

The Board of Regents, State of Iowa, met on Wednesday and Thursday, January 15 and 16, 2003, at the University of Iowa, Iowa City, Iowa. The following were in attendance:

	<u>January 15</u>	<u>January 16</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. Arnold	All sessions	All sessions
Dr. Becker	Excused	Excused
Mr. Fisher	All sessions	All sessions
Dr. Kelly	All sessions	All sessions
Mr. Neil	All sessions	Excused at 1:00 p.m.
Ms. Nieland	All sessions	All sessions
Dr. Turner	By telephone beginning at 2:30 p.m.	By telephone
<u>Office of the Board of Regents, State of Iowa</u>		
Executive Director Nichols	All sessions	All sessions
Director Barak	All sessions	All sessions
Director Elliott	All sessions	All sessions
Director Wright	All sessions	All sessions
Associate Director Brunson	All sessions	Excused
Associate Director Hendrickson	All sessions	All sessions
Associate Director Racki	All sessions	All sessions
Assistant Director Gonzalez	Excused	All sessions
Communications Specialist Boose	All sessions	All sessions
Administrative Assistant Tuttle	All sessions	All sessions
Minutes Secretary Briggie	All sessions	All sessions
<u>State University of Iowa</u>		
Interim President Boyd	All sessions	All sessions
President-Elect Skorton	All sessions	Arrived at 11:35 a.m.
Provost Whitmore	All sessions	All sessions
Vice President Jones	All sessions	All sessions
Vice President Kelch	All sessions	All sessions
Vice President True	All sessions	All sessions
Director Katen-Bahensky	Excused	Arrived at 1:00 p.m.
Director Parrott	All sessions	All sessions
Associate Director Rice	All sessions	Arrived at 1:00 p.m.
General Counsel Schantz	Arrived at 2:30 p.m.	Excused
<u>Iowa State University</u>		
President Geoffroy	All sessions	Excused at 2:00 p.m.
Interim Provost Allen	Excused	Excused at 2:00 p.m.
Vice President Hill	Excused	Excused at 2:00 p.m.
Vice President Madden	All sessions	Excused at 2:00 p.m.
Executive Assistant to President Dobbs	Excused	Excused at 2:00 p.m.
Assistant to President Chidister	All sessions	Excused at 2:00 p.m.
Assistant Vice President Espinoza	Excused	Excused at 2:00 p.m.
Director McCarroll	All sessions	Excused at 2:00 p.m.
Director Steinke	All sessions	Excused at 2:00 p.m.
Director Tanaka	All sessions	Excused
<u>University of Northern Iowa</u>		
President Koob	All sessions	Excused at 2:00 p.m.
Provost Podolefsky	All sessions	Excused at 2:00 p.m.
Vice President Romano	Excused	Excused at 2:00 p.m.
Vice President Schellhardt	Excused	Excused at 2:00 p.m.
<u>Iowa School for the Deaf</u>		
Superintendent Johnson	All sessions	Excused at 2:00 p.m.
Director Heuer	Excused	Excused at 2:00 p.m.
Interpreter Reese	Excused	Excused at 2:00 p.m.
Interpreter Gerischer	Excused	Excused at 2:00 p.m.
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	All sessions	Excused at 1:00 p.m.
Director Woodward	All sessions	Excused at 1:00 p.m.
Director Utsinger	All sessions	Excused at 1:00 p.m.

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BOARD OF REGENTS, STATE OF IOWA

The following business was transacted on Wednesday, January 15, 2003, beginning at 12:38 p.m.

President Newlin said he was extremely pleased that David Skorton has agreed to be the next President of the University of Iowa. He asked that Dr. Skorton be given a warm welcome.

Vice President Skorton expressed his gratitude to the Board of Regents, State of Iowa, for giving him a chance. He said he was humbled by the task at hand. He noted that this was his last Board of Regents meeting as Vice President for Research and External Relations at the University of Iowa.

GOVERNANCE REPORT ON ECONOMIC DEVELOPMENT AND TECHNOLOGY TRANSFER.

Director Elliott stated that representatives of three companies that were created through the economic development and technology transfer systems at the three universities would make presentations. Following those presentations, officials of each of the three universities would present highlights of economic development and technology transfer accomplishments at their universities.

President Geoffroy stated that Iowa State University truly has an outstanding system. Faculty are encouraged to conduct research in areas that are relevant to Iowa, to protect their intellectual property, to commercialize their technology by forming start-up companies or by licensing the intellectual property to other companies, and to help start-up companies to grow through the assistance of the Iowa State University Research Park, Small Business Development Center, and the Pappajohn Center for Entrepreneurship. He said Iowa State University's system extends the expertise of faculty and staff across the state of Iowa to help businesses succeed and to grow through its extension activities and the College of Engineering.

President Geoffroy referred to a national survey that is conducted each year on intellectual property. He stated that, among all universities in the country, Iowa State University ranks second in licenses and options executed on intellectual property, third

in licenses and options that yield income, and 23rd in new patents received. If those universities with medical schools were excluded, he said Iowa State University ranks first in licenses and options executed, first in licenses and options that yield income, fourth in patents awarded, fifth in patent applications and sixth in the number of start-up companies that are formed.

One very important part of Iowa State University's economic development activities is a series of world-class research programs that impact economic development. President Geoffroy said these world-class programs generate spin-off companies. The University's world-class centers of excellence attract companies to locate near the University where the research is conducted and where the employees that those companies want to hire have been educated. The University's centers of excellence allow the extension of knowledge across the state of Iowa, particularly in areas where there is a critical need, such as in the plant sciences.

President Geoffroy stated that Iowa State University's Virtual Reality Applications Center is one of the best such centers anywhere in the world. He illustrated with the success story of Mechdyne Corporation, a company located in Marshalltown. The company was founded in 1996 by Dr. Chris Clover when he was an Iowa State University graduate student. Under Dr. Clover's leadership, Mechdyne has become a multi-million dollar company specializing in visualization systems. The company's products can be found on six continents and its client list includes several Fortune 100 and Fortune 500 companies, as well as U.S. government agencies. Due, in part, to Mechdyne's outstanding achievements, Dr. Clover was honored as a national nominee for Ernst and Young's Entrepreneur of the Year award in 2001. He said Dr. Clover earned a Ph.D. in Mechanical Engineering from Iowa State University and an MBA from Iowa State University. President Geoffroy said he was pleased and proud to introduce one of Iowa State University's alumni, Dr. Chris Clover.

Dr. Clover said he was asked to speak about Mechdyne's experience with technology transfer, on trying to grow a company in Iowa, and on trying to retain graduates in Iowa. He stated that Mechdyne was founded in 1996; it grew out of the Iowa Center for Emerging Manufacturing Technology, which was established in 1991 from a Carver family grant. Mechdyne has grown considerably in the last six years. Many graduates of the three Regent universities and of Iowa community colleges work for Mechdyne. He said Mechdyne creates large-scale visualization systems that integrate computer software and hardware. He provided examples of some of Mechdyne's customers and products. The C-6 at Iowa State University is a Mechdyne system. He said John Deere is a customer of Mechdyne. General Motors utilizes Mechdyne products to design prototype cars. He noted that Mechdyne recently acquired its second largest competitor.

Dr. Clover stated that Iowa does not promote itself well. He said the low cost of doing business in Iowa and the high quality of life contribute to Mechdyne's success. Iowans need to find better ways to communicate that information to companies that want to locate or start-up here.

Regent Neil asked why Marshalltown, Iowa, was chosen for the location of Mechdyne. He also asked for additional information on Dr. Clover's view that Iowans do not promote this state well enough in recruiting businesses.

With regard to why Marshalltown was selected as the site for Mechdyne, Dr. Clover said there are not many facilities that are suited for manufacturing the systems created by Mechdyne, such as the C-6. Reasonably-priced real estate was found in Marshalltown. In responding to Regent Neil's second question, Dr. Clover said that when he recruits employees, candidates are informed that they can travel around the world working for Mechdyne. Iowans can travel to Chicago or Colorado for a weekend. But what is important is the rest of the week. Iowa offers a short commute, good schools, and a high quality of life.

Dr. Clover continued with his presentation. He stated that a drag on Mechdyne's growth has been the high airfare from Des Moines. A way needs to be found to make air travel out of Des Moines more affordable. With regard to Iowa's tax infrastructure, he said corporate income tax is not paid on income derived from outside of the state of Iowa. He said he doesn't believe that message is disseminated to companies that are considering locating in Iowa.

Regent Neil asked what needs to be improved. Dr. Clover responded that Iowans tend to be modest and do not brag enough. He said we need to promote our state.

Dr. Clover returned to his presentation. He said a key question is how to grow Iowa companies. For the most part, he believes Iowa's public universities are very helpful with start-up companies. Iowa State University's Pappajohn Center for Entrepreneurship and the Small Business Development Center provide assistance to start-up companies. Opportunities in biotechnology for the state are vast and he would like for the universities to do all they can to make Iowa a place for biotechnology companies to locate. He said he thinks the Regent universities do a good job with large companies that want to fund research. However, when it comes to the "middle ground", those companies that are somewhere between start-up and 1,000 employees, that is where much more could be done. He said there tends to be an internal tug-of-war regarding a university's role in teaching and research, and in economic development. He said the skepticism of some regarding the universities' role in economic development has caused professors to be hesitant about involvement in companies, whether in board positions,

advisory roles, or as investment opportunities. He said our brilliant faculty should be encouraged to help companies grow.

With regard to the concept of “do no harm”, Dr. Clover said the universities should avoid situations where professors receive research funding for projects that might compete, with no ill intent, with an Iowa company’s business. There need to be clear guidelines for working with Iowa companies. Dr. Clover stated that joint projects with the universities is an area in which Mechdyne is very interested. Mechdyne has several potential projects with both Iowa State University and the University of Iowa involving federal or commercial contracts. He referred to the C-6 at Iowa State University as an example of the positive and not-so-positive aspects of joint ventures with Iowa companies. He said the C-6 has helped Iowa State University’s Virtual Reality Application Center develop new funding. Mechdyne created jobs because of the manufacturing of the C-6. However, there are concerns about Iowa companies doing business with Iowa universities because of fear of how the relationship might look. He stated that it is easier for Mechdyne to do business with universities outside the state of Iowa, including Penn State, Mississippi State University, University of Alaska, and the University of Southern California, than it is to do business with an Iowa university. The purchasing and procurement processes of out-of-state universities are much simpler than those of Iowa’s Regent universities. Because Dr. Clover is an Iowa State University alum and because Mechdyne is an Iowa business, there are many very onerous purchasing and procurement processes in place to make sure there is not even a hint of favoritism. He questioned why the universities should not protect their own and work together with Iowa companies. He said there should be a streamlined procedure for doing business between Iowa companies and Iowa universities.

