that the interest rate received for these bonds was slightly lower than for the Student Health System bonds. Reasons for the lower interest rate include more of the principal being paid off in the early years and the larger bond issuance size. He said the true interest rate for these bonds was comparable to bonds of a AAA-rated general obligation entity.

Ed Bittle of the Ahlers law firm, the Board's bond counsel, stated that both bond issues included term bonds.

MOTION:

Regent Arbisser moved to adopt (1) A Resolution providing for the sale and award of \$10,000,000 Field House Revenue Bonds, Series U.N.I. 2004, and approving and authorizing the agreement of such sale and award. (2) A Resolution authorizing and providing for the issuance and securing the payment of \$10,000,000 Field House Revenue Bonds, Series U.N.I. 2004, for the purpose of constructing, equipping, and furnishing an addition to the UNI-Dome Field House, and improving and remodeling the UNI-Dome Field House, funding a reserve fund and paying the costs of issuance. Regent Becker seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Regent Arbisser presented a motion for the University of Iowa utility system bond sale.

MOTION:

Regent Arbisser moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$25,000,000 Utility System Revenue Bonds (The State University of Iowa), Series S.U.I. 2004. Regent Becker

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seconded the motion, and upon the roll being called, the following voted:

AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Regent Arbisser presented a motion to authorize redemption of outstanding Iowa State University dormitory revenue bonds.

MOTION:

Regent Arbisser moved to adopt A Resolution authorizing the redemption of outstanding Dormitory Revenue Bonds (Iowa State University of Science and Technology), Series 1964A, 1965A, 1966A, 1967A, and 1967G and directing publication of notice. Regent Becker seconded the motion, and upon the roll being called, the following voted:

AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Regent Arbisser presented a motion to approve master lease financing for Iowa State University to purchase radio station KIIC-FM.

MOTION:

Regent Arbisser moved to authorize Iowa State University to utilize master lease financing in an amount not to exceed \$270,000 to purchase radio station KIIC-FM. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

ACTION:

President Newlin stated the Board received the remaining report of the Banking Committee, by general consent.

REGENT LEGISLATIVE PROGRAM.

Executive Director Nichols provided an overview of legislative activities that have taken place since the Board last met.

Discussion followed on several proposed bills, the first of which was HF 2140:

This bill moves the final Board of Regents decision on tuition from November to March. The meeting may not be held during spring break.

Recommended Board Position: Support

Regent Forsyth referred to the Board's agreement earlier in the meeting to pursue removal of a statutory deadline for the decision on tuition. He suggested the Board should aggressively pursue a change in the language of the bill on tuition to remove any reference to a date. Executive Director Nichols indicated that discussions would take place with the sponsors of the legislation to seek a modification of the language.

The second proposed bill which Board members discussed was SSB 3034:

This bill requires the Regent student member to resign by the end of the calendar year in which he/she is no longer a student.

Board members are currently appointed for six-year terms. By changing the term or conditions of appointment of the student member, the student Regent would be on an unequal status with other Board members.

Recommended Board Position: Oppose

Executive Director Nichols pointed out that the language of the bill will likely continue to evolve.

Student government leaders were asked to address the Board about their position on this proposed legislation.

Emiliano Lerda, President of the Northern Iowa Student Government, presented the view of student government leaders on this issue. Student leaders prefer that the student Regent be a current student so the individual is better able to represent students' interests. Students support modifications to the proposed legislation including a requirement that the student body governments make recommendations to the Governor of potential nominees. Students believe that, if the Board adopts the Board Office recommendation to oppose SSB 3034, it may send the message that the Board opposes the spirit of the bill. Students requested that the Board consider changing its

position from opposition to support of the bill, keeping in mind that language modifications are necessary to accommodate the different parties' needs.

Discussion followed regarding the length of time required for one to fully comprehend the issues that come before the Board of Regents; the effectiveness of the student Regent if that person's appointment is truncated; the tenure of student Regents in the last 10 years (the average has been less than three years); the students' proposal that student body governments propose nominees to the Governor; the rationale for the proposed position of opposing the bill; and, whether the Board needs to take a position on the bill.

MOTION: Regent Nieland moved to change the Board's position on SSB 3034 to "monitor". Regent Neil seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

The third proposed bill which Board members discussed was SSB 3016/HSB 526:

These bills provide changes to ethics, nepotism, conflict of interest, and prohibited activities provisions for public employees. These changes would adversely impact Regent institutional employees.

Recommended Board Position: Oppose

Regent Forsyth asked why the Board was not provided with the rationale for the suggested Board position on the bills related to compensation issues. Executive Director Nichols stated that President Geoffroy could explain this the best.

President Geoffroy said the bill was problematic. Although the bill was aimed at particular individuals in the executive branch of government, it has the potential to impact faculty. He stated that chaired positions funded from other sources would be impacted.

Regent Forsyth stated that, in those instances, it would be helpful to have on the record why the Board Office recommends opposing a bill.

Regent Downer addressed what is happening in the General Assembly with respect to FY 2005 appropriations. He stated that, at every meeting since he has been a member of the Board, Board members have discussed institutional budget reductions that have been sustained over the past four fiscal years. He believes the Board members are in agreement that the budget issues have reached crisis proportions. Therefore, he proposed that the following resolution be transmitted to the General Assembly and the Governor:

Whereas, the five institutions governed by the Board of Regents, State of Iowa, benefit Iowans statewide with educational opportunities, research and scholarship, and service in all 99 counties, including activities that strengthen Iowa's economy; and

Whereas, the positive impact these institutions have on the quality of life in Iowa makes them worthy of public support, the Board of Regents reaffirms its request for adequate state appropriations to ensure educational quality; and

Whereas, critical to that quality is adequate state funding that enables the Regent universities to attract and retain exceptional faculty; and

Whereas, state elected officials are considering proposals to reinvest in education in Iowa, including the Regent institutions;

Therefore, the Board of Regents requests elected officials to reinvest in public higher education by increasing funding to protect Iowa students and their families from the harmful effects of inadequate funding, to avoid further deterioration in the quality of these important institutions, and to benefit all Iowans by supporting the Board's four priorities: high-quality education, research and scholarship, service and economic growth activities, and public accountability.

MOTION: Regent Downer moved to adopt the above resolution to be transmitted to the General Assembly and the Governor. Regent Forsyth seconded the motion.

Regent Neil expressed his view that something more than a resolution was needed to retain faculty and support public education, but said that he would support the resolution.

VOTE ON THE MOTION: Motion carried unanimously.

Regent Downer offered his assistance, and that of his colleagues on the Board, to President Newlin and Executive Director Nichols in carrying the message personally and directly to legislators.

President Newlin requested a motion on the Board Office recommendation.

MOTION: Regent Forsyth moved to (1) authorize allocation of limited appropriations from the Rebuild Iowa Infrastructure Funds for FY 2004 debt service needs, (2) ratify the Board positions on the identified bills as amended by Board action and (3) receive the monthly report on the 2004 legislative session. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

(a) Iowa School for the Deaf.

MOTION: Regent Arbisser moved to approve the Iowa School for the Deaf capital register, as presented. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) University of Northern Iowa.

MOTION: Regent Forsyth moved to approve the University of Northern Iowa capital register, as presented. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Iowa State University.

Vice President Madden introduced Kevin Nordmeyer of RDG Planning and Design.

Mr. Nordmeyer provided Board members with a presentation of the schematic design for the Morrill Hall renovation project (attachment L).

Discussion followed regarding special HVAC and lighting requirements for art collections; the ratio of men's and women's toilet stalls; the amount of the professional fee (background work was necessary to determine options for saving parts of the building); and, private fund raising for the project (\$6.1 million to date, with fund-raising completion anticipated by June 30, 2004).

MOTION: Regent Downer moved to approve Iowa State University's capital register, as presented. Regent

Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) University of Iowa.

Vice President True introduced Dean Robillard to address the College of Medicine projects.

Dean Robillard provided Board members with a PowerPoint presentation (attachment K) which included a Dean's report to the Board of Regents and a construction progress report on the Carver Biomedical Research Building.

Discussion followed regarding future federal funding for research. The Board commended Dean Robillard for the tremendous research efforts of the College of Medicine.

MOTION: Regent Neil moved to approve the University of Iowa's capital register, as presented. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

PROPOSED PROPERTY EXCHANGE AGREEMENT, UNIVERSITY OF NORTHERN IOWA.

MOTION: Regent Neil moved to approve, subject to approval of the Executive Council of Iowa, the property exchange with the City of Cedar Falls which would: (a) transfer to the City 12.4 acres of University property known as the former Driving Education Range; and (b) transfer to the University 27.6 acres of City property contiguous to the University campus located west of campus and south of 27th Street. Regent Downer seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 2:12 p.m. on Thursday, February 19, 2004.



Gregory S. Nichols
Executive Director