Regent Fisher asked what were some of the barriers encountered when Dr. Clover moved a product developed at Iowa State University from the laboratory to the marketplace, and how it could have been done better.

Dr. Clover responded that, as a graduate student selling his first project, he needed \$250,000. He said money was borrowed to finance the first project. Mechdyne has boot-strapped its way to success. For other projects, such as a biotechnology company, Iowa is a very difficult place to raise capital. There is not enough venture capital, seed capital or investment capital. He said there is a need for state-sponsored venture funds, such as an income tax check off, to make capital more accessible to companies.

Regent Fisher asked if the Pappajohn Center for Entrepreneurship provided Mechdyne with the mechanism for financing and business plan development. Dr. Clover responded affirmatively.

Regent Kelly asked that the Regents be provided with copies of Dr. Clover's slides of his thoughts regarding economic development. Dr. Clover responded that he would do so.

Regent Neil asked if Dr. Clover had provided university officials with a list of ways to facilitate doing business with the universities. Dr. Clover responded that he has had conversations with President Geoffroy. He said Jim Bernard was his major professor. Because of the environment, Professor Bernard had to be careful because he might be accused of a conflict of interest. He said it would be helpful to have avenues for start-up companies other than through the major professor of a company's founder.

Regent Neil asked to be provided with a list of those items that are onerous for Iowa companies to deal with Iowa's universities compared with universities in other states. Dr. Clover referred to one of his slides which he said captured the matter, and said he could also put some words "around it".

President Newlin asked if the requested information would be supplied to President Geoffroy. Dr. Clover responded affirmatively.

President Newlin congratulated Dr. Clover on his success.

Interim President Boyd stated that having an attractive state is vital to attracting and keeping people in Iowa. He noted that the previous day, in his State of the State address, the Governor presented his vision for Iowa and the important role of Vision Iowa for the economy of the state. The Iowa Non-Profit Center will be working with the Department of Cultural Affairs to ensure the facilities that have been built by Vision Iowa will be able to realize their potential. He said the University also has important health facilities, important social service facilities, and important mental health facilities. He then said he attended the Regents job fair in Des Moines the previous week and found it exciting to see many businesses recruiting Regent university graduates.

Interim President Boyd expressed his agreement with the preceding speaker about the importance of private venture capital, in addition to public venture capital, and how that can be brokered. He said there is great emphasis at the University of Iowa on economic development, led by David Skorton. More recently, Vice President Kelch has been brought into a similar leadership role. Interim President Boyd said he was pleased that the Oakdale campus has become a vital and invigorating part of the state. The Technology Innovation Center (TIC) is at the Oakdale campus. He stated that Integrated DNA Technologies, Inc. (IDT), which is a graduate of the Technology Innovation Center, licenses inventions of former University of Iowa professor of biochemistry Joe Walter. IDT was an early tenant of the Technology Innovation Center, and has grown to become an important corporate citizen of the state. IDT is also an

important partner with the University of Iowa as an informal advisor, as a sponsor of research and as a donor. He introduced Roman Terrill, Vice President for Legal and Regulatory Affairs, Integrated DNA Technologies. Mr. Terrill is a graduate of the University of Iowa with a B.A. in Russian Studies, Language and Literature and with a J.D. Mr. Terrill began working at IDT five years ago as a legal intern while he was a University of Iowa law student. Mr. Terrill is also active in statewide business circles.

Mr. Terrill said he concurred with several statements made by Dr. Clover of Mechdyne. Mr. Terrill is a graduate of the University of Iowa and of Marshalltown High School. He agreed wholeheartedly with Dr. Clover's reason for locating Mechdyne in Marshalltown, Iowa. With regard to the concept of "do no harm," Mr. Terrill said IDT has been successful in becoming a primary supplier of DNA synthesis reagents to academic departments and institutions all over the world. DNA synthesis reagents are a necessary research component in modern-day molecular biology. IDT is the primary supplier of those to the University of Iowa. In contrast, IDT's sales to Iowa State University are very limited because Iowa State University has its own in-house DNA synthesis capability. He acknowledged that there are institutional reasons for Iowa State University to have its own DNA synthesis capability, including the ability for graduate students to make their own DNA synthesis reagents. However, he said that is a form of competition, and offered to provide his thoughts should there be a follow-up to the Mechdyne presentation on "do no harm".

Mr. Terrill stated that Iowa's principal export is its well-educated students. He provided the example of "a guy named Shawn". Shawn was an intern at IDT in the summer of 1998. Mr. Terrill provided information on Shawn's background including that he grew up in Iowa, his family resides in Iowa, and he graduated from two of Iowa's Regent universities. After graduation from his second Regent university, Shawn moved to Minneapolis. Mr. Terrill stated that one does not have control over where people choose to pursue their careers; however, Iowans have to care about that type of example. He believes it is part of the universities' and Board of Regents' missions to provide opportunities for graduates to remain in the state, and not solely as an economic development initiative. He said it is a critical part of the educational and research mission of the Board of Regents to provide an opportunity for a student's education to be applied to a career within the state. The Technology Innovation Center at the University of Iowa provides such opportunity.

Integrated DNA Technologies was borne of research conducted by Professor Joe Walter of the University of Iowa Biochemistry Department. Professor Walter alerted Baxter Health Care to his work in the blood substitute product. Baxter was also interested in Professor Walter's other research in new technologies in molecular biology. Baxter's interest convinced Professor Walter to take an entrepreneurial leap, leave his job at the University of Iowa, and start a company called Integrated DNA

Technologies. At the time, Integrated DNA Technologies had two employees and no assets. Integrated DNA Technologies needed time and data, and a place for growth to occur. Joe Walter and his colleague shared space and resources with the Physiology Department at the Oakdale campus, before it was called the Technology Innovation Center. Experiments were performed and data were generated to convince Baxter Health Care to invest in Integrated DNA Technologies. Two employees in 1988 became 325 employees in 2002 with a \$12 million payroll in the state of Iowa, over \$30 million in sales. The company is growing every year.

Mr. Terrill said Integrated DNA Technologies' success was an example of what can occur when smart people are given an opportunity. He did not think the necessary data would have been generated without the assistance of the Technology Innovation Center. He said lack of funding for start-up companies is a real problem. Iowa needs to take the resources in which it has invested and provide an opportunity for those to blossom into successful companies. The Technology Innovation Center provides opportunities for students and faculty to succeed. He said students need to be provided with opportunities to apply the knowledge they have learned within the state of Iowa.

President Newlin referred to Integrated DNA Technologies' synthetic DNA and asked how many different forms there are and what is its major market. Mr. Terrill clarified that Integrated DNA Technologies is involved in a synthetic process of manufacturing biologically-active DNA. The DNA is biologically active, but is not a living organism.

President Newlin asked if it is human or animal DNA. Mr. Terrill responded that Integrated DNA Technologies converts processed fish testicles into synthetic DNA.

Regent Fisher asked to be brought up to date on Dr. Walter's activities, and the status of the artificial blood product. Mr. Terrill responded that the artificial blood product passed phase 1 and phase 2 of FDA trials. In phase 3, in use with trauma patients, the project did not meet the requirements, so Baxter's support of the product was discontinued. He said Professor Walter did not put all of his "eggs" in one "basket". He said the Technology Innovation Center inspires brilliant people from the university, people who are diversified in their interests and their skills.

Regent Fisher asked about the ownership of Integrated DNA Technologies. Mr. Terrill responded that it is owned by Joe Walter.

President Newlin asked for an explanation of Integrated DNA Technologies' catalytic hybridization amplification. Mr. Terrill responded that it is a diagnostic technology used to amplify microscopic segments of DNA to a quantity that can be measured.

Regent Nieland referred to the “do no harm” issue, and asked if Integrated DNA Technologies sells to every research university except Iowa State University. Mr. Terrill responded that Integrated DNA Technologies has very limited sales to Iowa State University. Iowa State University is one of several universities that have core DNA facilities. He said Integrated DNA Technologies was not demanding that the state outlaw this practice by Iowa State University; he was confident that, with time, the matter would be resolved.

President Newlin thanked Mr. Terrill for the presentation and congratulated him on his successes.

President Koob stated that, without a primary research mission, the University of Northern Iowa makes its contribution to wealth creation in the state of Iowa differently than do the University of Iowa and Iowa State University. He said the primary economic engine for each of the three Regent universities is their graduates who are employed in Iowa. The second way in which the University of Northern Iowa contributes to wealth creation in the state of Iowa is through technical assistance. The University has an extensive program to aid communities and small businesses by improving processes.

President Koob said the product which would be the topic of the University of Northern Iowa’s presentation evolved from one of the University’s technical assistance programs. The product was developed through a program that was helping small businesses reduce the pollution associated with spray painting. He introduced Nick Horan, President of Laser Touch and Technologies in Waterloo. He said Mr. Horan has an extensive background in business and has worked for some leading technology companies. As a consultant, Mr. Horan specialized in process analysis and improvement. He has also helped start a variety of small businesses. President Koob stated that Mr. Horan founded Laser Touch and Technologies in 2000 after purchasing the laser touch license agreement from the University of Northern Iowa Research Foundation. Mr. Horan formed the company to manufacture and market the laser touch device which was invented at the Iowa Waste Reduction Center.

Mr. Horan provided a PowerPoint presentation which included information on the history of the LaserTouch System, initial contact, the partnership, UNI resource benefits, product evolution, models, application process, manufacturing centers, certifications, market strategy, product identity, industry applications, product potential and continued support. He discussed how the idea for the LaserTouch System was developed and taken to market. The product inventor is Rick Klein of the Iowa Waste Reduction Center at the University of Northern Iowa. Mr. Horan was contacted by the Iowa Waste Reduction Center and the UNI Foundation about his interest in the product. He discussed with Board members the steps which followed to form a partnership to manufacture and market the product. Manufacturing centers in Iowa for different

elements of the product include Dike, Evansdale, Cedar Falls and Waterloo. All of the manufacturers are small businesses and are quick to change with Laser Touch and Technologies as the product evolves. He discussed efforts to market the product to an industry that does not change quickly. Hopefully, in the next five years, the use of the product will be mandated in California as a pollution control device.

With regard to product identity, Mr. Horan presented the term "laser-guided finish" and the company's "blue guy" which gives brand recognition. He said industry applications include aerospace, automotive, trucking and appliance. With regard to product potential, Mr. Horan stated that 70 percent of the U.S. gross national product is coating related. The consumer product, which snaps onto a paint sprayer, will be on the market this year. Laser Touch and Technologies has received a military grant to take the LaserTouch technology into the military. He discussed the continued support the company receives from the University.

Regent Neil asked about Laser Touch and Technologies' sales and employees. Mr. Horan responded that the company has three employees and \$250,000 per year in sales. He noted that the goal is for Laser Touch and Technologies to be a smaller company. The plan is to continue manufacturing in Iowa.

President Newlin wished Mr. Horan success in the future, and thanked him for his presentation.

Vice President Skorton presented a PowerPoint presentation of the University of Iowa's report on technology transfer and economic development for FY 2002. He said the University has experienced growth in external research funding, patenting and licensing activities, corporate outreach, incubator companies, the research park, and in activities of the University's magnet centers. To expand on the growth in external funding, he said there was a record \$341 million generated by faculty, staff and student efforts; \$32.7 million in corporate research support, 351 corporate research agreements, and \$162.8 million in corporate research support over five years. The University of Iowa Research Foundation received 88 invention disclosures, 36 new patents, and granted a license to ViraQuest (a new Iowa biotechnology company).

Regent Neil asked for an explanation of ViraQuest. Vice President Skorton responded that two of the University's research scientists developed a method to rapidly utilize adenoviruses for multiple purposes. ViraQuest was formed to market the invention.

Regent Fisher referred to a graph of the University of Iowa Research Foundation's five-year trend in patents filed and issued, and asked for an explanation of the large "spike" this past year. Vice President Skorton responded that the spike was the result of many

licenses for a product called the CMB promoter. Over 60 companies have non-exclusively licensed the product.

Regent Arbisser asked about the “curves” on the graph if the CMB promoter were not included in the University’s portfolio. Vice President Skorton responded that the University’s portfolio is growing even without the CMB promoter. Like many universities, having a “home run” raises the curve to a higher level. It is very common throughout the country for a small number of pieces of intellectual property to generate a very large portion of the growth in income for a university.

Vice President Skorton continued with the PowerPoint presentation. He presented a map of Iowa with indicators of the growth in corporate outreach by the University of Iowa. With regard to the growth of incubator companies at the Technology Innovation Center, the University’s incubator center, he said there are 13 tenants. As two companies enter the Technology Innovation Center, three graduate. For every \$1 of state investment in the companies, the private sector invests \$20. He provided the example of Integrated DNA Technologies, about which the Board had just heard an eloquent presentation, and said it was an exemplary graduate of the Technology Innovation Center, employing 350 Iowans. He stated that one limitation for the Regent universities to facilitate start-up companies is the lack of high-technology laboratory space for use by cash-strapped start-up companies. A partnership between the University of Iowa and the Iowa Department of Economic Development will provide additional high-technology laboratory space.

With regard to growth of the University of Iowa Research Park, Vice President Skorton stated that Pearson Government Solutions added a 40,000 square foot facility. He said the Research Park housed nine companies at year-end. Total investment in the Research Park exceeds \$120 million.

Vice President Skorton next addressed employment trends for the Technology Innovation Center and the Oakdale Research Park, as requested by the Board of Regents. Total employment for Technology Innovation Center companies and Research Park units is 1,077. Average full-time salaries for employees of Technology Innovation Center graduate firms is \$48,541; of Oakdale Research Park firms is \$52,605; and, of Technology Innovation Center firms, is \$53,817.

Vice President Skorton next addressed magnet centers at the Oakdale campus. He presented information on the following research units which are located at Oakdale to maximize their potential for economic development: Center for Advanced Drug Development (which is affiliated with the College of Pharmacy), National Advanced Driving Simulator, and Center for Biocatalysis and Bioprocessing (a collaboration with Iowa State University). He noted that a “brain gain” was experienced by the relocation

of a San Diego firm to the Oakdale Research Park to be near the Center for Biocatalysis and Bioprocessing.

Vice President Skorton presented a graph that illustrated state funding reductions to the Technology Innovation Center and the Oakdale Research Park. He said the University previously received \$350,000 in combined funding from the state. Funding has declined to less than \$150,000, more than a 60 percent decline in the last two years. University of Iowa officials are devoted and strongly committed to continuing those services to the private sector community. The University has been able to continue services over the short term. He said the growth in activities over the last ten years was due, in part, to the stability of state support. He expressed great concern about the ability to continue the growth in or stability of activities if the level of state funding did not increase.

Regent Neil asked for a dollar figure which would illustrate the return on investment to the state of Iowa as a result of the universities' economic development and technology transfer activities. Vice President Skorton responded that the main return on investment for the state is in the extension of the tax base by the companies and their employees. President Newlin stated that, last year, the University of Iowa received \$341 million through competitive grants, mostly in federal appropriations. Iowa State University received \$225 million through competitive grants, mostly in federal appropriations. When adding funds received for out-of-state tuition, he said the state receives a 126 percent return on investment.

Regent Fisher asked for an update on activities of the National Advanced Driving Simulator. Vice President Skorton responded that the facility is up and running and doing a great job. One full shift is in place and there is discussion about whether to add a second shift. Current studies about cell phone and alcohol effects on drivers are funded by the National Highway Traffic Safety Commission. He said the National Advanced Driving Simulator is an impressive operation. At some future meeting of the Board of Regents, University officials would be pleased to organize a brief and efficient tour through the facility.

Regent Fisher asked if the National Advanced Driving Simulator receives any private funding. Vice President Skorton responded that there is some private funding.

President Newlin expressed appreciation for Vice President Skorton's presentation.

Vice Provost Bloedel presented a PowerPoint presentation of Iowa State University's technology transfer report for FY 2002. He reviewed technology transfer highlights, an overview of the technology transfer system, and discussed the importance of restoring the economic development funds from the state. He stated that a record \$225.4 million in sponsored funding was received by the University. Business and commodity groups

provided \$15.3 million for research activities. There was a 13.6 percent increase in federally-supported sponsored funding (to \$146 million). He presented a graph which illustrated the dollar amount of total sponsored research funding for the past 10 years.

Vice Provost Bloedel stated that key to the discovery process is an outstanding faculty. He said Iowa State University is one of the nation's leading universities in technology transfer accomplishments, and provided several examples of such accomplishments. In FY 2002, Iowa State University received another R&D 100 Award, bringing the total to 24, which places the University second among all universities. Since 1990, 57 companies have been started in Iowa based on technology developed at Iowa State University. He next presented a graph which illustrated the total Iowa State University Research Foundation active license/option agreements for the past 10 years and a graph illustrating the Foundation's disclosures received for the same time period. Next, Board members were presented with graphs which illustrated numbers of patent applications.

Vice Provost Bloedel presented graphs of sales of licensed Iowa State University technologies for the past ten years and of income related to licensing activities.

Vice Provost Bloedel stated that leadership of the economic development system of Iowa State University is provided through the Office of the Vice Provost for Research. The one-stop point of contact was established in March 2001 as the result of dialogue with Board of Regents members.

Vice Provost Bloedel next addressed the Iowa State University Research Park. He stated that six new companies joined the Research Park in FY 2002 for a total of 122 companies and research centers since 1987. There are 51 companies currently located in the Research Park and those companies employ 959 people. Support in business development is provided through the Pappajohn Center for Entrepreneurship.

Vice Provost Bloedel said there are outreach centers associated with every major unit at Iowa State University. The primary centers are associated with the Institute for Physical Research and Technology, Extension, and the Research Park. The primary objective of the outreach centers is to interface with Iowa companies for product improvement and problem solving. He provided examples of statewide interactions, as well as examples of activity levels of some of the centers. He said the centers are coordinated by the Vice Provost's office and by the University's Coordinating Council on Technology Transfer.

Vice Provost Bloedel stated that the loss of economic development funds from state appropriations has jeopardized the economic development system. Examples of consequences of the funding cuts were:

Institute for Physical Research and Technology – cut in economic development funds of \$2.5 million which resulted in a budget cut of 60 percent; the elimination of 18 FTEs and 7.3 graduate assistants; cut to primary outreach centers of 32 percent to 49 percent which resulted in a major reduction in services; eliminated research seed funding program; loss of minority science education program; elimination of free programs to Iowa industry; most of the cutbacks also affect the funds acquired through leveraging of state dollars.

Iowa State University Research Park – business development services reduced by 3,000 hours; charges to tenant companies increased, creating revenues of nearly \$120,000; limits on funding of future tenant improvements.

President Newlin referred to the current number of employees in the Research Park, and asked that University officials provide in next year's report a 5-year progression of the number of employees. Vice Provost Bloedel agreed to do so.

President Newlin referred to the businesses that have located in the Ames area after moving out of the Research Park, and asked how many jobs were created by those businesses. Vice Provost Bloedel responded that another 500 jobs were created by those businesses.

Regent Kelly stated that he has had the privilege of serving as a member of the Iowa State University Research Foundation, and can verify that it is an outstanding and superior foundation.

Regent Fisher asked if the Research Park is self-sustaining. Steven Carter, Director of the Iowa State University Research Park, responded that the Research Park could be considered self-sustaining. State funds provide for incubation services, purchase of services for start-up companies, and enable the Research Park to take some risks that it might not otherwise be able to take. He said the Research Park generates enough income from rents to sustain its real estate operation.

Regent Fisher asked if the revenue from rents finances the additional square footage that is being built. Mr. Carter responded affirmatively.

Regent Fisher asked for the amount of investment in the Research Park. Mr. Carter responded that the investment in the Research Park totaled \$45.3 million.

President Newlin pointed out that, in the late-1980s to early-1990s, the Research Parks at both the University of Iowa and Iowa State University were created by the state of Iowa to encourage the development of economic development programs.

Regent Arbisser contrasted the graph of statewide activities presented by Iowa State University with the map presented by the University of Iowa, and said the map was useful in sharing with others the economic impact to the state. Vice Provost Bloedel said there was a map in the report presented by Iowa State University in the meeting materials; however, the map was not provided in the PowerPoint presentation. He will provide the map in the PowerPoint presentation next year.

Regent Arbisser said there is intellectual activity that occurs aside from that which ends up in the economic sector. He asked if there is any way to measure non-economic intellectual property output, such as articles and books. President Geoffroy said that activity is monitored as part of Iowa State University's performance indicators and in the evaluation of faculty members.

Vice Provost Bloedel said he did not want to leave the impression that Iowa State University is competing with its friends at Integrated DNA Technologies. He has personally helped market IDT to Iowa State University faculty. The University does have a DNA facility, primarily because of the Plant Sciences Institute. Iowa State University has one of the foremost centers in the world in plant genomics. A DNA facility is needed for graduate students' understanding of synthesis. He stated that, although the services provided by IDT are much less expensive than those provided by the University's facility, there are some faculty who like to be in control of the process.

President Newlin thanked Vice Provost Bloedel for the very successful report.

Randy Pilkington, Director of the University of Northern Iowa's Institute for Decision Making, provided a PowerPoint presentation of the University's report on economic development and technology transfer. He stated that the University of Northern Iowa has an integrated approach to outreach programs, with an emphasis toward economic development. The University helps communities and businesses with hands-on technical assistance in problem solving. The University's niche strengths include waste management and reduction, metal castings, market research and analysis, agriculture-based lubricant research and testing (soy-based industrial lubricants are being accepted in the market), community and economic development, management training, and energy and the environment. He said the University has worked with 465 communities in local development efforts, with 3,890 business clients to solve business problems, with 33,560 employees and community volunteers in all 99 counties, and provided 275 training workshops. He provided examples of economic development contributions to Iowa through the Regional Business Center, the Environmental Lubricants Manufacturing, agriculture-based lubricants technology transfer, and the launching of Laser Touch and Technologies. He presented a map which illustrated the number of on-site reviews by the Iowa Waste Reduction Center in each of Iowa's 99 counties.

With regard to the impacts of state budget cuts, Director Pilkington stated there was a disproportionate cut to Regent programs. The cuts to the University of Northern Iowa resulted in unmet demand for technology transfer and economic development within Iowa. He said the short-term savings to the state of cutting Regent programs will result in long-term costs to the state's economic performance. If Iowa desires to have a high-technology environment, it must be attractive to high-technology companies. Outreach program impacts of the budget cuts include reduced staff, implementation of fees, reduced participation by faculty and students, fewer Iowa clients served, and transferring of costs to Iowa communities and businesses. He said funding for four economic development programs at the University of Northern Iowa was cut by 60 percent.

Regent Fisher referred to the 3,500 Iowa businesses and communities with which the University has had contact, and asked if fees are charged for services. Director Pilkington responded that the fees vary by program. There is either partial or full reimbursement. The Iowa Waste Reduction Center is the only program for which there is no fee.

Regent Fisher asked if there was an opportunity to review the fee structure. Director Pilkington responded that all of the universities have done that. He cautioned that by increasing fees, the universities may begin to serve the communities that can afford their assistance rather than the ones that really need their assistance.

President Newlin thanked Director Pilkington for the presentation. He then referred to the presentations on economic development and technology transfer and said he wished to make some comments. He stated that the universities are a powerful resource for achieving an important goal for Iowa – stimulating and expanding our economy – and creating wealth – intellectual, economic and social. The businesses represented in the presentations were three exciting examples of what can result when Regent university faculty, staff and students, the private sector and public investment work together. The Board of Regents and its universities will work actively with business and government leaders to enhance Regent economic development programs and create new opportunities to grow Iowa's economy and create wealth. He said Iowans can be very proud of the universities' economic development and technology transfer programs despite the 60 percent cuts in state appropriations last year. However, if opportunities are to be created, those cuts cannot be sustained.

MOTION:

Regent Fisher moved to (1) receive the report on economic development and technology transfer, (2) encourage the universities to further promote the benefits and services they provide for economic development activities all across the

state, and (3) direct the universities to continue successful efforts to create jobs, assist small businesses to grow and prosper, provide technological assistance to business, and create new high technology businesses that create jobs for lowans all over the state. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

LEGISLATIVE PROGRAM REPORT.

Executive Director Nichols stated that the Iowa General Assembly convened on January 13, 2003. On January 14, the Governor presented his Condition of the State address in which he described the following broad goals: 1) transform the state's economy (100,000 new jobs in high-skill occupations); 2) improvements in education (90 percent participation in preschool education and a workforce made up 90 percent by workers with college training); 3) increased access to health care; and 4) environmental quality, especially water quality. Executive Director Nichols noted that activities are taking place at the Regent universities that relate directly to the Governor's goals including, but not limited to, increasing access to health care and addressing environmental quality.

One specific item contained in the Governor's remarks related to the creation of an Iowa Values Fund to transform Iowa's economy. Executive Director Nichols said there has been consultation with institutional heads and the President of the Board of Regents about the opportunity to make significant investment in the research infrastructure, particularly related to protein extraction and the life sciences. If an Iowa Values Fund were created, it would provide another opportunity for the Regent campuses to enhance the economic and business opportunities in the state, which also leads to the Governor's job creation goal.

Executive Director Nichols stated that in his Condition of the State address, the Governor had advocated for reinstatement of the state's college work study program to provide financial resources for students. The work study program addresses the Governor's goal of increased participation in college. Executive Director Nichols said the details of these and other proposals that will be contained in the executive branch budget recommendations to be provided in full detail in late January when the Governor submits his budget recommendations to the legislature. The Board Office will provide updates to the Board during the legislative session.

Executive Director Nichols reminded Board members that the Board had previously adopted budget recommendations and additional program recommendations, as

follows: prioritization of salaries funding; strategic investments in the operating funds of the institutions; priorities for capitals and tuition replacement appropriations; partnerships in economic development, education and homeland security; as well as regulatory relief in specific areas.

At this time, the Board Office presented two additional items for inclusion in the Regents legislative program. He said the first was that the Regents should actively pursue coordinated economic development efforts to promote current programs and to build support for expanded opportunities. In light of the budget reductions in economic development programs, the Board was asked to instruct the Board Office and institutions to continue to explore options for securing additional funds for campus-based economic development programs. The second recommended addition to the Board's legislative program concerned the state's Program Elimination Commission. Executive Director Nichols said the Commission had issued a series of recommendations that were particularly ill-advised as those related to the Regent enterprise. Some of the administrative services reorganization recommendations would be costly to implement and would have significant ongoing costs and inefficiencies. He said the Board of Regents currently operates its complex enterprise efficiently and effectively, as verified by external evaluators. There would also be significant ongoing costs and complications, for example, because of differences in how employment contracts are executed in state government versus in the Regent institutions. Executive Director Nichols proposed that the Board authorize its legislative liaisons to work to eliminate inclusion of the Regent enterprise in the administrative services section of the Program Elimination Commission's recommendations.

MOTION:

Regent Neil moved to (1) actively participate with business and government leaders to fashion a coordinated economic development initiative to enhance existing successful Regent economic development programs and to create new and additional opportunities to grow Iowa's economy, (2) request that the Legislative and Executive Branches renew their financial commitment to the universities for economic development activities for the benefit of the state, (3) oppose the inclusion of the Regent institutions in the Program Elimination Commission recommendation on State Government Administrative Services, and (4) reaffirm the earlier Regent legislative program issues and budget recommendations. Regent Arbisser seconded the motion.

Regent Neil referred to Executive Director Nichols' letter of December 6, 2002, to the Program Elimination Commission members, and asked if a response had been received. Executive Director Nichols said he had not received a formal response. He said there were several conversations with members of the Commission as well as with representatives of the executive and legislative branches of state government. He has advised some of the legislative leaders of the Regents' concerns. One of the issues the legislature has to decide is whether or not to treat the Commission's recommendations as a single set of recommendations or as individual recommendations. With the Board's adoption of the motion, the Board would be encouraging legislative consideration of the recommendations one-by-one.

VOTE ON THE MOTION: MOTION CARRIED UNANIMOUSLY.

AMICUS BRIEF – PATENT INFRINGEMENT CASE, DUKE UNIVERSITY.

Executive Director Nichols presented Board members with a late-arriving proposal relating to a patent infringement case involving Duke University. The Board was asked to support the filing of an Amicus Brief in a legal case pending at the U.S. Supreme Court because of the profound potential implication of the case on the process of discovery and innovation at the Regents' two research universities. The processes are critical to identification of ideas, including those with great economic potential for Iowa. He then asked that Director Wright address the Board on this matter.

Director Wright stated that a federal circuit court, in the matter of litigation involving Duke University, destroyed a decades-old common law principal which protected non-commercial research from claims of patent infringement. The court, in Duke, ruled that the University was ineligible to use this common law exemption because research in which they were engaged served a legitimate educational purpose. He said the Association of American Medical Colleges has filed an Amicus Brief in support of Duke's Petition for a Writ of Cert to the U.S. Supreme Court. The common law principal is essential to the type of scientific research that is conducted at the University of Iowa and Iowa State University.

On January 14, 2003, Deputy Attorney General Gordon Allen, University of Iowa General Counsel Mark Schantz, Iowa State University Legal Services Director Paul Tanaka, and Director Wright consulted on this matter. The unanimous conclusion was to recommend to the Board's Executive Director that the matter be docketed for this meeting because time is of the essence.

Regent Kelly asked for a summary of what was being recommended to the Board of Regents. Director Wright responded that the Board was being asked to support a petition for the U.S. Supreme Court to consider overturning a federal circuit court

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decision which makes universities liable for patent infringements when conducting research of a non-commercial nature.

MOTION: Regent Nieland moved to authorize the University of Iowa and Iowa State University to participate in the Amicus Brief regarding the Duke University case before the U.S. Supreme Court. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE SESSION. President Newlin requested that the Board meet in closed session to conduct a strategy meeting of a public employer for collective bargaining, pursuant to Iowa Code §20.17(3); and, upon the request of employees whose performance was being considered, pursuant to Iowa Code §21.5(1)(i).

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

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 3:23 p.m. on January 15, 2003, and adjourned therefrom at 5:45 p.m. on that same date.

The following business was conducted on Thursday, January 16, 2003, beginning at 9:06 a.m.

APPROVAL OF MINUTES OF BOARD MEETINGS OF NOVEMBER 13-14, 2002, DECEMBER 14, 2002, AND JANUARY 4-5, 2003.

President Newlin asked if there were any additions or corrections to the minutes. There were none.

MOTION: Regent Neil moved to approve the minutes of the November 13-14, 2002, December 14, 2002, and January 4-5, 2003, meetings, as written. Regent

Fisher seconded the motion. MOTION CARRIED
UNANIMOUSLY.

CONSENT ITEMS. (a) Board Meetings Schedule.

President Newlin asked Board members to note on their calendars that the February 19, 2003, telephonic meeting was scheduled to begin at 12:00 p.m. and to last 1 to 1-1/2 hours.

(b) Approval of Vendors with a Potential Conflict of Interest. Approval was requested to add 1 Moment Designs (Matt Westgate) to Iowa State University's list of approved vendors with a potential conflict of interest.

(c) Purchase of Magnetic Resonance Imager (MRI) System, UIHC. Approval was requested by the University of Iowa Hospitals and Clinics for the acquisition of a Magnetic Resonance Imager (MRI) System.

(d) Professional and Scientific Classification System Revisions, SUI. Approval was requested for the addition of new classifications and change of pay grades for existing classifications in the University of Iowa P&S Classification System.

(e) Major in Performing Arts Entrepreneurship, SUI. Referral of the University of Iowa's request to establish a new interdisciplinary major in Performing Arts Entrepreneurship to the Board Office and the Interinstitutional Committee on Educational Coordination was recommended.

(f) Major in Athletic Training, SUI. Referral of the University of Iowa's request to establish a separate major in Athletic Training to be granted by the College of Liberal Arts and Sciences to the Board Office and the Interinstitutional Committee on Educational Coordination was recommended.

(g) Certificate in Clinical Investigation, SUI. Approval was requested for the University of Iowa's establishment of a graduate Certificate in Clinical Investigation.

(h) Center for Bioinformatics and Computational Biology, SUI. Receipt of the University of Iowa's report on establishing a Center for Bioinformatics and Computational Biology was recommended.

(i) Post-audit Reports, SUI. Referral of the post-audits from the University of Iowa to the Board Office and the Interinstitutional Committee on Educational Coordination was recommended.

(j) Iowa State Center Annual Report, ISU. Receipt of the annual report on the Iowa State Center for the year ended June 30, 2002, was recommended.

(k) Rename the Department of Aerospace Engineering and Engineering Mechanics to the Department of Aerospace Engineering, ISU. Referral of Iowa State University's proposal for a change in the name of the Department of Aerospace Engineering and Engineering Mechanics to the Board Office and the Interinstitutional Committee on Educational Coordination was recommended.

(l) Establishment of an Interdisciplinary Graduate Minor in Women's Studies, ISU. Referral of Iowa State University's proposal for a new Interdisciplinary Graduate Minor in Women's Studies to the Board Office and the Interinstitutional Committee on Educational Coordination was recommended.

(m) Post-audit Review of the Master of Science in Agronomy Distance Education Program, ISU. Referral of the post-audit report of the Master of Science in Agronomy major at Iowa State University to the Board Office and the Interinstitutional Committee on Educational Coordination was recommended.

(n) Proposed Revisions for 2003-2005 General Catalog, ISU. Referral of the proposed revisions for Iowa State University's 2003-2005 General Catalog to the Board Office and the Interinstitutional Committee on Educational Coordination was recommended.

(o) Discontinue the Undergraduate Program in Engineering Science, ISU. Approval was requested to discontinue Iowa State University's undergraduate program in Engineering Science.

(p) Discontinue the Undergraduate Program in Engineering Applications, ISU. Approval was requested to discontinue Iowa State University's undergraduate program in Engineering Applications

(q) New Community Vitality Center, ISU. Receipt of Iowa State University's report of a new Center to be called the Community Vitality Center was recommended.

(r) New Center for Research on Dietary Botanical Supplements, ISU. Receipt of Iowa State University's report of a new Center to be called the Center for Research on Dietary Botanical Supplements was recommended.

(s) Rename the Department of Civil and Construction Engineering to the Department of Civil, Construction and Environmental Engineering, ISU. Referral of Iowa State University's proposal for a change in the name of the Department of Civil and

Construction Engineering to the Board Office and the Interinstitutional Committee on Educational Coordination was recommended.

MOTION: Regent Fisher moved to approve the consent docket, as presented. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

FINAL APPROVAL OF STRATEGIC PLANS.

Deputy Executive Director Barak said Board policy requires that the strategic plans of each of the institutions be brought to the Board every November for initial consideration. At that time, any changes or modifications are presented to the Board. The Board then has until the next Board meeting to consider any changes or modifications it wishes to make to the strategic plans, prior to granting final approval to the plans. He said the plans before the Board at this meeting were presented for final approval.

(a) University of Iowa.

Interim President Boyd stated University of Iowa officials believe that progress has been made on the University's strategic plan, notwithstanding the severe budget stringencies. He said he was very concerned about the decline in the 4-year graduation rate although the University is still committed to it. Loss of faculty due to the budget situation resulted in classes being eliminated and class sizes increasing. He said progress is being made with regard to diversity and inclusiveness. University officials were pleased with the previous day's discussion about economic development. He referred to a pamphlet entitled, The University "in" Iowa, which was distributed to Board members, and said the pamphlet presents a summary of state-wide outreach of the University of Iowa in a more informative way than do the performance indicators data.

Interim President Boyd reported that University of Iowa officials will do as has been done at the other two universities in terms of increasing the number of educational programs in professional outreach of credit and non-credit courses. The number of patients outside of Iowa City who are served through the University of Iowa Hospitals and Clinics will also be included. The University has five years of information that will be provided relating to the University of Iowa Hospitals and Clinics, but only three years of information for the College of Dentistry.

With regard to the seamlessness of education in Iowa, Interim President Boyd said University officials will try to increase by 20 percent the number of students participating in the comprehensive K-12 honors program.

Regent Turner referred to the University of Iowa's 4-year graduation rate, and asked if the data reflected the students who had been guaranteed to graduate in 4 years or whether it was an indication that less students are being accepted into the 4-year graduation program.

Provost Whitmore responded that there has not been a decline in the number of students registering for the four-year graduation program. He said University officials do not know why the number declined although it is likely to fluctuate. It was his speculation that the University was unable to offer certain opportunities in a particular sequence. University officials continue to monitor the program, which he said remains active. Courses have been added to keep students on track to graduate in four years. He reminded Board members that the four-year graduation contract is a "two-way street."

Regent Turner referred to the performance indicator to increase to 7.5 percent the minority Professional & Scientific staff. She asked if the decline in the percentage of minorities was due to difficulty in recruiting and/or retaining staff, or if it related to salaries.

Interim President Boyd said the decline in the percentage of minority Professional & Scientific staff should not be viewed as a lessening of the University's commitment to diversity. He believes it is an issue of recruiting and achieving the University's goals.

President Newlin thanked Interim President Boyd and his staff for the information presented in the meeting materials on the performance indicators, including the five-year trends. He then referred to Interim President Boyd's earlier comment that the pamphlet, The University "in" Iowa, presented a summary of the University's state-wide outreach in a more informative way than do the indicators data. He said it would be appropriate to add a few sentences from the booklet along with the data for each performance indicator, and asked that University officials do so.

President Newlin stated that he wished to make some comments about the Board's strategic planning process. He said there was no question that the strategic planning activities of the institutions and the Board have provided direction and focus in these tough financial times. He thanked everyone for their efforts and encouraged continuation of the process. Each time they go through this process, the strategic plans get better. Each time a new president joins the Regent enterprise, the president adds his or her perspective on what is important to the university. He said the Board of Regents has two research universities and a comprehensive university. The Board not only monitors progress on the strategic plans but also monitors that the institutions stay within their missions. He said there must be full discussion if there is to be a deviation from their missions.

Regent Fisher stated that during the recent interview process for the University of Iowa presidency, Board members visited with six outstanding candidates. Candidates were very much impressed with the strategic plans and the process. He said it was refreshing to hear those comments from others outside of the Regent enterprise.

President Newlin said the presidential candidates indicated that Iowa is well along in its strategic planning as compared to other universities in the country.

Regent Neil stated that in the strategic planning process it is possible to set oneself up for failure if there are not enough resources provided to meet that strategic plan. In that case, it is easy for someone to say one has failed. He said it should be kept in mind that, unless there are adequate resources to devote to the strategic plan, there may be a set-up for failure in the current political system.

President Newlin said the strategic plans have to be viewed over the long term. With insufficient state appropriations, the resources have to be spread out over more years. It will take longer to do what is thought to be the right thing to do.

MOTION: Regent Fisher moved to approve the progress report. Regent Nieland seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(b) Iowa State University.

President Geoffroy said he was very pleased with the progress that had been made on Iowa State University's strategic plan.

Regent Fisher asked what, if any, factors will impact the University's strategic plan or process, other than the budget issues. President Geoffroy said the budgets are clearly front-and-center, and it would be difficult to put those aside. One issue for all three universities is enrollments. He said he was very concerned about faculty salaries because of the budget situation. Everything that is done at the University resides with its faculty. The University has great faculty and those faculty require competitive compensation packages.

Regent Fisher asked if the Iowa State University Foundation assists with faculty salaries through funding of chairs and professorships. President Geoffroy responded that the Foundation is assisting with funding for chairs and professorships, which are intended to be for truly distinguished individuals. If there is a contribution to salaries by the Foundation, particularly for chairs and professorships, it is usually on top of the base salary that the University provides.

Regent Turner congratulated Iowa State University on its success in the number of undergraduate students in learning communities. She said it would be helpful to also have a percentage figure, such as the percentage of the student body or of the freshman class, that is represented by the number. She then referred to Iowa State University's six-year graduation rate for minority students, and asked if University officials were tracking the reasons for the decrease from FY 2001 to FY 2002.

President Geoffroy responded that the President's Advisory Committee on Diversity Issues has been asked to review those numbers. He said University officials need to understand the cause of the decline and where to focus the corrective action.

MOTION: Regent Arbisser moved to (1) approve the progress report; (2) approve the request to change ISU Performance Indicator #29 from "Private Gift Income" to "Dollars raised on behalf of Iowa State University by the Iowa State University Foundation;" and (3) approve the request to change ISU Performance Indicator #30 from "Alumni Giving Rate" to "Percentage of living alumni who made gifts to the Iowa State University Foundation to support Iowa State University." Regent Arnold seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa.

President Koob stated there were no changes to the report that was given in November. At that time, he indicated that the performance indicator on percent of graduates (of graduate programs) employed or placed within one year was inappropriate and the methodology would be changed. He said that, due to the significant and rapid change in the external environment, the strategic planning committee on campus will be convened in the spring to make certain that the current strategic plan is consistent with the current environment.

President Newlin stated the Board of Regents is in the process of updating its 5-year plan. Newly-appointed University of Iowa President Skorton is considering a review of the University of Iowa's strategic plan. President Newlin suggested it may be appropriate to begin a new 5-year period for the University of Northern Iowa's strategic plan.

President Koob responded that University of Northern Iowa officials would certainly entertain that idea. Although they had not planned that extensive a review, he said University officials could consider establishing a new 5-year period and evolving the strategic plan from the current strategic plan. He had hoped the Board's strategic plan would be completed before the review of the University's strategic plan so the University's plan could reflect the Board's plan. He said it likely will take longer to achieve the aspirations of the strategic plan with less money but there may be some aspirations that are deemed to be unrealistic.

MOTION: Regent Fisher moved to approve the progress report. Regent Arnold seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(d) Iowa School for the Deaf.

Superintendent Johnson stated there had been no changes to Iowa School for the Deaf's strategic plan since the presentation at the November Board meeting.

President Newlin noted that School officials had requested minor language changes to performance indicator 1.3.1.2, to read: "By the end of year FY 2004, 70 percent or more of the students in the 3rd through 12th grades will score between the 31st-70th percentiles on the Stanford Achievement Test for the Hearing Impaired (SAT-HI) mathematics subtest."

Superintendent Johnson stated that the target is for nearly three-fourths of the students to be in the middle two quartiles.

MOTION: Regent Arnold moved to (1) receive the progress report and (2) receive, for preliminary review, a request to change Benchmark 1.3.1.2 to make it consistent with the language in other benchmarks. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

(e) Iowa Braille and Sight Saving School.

Superintendent Thurman stated that, since the last presentation to the Board on the School's strategic plan, there have been a number of changes suggested. School officials have come to realize the necessity for a more analytical approach. Some suggestions that were made the previous evening would also be incorporated.

President Newlin stated that the strategic plan of the Iowa Braille and Sight Saving School is to be quantifiable and measurable.

Superintendent Thurman stated that the first strategic plan was written about 15 years ago. Since that time, the strategic planning process has revolutionized what has transpired at the Iowa Braille and Sight Saving School. The School has transitioned to a truly state-wide school.

MOTION: Regent Neil moved to (1) receive the 2002 progress report on Iowa Braille and Sight Saving School's 1998-2002 Strategic Plan and (2) receive, for preliminary review, Iowa Braille and Sight Saving School's proposed 2003-2007 Strategic Plan, *Celebrating Our Past...Embracing Our Future*. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

(f) Board of Regents.

Executive Director Nichols said there were no changes to the recommendations that were presented at the November Board of Regents meeting. He then addressed the process for creation of a new 5-year plan for the Board of Regents. He said this is the final year of the existing strategic plan; most of the specific "deliverables" of that plan are ongoing. A staff team at the Board Office has begun development of a work plan for the creation of a new strategic plan, with direct involvement of the Board. President Newlin has appointed a priority study group of the Board to work with the staff team. There have been initial discussions about possible new key result areas for the strategic plan, including consideration of "external" key result areas. Such external key result areas could include the promotion of economic growth opportunities within the state, and taking a leadership role in P-16 education in Iowa. Those matters will be presented to the Board in the spring.

Executive Director Nichols stated that the goal for completion of a new strategic plan is June or July of 2003. This timetable would provide institutional officials with the remainder of the year to align the institutional plans with the Board plan, and would coincide with the Board's consideration this summer of budgets for the new fiscal year. He acknowledged that this will be a very ambitious goal. He said the process for closer alignment of institutional plans with the Board's new strategic plan will be part of the discussion.

President Newlin stated that the Board's current strategic plan has four key result areas: quality, access, diversity and accountability. As mentioned by Executive Director

Nichols, consideration is being given to adding two more key result areas. One potential new key result area would relate to economic development. He noted that the current strategic plan has some strategies relative to economic development although there is not an economic development key result area. A second potential new key result area would relate to the P-16 educational enterprise.

Regent Neil expressed support for the development of new key result areas especially one related to economic development. He said he was unsure, at this point, how the Board would measure itself against a key result area related to the P-16 educational enterprise.

MOTION: Regent Neil moved to (1) approve the progress report and (2) encourage the Board Office and institutions to maintain consistency and linkages between the institutional strategic plans and the Board of Regents' strategic plan. Regent Arbisser seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

ANNUAL REPORT ON PERFORMANCE INDICATORS.

Assistant Director Gonzalez provided Board members with a PowerPoint presentation of the annual report on performance indicators, which the Board has received for the past four years. Contained within the report are 11 items that provide common data for all five Regent institutions, and 9 data items for the three universities. There are also separate indicators for each university. She presented graphs related to the following six general categories: instructional environment; student profile and performance; educational outreach and service; faculty profile and performance; institutional diversity; and expenditures, financing and funding. Specific data were provided on average class size (University of Northern Iowa); one-year post-graduation activities of students (Iowa State University); off-campus credit enrollment; sponsored funding; racial/ethnic composition of Professional & Scientific staff; and deferred maintenance (Iowa School for the Deaf and Iowa Braille and Sight Saving School). With regard to trends, Assistant Director Gonzalez stated that class sizes had increased at the universities. Credit and non-credit course enrollments had increased. Faculty resignations continued to increase at the University of Iowa and Iowa State University. Unit cost of instruction per student continued to rise. Deferred maintenance backlogs continued to increase.

Regent Fisher asked the institutional heads where the most progress had been made, and which performance indicators would be the most challenging in light of the budget constraints.

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Interim President Boyd responded for the University of Iowa by stating that the increasing class sizes were very worrisome, as was the loss of faculty and the inability to recruit faculty.

President Geoffroy responded that external research funding was an area in which substantial progress has been made at Iowa State University. The University has also been successful with its learning communities. He referred the Regents to the areas of concern that he had mentioned earlier in discussion of the University's strategic plan.

President Koob stated that he was most proud of the increase in enrollment of under-represented undergraduates at the University of Northern Iowa. While 95 percent of the University's enrollment is of in-state students, the representation on campus of under-represented groups is greater than the representation of those in the state of Iowa. He said he was most concerned about the quality indicators, such as the rising class sizes and the diminishing number of tenured and tenure-track faculty.

Superintendent Johnson said he was pleased with the achievements of Iowa School for the Deaf students. Challenges are faced in recruitment of faculty, particularly those who are deaf and minorities. He said another challenge would be to increase deaf student achievement to the levels of non-hearing-impaired student achievement.

Regent Fisher asked for an update on usage of the School's Recreation Center. Superintendent Johnson responded that use by the community is escalating. In June, 350 people used the facility. Over 1,500 community members utilized the facility during the month of December. He said it was interesting that there are certain areas of the facility for which he cannot get an appointment because of the high usage.

Superintendent Thurman said he continues to be very pleased with the progress of individual Iowa Braille and Sight Saving School students. One student at the School made the National Honor Society in her junior year at the Vinton Shellsburg school system, and Iowa Braille and Sight Saving School officials are very proud. He was also very pleased with the progress of students who are challenged with not only blindness but with mental and physical disabilities. One area of concern is diversity. School officials have not been successful in attracting people of different backgrounds or ethnicities to work in Vinton.

Regent Fisher asked if the student who is in the National Honor Society lives on the Iowa Braille and Sight Saving School campus. Superintendent Thurman responded affirmatively. He said she is now a fully-enrolled senior at Vinton Shellsburg High School.

Regent Fisher suggested that the next time the Board of Regents meets at the Iowa Braille and Sight Saving School, the student be introduced to the Regents and asked to say a few words. Superintendent Thurman responded that School officials would do so.

MOTION: Regent Fisher moved to (1) receive the report and (2) request that the institutions not add or eliminate performance indicators on a yearly basis, especially in the "common data set." Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

FOLLOW-UP REPORT ON ORGANIZATIONAL REVIEW (RECOMMENDATION III-1).

Associate Director Racki stated that, in September 2002, the Board received recommendations for Phase III of the organizational review. Recommendation III-1 was that the Board of Regents should examine criteria and models for assessing the total facility space needs and the level of classroom and laboratory utilization, and for guiding the design of new and renovated buildings. This objective system should then be used as a guideline to assess the facility needs and utilization of each campus. She said that at the September 2002 meeting the Board Office recommended that recommendation III-1 not be undertaken at the present time since the Regent universities have information and processes in place, and institutional officials and the Board currently set priorities on a campus-by-campus basis through a long-term planning process.

Following discussion at the September Board meeting, the Board asked that this recommendation be revisited at the January 2003 meeting. Since September, the Board Office has conducted extensive research on the three components of the recommendation and university officials have provided detailed information on campus space and utilization, as well as current planning processes. Associate Director Racki thanked university officials for the information they had provided, and stated the Board Office continued to recommend that Recommendation III-1 not be undertaken at the present time since the detailed processes in place have worked effectively for a number of years.

Associate Director Racki stated that many experts have noted that developing models to assess total facility needs does not encompass a total analysis of space; a comprehensive approach, which is commonly referred to as space management, includes, among other factors, an analysis of the quality of the space. The universities are actively engaged in space management; this comprehensive approach provides the highest quality of information, judgment and expertise, including utilizing consultants in making facility decisions that allocate effectively the limited resources. However, each university's approach is slightly different. Associate Director Racki

reported that the university processes provide flexibility and responsiveness in planning for and addressing the unique short- and longer-term needs of the programs conducted in support of institutional missions.

Associate Director Racki noted that the legislature has recognized the unique nature and needs of the Regent institutions through a separate governance structure that has resulted in wise and effective oversight of the Regent universities' capital development.

Regent Fisher stated that he agreed with the recommendation of the Board Office; however, for the long-term, he believes it would be prudent to seek professional assistance on each campus to review the campus plans and facilities. He said the Board needs more information when it is presented with requests for funding of new facilities. Independent professional consultation in the future would be a good investment.

President Newlin stated that Regent Fisher's comments would be kept in mind. He thanked Associate Director Racki and the universities for their efforts.

ACTION: President Newlin stated the Board, by general consent, received the follow-up report on the Organizational Review, Recommendation III-1 related to total facility space needs, utilization, and criteria for design of new and renovated buildings.

ANNUAL REPORT OF PROFESSIONAL DEVELOPMENT ASSIGNMENTS FOR FY 2002.

Assistant Director Gonzalez presented Board members with an overview of the professional development assignments that were conducted in FY 2002. She said university officials utilize the assignments to ensure that faculty vitality remains high and that quality instruction and research occurs on the campuses. A professional development assignment may be for one or more purposes including preparation of a faculty member for new teaching responsibilities and greater responsibility for research or curriculum development. She said the report described the assignments that were undertaken by 135 faculty during 2001-2002. This year's report included detailed descriptions of the value of the assignments, including curriculum enhancement and development of student internship sites.

Regent Neil asked for the benefit of the University of Iowa's faculty scholars and global scholars programs. Provost Whitmore stated that, in general, those programs are designed to provide the best faculty members with opportunities to grow and develop. Examples were the provision of endowed chairs and the development of research. He

said the programs were created shortly before he arrived at the University. There is a very vigorous process for selecting faculty to participate in the programs.

Regent Neil asked if the faculty selections are made by the Provost's office. Provost Whitmore responded that the selections are made by a faculty committee with peer review; the Provost's office provides the final review and approval.

President Newlin asked how the universities have benefited from professional development assignments. President Geoffroy responded that Iowa State University faculty members have gained state-of-the-art expertise to continue to advance their disciplines. A faculty member in the biological sciences spent months in laboratories where cutting-edge techniques were being developed.

Regent Neil asked what would be the result if professional development opportunities were not offered. President Geoffroy responded that faculty's knowledge base would become obsolete.

Regent Nieland noted that the availability of professional development assignments is also a tool in recruiting faculty.

Provost Whitmore stated that many of the University of Iowa's best faculty would not have come to the University if professional development opportunities were not offered. He then addressed President Newlin's question about how the universities have benefited from professional development assignments. He said University officials have found that, when faculty take these opportunities to further develop themselves, it results in improved quality of classroom teaching.

President Koob stated that, at the University of Northern Iowa, there is also an improvement in the quality of teaching by faculty who have undertaken professional development assignments. He then noted that the importance of the assignments for the University of Northern Iowa was the same as for the research universities, which is revitalization of faculty. Without these opportunities, there would have to be additional opportunities provided on campus than there are currently.

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

REQUESTS FOR PROFESSIONAL DEVELOPMENT ASSIGNMENTS FOR FY 2004.

Assistant Director Gonzalez presented the requests for professional development assignments for FY 2004. She said each university has a rigorous review process for proposed assignments, including reviews at the department and collegiate levels, as

well as the Provost's office. The universities requested approval of 147 professional development assignments. The new costs of the assignments were projected to be \$544,322, which is approximately 1/10th of 1 percent of the total faculty salary budget for the current fiscal year.

Assistant Director Gonzalez stated that, during their assignments, faculty engage in extensive research, write books and create new works of art, develop modeling systems, and undertake extensive curriculum development.

Regent Neil asked if the budget crunch is affecting the professional development assignment. Provost Whitmore responded that the program is so valuable that University of Iowa officials continue to provide funds for the program. Retaining and attracting faculty, of which this program is one element, is a very high priority.

President Geoffroy stated that budget cuts have had an impact on the program at Iowa State University. He said the impact on the program, in part, is a reflection of the community spirit in Iowa. Some faculty members deferred leaves so their absence would not increase the teaching load on fellow faculty members.

Provost Whitmore said there were a number deferrals of assignments at each of the Regent institutions because of the potential burden on colleagues.

President Newlin referred to the earlier statement that at the University of Iowa the recommendations for awards of faculty professional development assignments are made by a faculty committee. He asked for the method at the other two campuses. Provost Allen responded that there is peer review at the department level and at the college level at Iowa State University. Provost Podolefsky said the process was the same at the University of Northern Iowa. A University-wide committee reviews the proposals and recommends the faculty to receive an assignment. The Provost's office reviews the recommendation and approves the final selection.

Regent Neil referred to the effect of the budget cuts, and asked if the institutions are approaching the time when enrollments will have to be limited to maintain quality.

President Geoffroy responded that Iowa State University officials have determined the campus cannot continue to grow because of the budget constraints. For the last two years, enrollment targets have been established for steady, stable enrollment, not for growth.

Interim President Boyd responded that, at the University of Iowa, the increasing professionalization of undergraduate education limits the number of students who can enroll. He said there will be rushes to majors at certain times.

President Koob stated that the University of Northern Iowa passed that point last year where enrollments have to be limited to maintain quality. He directed the University's enrollment management team to either manage down the enrollment or redistribute the enrollment to include a large number of full-fee out-of-state students. University officials cannot allow the sharp downturn in performance indicators of quality to continue. One of the driving forces for the strategic plan review, which he mentioned earlier in the meeting, is to determine whether or not there should be a re-evaluation with respect to out-of-state students.

MOTION: Regent Arnold moved to approve requests for professional development assignments for FY 2004. Regent Nieland seconded the motion.
MOTION CARRIED UNANIMOUSLY.

ANNUAL REPORT ON FACULTY TENURE.

Assistant Director Gonzalez presented a summary of the annual report on faculty tenure at the three Regent universities. She said tenure is typically awarded after a faculty member serves a probationary period that can last up to seven years. There are three classifications of faculty – tenured, tenure-track, and non-tenure-track.

Assistant Director Gonzalez provided a PowerPoint presentation which included graphs on number of faculty by tenure status, percentage of minorities and non-minorities tenured, and percentage of women and men tenured. She said the number of tenured and tenure-track faculty members decreased again from the prior year but the number of non-tenure-track faculty increased. The proportion of tenured and tenure-track minorities remained fairly constant between Fall 1998 and Fall 2002. Compared to non-minorities, there is a 10 to 12 percentage point difference. She said the proportion of tenured and tenure-track women faculty increased slightly between Fall 1998 and Fall 2002. Compared to men, there is a 13 to 15 percentage point difference.

An expanded feature of this year's report was a summary of post-tenure review implementation at each of the universities. Assistant Director Gonzalez reported that post-tenure review includes a variety of assessments that are being used for faculty development.

Regent Arbisser pointed out that the steady decline of tenured faculty over the past five years illustrated the effect on educational quality.

President Newlin asked that the three presidents comment on the faculty portfolio effort, including whether all faculty have a portfolio, the process to establish the portfolio, and how the process is working.

Provost Whitmore stated the program is working very well at the University of Iowa. Generally, in the spring, faculty plan, with their department chairs, for the next one to two years the percentage of time that will be spent on teaching, research, and service.

President Newlin asked if faculty members know their colleagues' percentage of effort in each area. Provost Whitmore said it would depend on the culture and the processes of the individual departments as to whether the assignments are discussed in front of the entire faculty. Associate Provost Clark stated that each department has its own culture. In some departments, the information is shared and discussed while, in others, it is considered a personnel matter.

President Newlin asked if post-tenure review is working. Provost Whitmore responded that the post-tenure review process is now fully implemented at the University of Iowa. All faculty have been through the cycle except the more-recently hired faculty. Associate Provost Clark pointed out that the system is different for the College of Law where there are no assistant professors.

President Geoffroy stated that every faculty member at Iowa State University has a "statement of personal responsibility" that is reviewed every year. Every faculty member also has a formal review. Last week, he received from the Chemistry Department (of which he is a faculty member) a form to be completed as part of the post-tenure review process. He said post-tenure review overall is working well and is a good system.

President Newlin asked if there were plans for the areas of the University in which post-tenure review is not working as well. President Geoffroy responded that University officials work with the leadership of the department.

Provost Podolefsky stated that, at the University of Northern Iowa, the review and assessment process is governed by the contract with United Faculty. With regard to the faculty portfolio, he said the percentage of time spent on various aspects of a faculty member's responsibilities varies, although the variation at the University of Northern Iowa was probably somewhat lower than at the other two universities.

President Newlin asked for the average percentage of faculty effort spent on teaching at the University of Northern Iowa. Provost Podolefsky responded that approximately 70 percent of faculty effort is spent on teaching.

President Newlin said he was pleased with the progress that had been reported, and hoped it would continue. The heart of a university is its faculty.

Regent Turner asked if faculty portfolio information is included in any other annual governance report. Director Barak responded that the faculty portfolios are addressed in the annual faculty analysis report. Post-tenure review is included in the annual report on faculty tenure. Regent Turner asked that, in the future, faculty portfolio information be included in the faculty tenure report.

Regent Kelly referred to the graphs on percentage of minorities tenured to non-minorities, and the percentage of women tenured to men. He said there was a high percentage of minorities and women who are tenured.

Assistant Director Gonzalez re-presented the graphs and highlighted the bars which indicated the proportion of women tenured in relation to the tenure eligible group. She said the data included tenured and tenure-track faculty but did not include every woman faculty member at an institution. She then highlighted the bar on the graph which represented the proportion of women who are tenured within the tenure eligible group, and the bar that represented the proportion of all tenured faculty at the institutions.

Regent Kelly asked if the data presented a national comparison. Assistant Director Gonzalez responded that the graph did not include national comparisons. She noted there would be additional discussion about women and minorities in the agenda item on diversity (#13) that would be addressed later in this meeting.

President Newlin thanked university officials for their work in the areas discussed. He said he hoped they would continue the good work that is well underway.

ACTION: President Newlin stated the Board, by general consent, (1) received the report and (2) requested that the Regent universities closely monitor the tenure rates in departments where the percentage of tenured faculty exceeds 80 percent and report to the Board in next year's tenure report how they have addressed the continued vitality of those departments.

ANNUAL REPORT ON FACULTY RESIGNATIONS.

Assistant Director Gonzalez provided Board members with a summary of the annual report on faculty resignations which included information from all five Regent institutions. She stated that the number of university faculty resignations increased to

164 this year which is the largest number since 1987. The number of resignations increased at the University of Iowa and Iowa State University, and decreased at the University of Northern Iowa. She said the primary reason for resigning continues to be the opportunity for career advancement at another higher education institution (65.2 percent). Two other frequently-cited reasons are employment in government or business, or personal factors. The largest proportion of resignations still occurs at the assistant professor level.

Resignations by minority faculty decreased from 30 to 28 this year. The percentage of female faculty who resigned decreased from 39.9 percent to 39.0 percent. The universities have implemented extensive mentoring and retention programs aimed at helping faculty to become assimilated to the university. Assistant Director Gonzalez stated the universities use a variety of means to obtain pertinent information from faculty members who have resigned, including exit interviews and satisfaction surveys.

President Newlin asked how information is obtained for exit interviews. Provost Whitmore responded that faculty who resign are asked to complete a survey which is followed up with an interview, if the individual is willing. Associate Provost Clark stated that, since University of Iowa officials revised the exit survey three years ago, the return rate has increased. With regard to the process for exit interviews, she said the Emeritus Faculty Council conducts the interviews so departing faculty feel they can speak freely.

Provost Allen said Iowa State University officials had just completed a multi-year study of why people leave the University. It was determined that some of the data points were missing because not everyone participated in the exit interviews. The process is being changed to capture the information earlier. Technology will be integrated into the effort through a Web page approach. He said it is critically important to know why people are leaving and the process is being improved to obtain that information.

Provost Podolefsky stated that the approach at the University of Northern Iowa was similar to those of the other two universities.

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

UNIVERSITY OF IOWA ACCREDITATION/CERTIFICATION REPORTS.

Provost Whitmore presented a summary of the accreditation and certification reports for the University of Iowa which, he said, the Board receives on a periodic basis. Each program underwent a self-study and an on-site visit by peer evaluators, as appropriate. For the Advanced Specialty Education Program in Oral and Maxillofacial Radiology, the Commission on Dental Accreditation determined the program is in compliance with the

accreditation standards and granted accreditation status of “approval without reporting requirement.” He said that, in June 2002, upon reviewing the report of the Nursing Education Program’s site visit to the College of Nursing at the University of Iowa, the Iowa Board of Nursing granted full approval to the doctoral, post-master’s, Master of Science in Nursing, and Bachelor of Science in Nursing programs for a period of six years. He said the Pediatric Nurse Practitioner Program was granted an extended five-year program recognition period. The Committee on Accreditation of the American Library Association approved continued accreditation of the program leading to the degree of Master of Arts in Library and Information Science in the School of Library and Information Science at the University of Iowa.

Regent Fisher asked about the process for evaluating and implementing the recommendations of the various external review teams. Provost Whitmore said the reports of the reviews almost always contain recommendations to which University officials are asked to respond in writing. Interim reports are forwarded to the accrediting agency. The Provost’s office works with the appropriate Dean’s office to make sure follow up takes place. All of the reports are provided to the Board Office.

President Newlin congratulated University officials on all four accreditations.

MOTION:

Regent Fisher moved to receive the following program accreditation/certification reports: Advanced Specialty Education Program in Oral and Maxillofacial Radiology, Nursing Education Program, Pediatric Nurse Practitioner Program and Master’s Degree Program, School of Library and Information Science. Regent Arbisser seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

ANNUAL REPORT ON DIVERSITY.

Director Wright first directed Board members to several items in the docket memorandum which required correction. He then stated that diversity is one of the key result areas of the Board’s strategic plan. He said federal and state law requires the universities to take affirmative action to employ and advance in employment qualified persons who are members of minority groups, women, persons with disabilities, disabled veterans and veterans of the Vietnam era; to develop an affirmative action plan and report activity for these individuals; and, to prepare the IPEDS Fall Staff Survey, the Vets 100 Report, and the EEO/AA Annual Institutional Assurances Certification.

Iowa Code provides that the Board of Regents establish a program to recruit minority and women educators to faculty positions in the universities under the Board's control. The program shall include, but is not limited to, the creation of faculty positions in all areas of academic pursuit. For fiscal year 2002, the Regent institutions committed a total of \$1,004,050 to support this program. The University of Iowa devoted \$551,750 to the Faculty Diversity Opportunities Program, compared with \$600,000 in FY 2001, and is using these funds to support 24 minority and women faculty or post doctoral fellowship appointments, four more than last year. Iowa State University committed \$412,300 (compared with \$334,500 in FY 2001) to the Academic Plan Pool and the faculty mentoring program, focusing on recruiting and retaining faculty and staff from underrepresented groups, providing funding for 76 women or minority faculty since the initiation of the program in 1990, at a cost of approximately \$2 million. The University of Northern Iowa expended \$40,000 to support a minority woman as an associate dean and faculty member.

Director Wright reported that total minority employment increased from 6.5 percent in 1992 to 7.4 percent in 1997, and now stands at 8.4 percent, up slightly from 8.2 percent last year. He said progress is also apparent in the percentage of women in the workforce, particularly in tenure-track positions. The percentage of women tenure track faculty has increased from 22.3 percent in 1992 to 28.5 percent in 2002. Minority tenure track faculty has increased from 10.2 percent in 1992 to 13.8 percent in 2002—up from 13.3 percent last year.

The University of Iowa met or exceeded its hiring goals in all major employment categories; however, in some job categories within the major categories, underutilization of women and minorities remains. The number of female tenure-track faculty decreased slightly (0.4 percent). Director Wright said Iowa State University met or exceeded most of its hiring goals. The total female workforce declined slightly (0.7 percent). The University of Northern Iowa met most of its goals. While goals were not met for women and minorities in the faculty tenure/tenure-track category, 30 new faculty hires included nine women and five minorities.

Director Wright referred Board members to the location in the meeting materials of information regarding affirmative action cost reporting, as required by House File 587, and the annual report on minority and women faculty enhancement program.

Regent Fisher referred to the expenditures of \$1 million per year for the Minority and Women Faculty Enhancement Program and of \$1.1 million for affirmative action costs. He asked that University officials provide some information on those expenditures. Director Wright asked that institutional heads address the question as they make their presentations on this agenda item.

Interim President Boyd introduced Charlotte Westerhaus, recently-hired Special Assistant to the President for Diversity and Affirmative Action. Assistant to the President Westerhaus said she has received an invigorating welcome to the University of Iowa.

Provost Whitmore addressed Regent Fisher's question. He said the expenditures from the pool of funds that is held in the University of Iowa Provost's office is directly managed by Associate Provost Coulter. The rotating pool of funds is used to assist departments in diversifying their faculty at times when there may not be full funding to make a hire. When a department hires a faculty member by utilizing partial funding from the fund, the department must have identified a permanent source for funding of the faculty position, such as through an upcoming retirement.

Regent Fisher said he remained unclear on the usage of the fund and asked for further explanation. Provost Whitmore responded that one example would be the discovery, during a search process, of a second individual whom a department would like to hire who would help diversify their faculty. If the department can identify a future source of funding for the second faculty member, such as a faculty member who will be retiring in a year or two, the fund through the Provost's office can provide temporary financial assistance.

Provost Allen said Iowa State University created a program about four years ago, at a time when he was a Dean, through a "community" approach. Each college contributed funds to establish a revolving account for the same purposes as described for the University of Iowa. He said the fund is also used to accommodate spousal or partner issues because, in many cases, that is an issue in diversity hires.

President Koob stated that the University of Northern Iowa has maintained full and vigorous pursuit of affirmative action and equal opportunity. The good progress has been interrupted by the inability to hire faculty through this period of budget difficulties. He noted that when permanent faculty are replaced with adjunct faculty, those are drawn from the local pool and not from the national pool. The local pool is not as diverse as the national pool.

Provost Podolefsky stated that, unfortunately, the University of Northern Iowa does not have sufficient funds for a program for diverse faculty hiring as described by the other institutions. The University has a much more limited pool of funds that is used to support two faculty hirings, one of whom has since retired. University officials will be addressing the use of the funds that are freed up from the faculty retirement.

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Regent Kelly asked for comment regarding President Bush's statement of the previous day, with regard to a lawsuit before the U.S. Supreme Court, that policies that include or exclude people, such as affirmative action and quotas, are unconstitutional.

Interim President Boyd said the Supreme Court of the United States will make that decision, not the executive branch, although the President was certainly entitled to his opinion. He then said that, many years ago, when he was charged with creating the University of Iowa's human rights committee, the conclusion was that the frame of mind should be to act affirmatively with others, to reach out to others, to be inclusive and diverse. This has been his lifetime commitment for the University of Iowa.

Regent Kelly said that while he recognizes that the Supreme Court will make the decision, he also recognized there are a lot of politics on the Supreme Court. Secondly, he said the President has the full power of his Attorney General's Office fighting for his beliefs. He then stated that he is for diversity, but he is not for reverse discrimination. He believes that some of the procedures that have been followed in the United States are reverse discrimination against qualified people.

Regent Turner referred to information contained in the meeting materials which indicated that sexual, racial, and ethnic harassment policy training has been developed. She asked if there is any mandatory training or workshops at any level at the institutions. With regard to the significant rise in both domestic violence and consensual violence in the country, beginning as young as middle schools ages, she asked if the universities are addressing the issue. She said she would charge the universities to look at the issue because it is a critically serious problem.

Interim President Boyd said this was a matter about which he was keenly concerned and, never more so, than at this moment. There will soon be a campus task force appointed to address the broader issue in our society about sexual harassment and violence.

Assistant to the President Westerhaus stated that the University of Iowa's newly-revised sexual harassment and consensual relationship harassment policies promote education as key to proactive prevention of sexual harassment. The academic deans and leadership in the Human Resources Department have requested that her office conduct sexual harassment training educational seminars. Since August, training has been conducted for approximately 3,200 faculty and staff members regarding the new policy and attendance has been growing. She said the Provost strongly urged academic deans to include her in their faculty meetings. The Faculty Senate is very interested in including her staff in addressing the Faculty Senate on this issue. The University's Staff Council asked her office to provide education on this issue to its constituents. Newly-

appointed President Skorton asked her to speak to the vice presidents in regard to the policy to make sure they are up to date.

Regent Turner asked if education and training is extended to the student level. Assistant to the President Westerhaus responded affirmatively. She said education is also provided to students on some of the causes, including how drinking on campus affects behavior. Students need skills to be assertive to be able to address the issues themselves. The office of the Vice President of Student Services assists in those efforts. The University also has an ombudsperson on campus who helps ensure that students are given counseling resources.

President Geoffroy responded to Regent Kelly's earlier comment about the case before the Supreme Court. President Geoffroy said he very strongly believes that affirmative action policies have worked, especially at universities, in increasing the diversity of faculty, staff and students. What is most important is to keep diversity issues at the forefront of thinking and then to be very strongly affirmative in actions taken to increase campus diversity.

Assistant Vice President Espinoza stated that training and education is offered for current Iowa State University employees but it is mandatory for new employees.

Regent Turner asked if the information is being relayed to students. Assistant Vice President Espinoza responded affirmatively. In cooperation with the offices of the Vice President for Student Affairs and Vice Provost for Graduate Studies, the education is included in the orientation program for new students and the admission process. A new program is being developed for the residence system.

President Koob stated that for the past three years at the University of Northern Iowa there has been faculty and staff training. Employees are strongly urged to attend but are not mandated to attend. For the past two years, there have been programs for students to provide awareness of violence against women on campus, which is tied with substance abuse awareness efforts.

Regent Turner thanked officials of all three universities for addressing these issues.

Regent Neil said the Board members should note with pride the universities' efforts to promote diversity. However, it was a sad day in America's history that we have to revisit this issue.

MOTION:

Regent Arbisser moved to (1) receive the annual reports on Affirmative Action and on the Minority and Women Educators Enhancement Program;

and (2) authorize the Executive Director to transmit to the Iowa General Assembly the required (Iowa Code §262.93) report on Minority and Women Faculty enhancement. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

ANNUAL SALARY REPORT, UNIVERSITY OF NORTHERN IOWA.

Director Wright stated that the University of Northern Iowa salary report was not included in the annual salary report presented to the Board in October due to delay of the FY 2003 pay increase until November 1. He said the collective bargaining agreement with United Faculty provided for a 5.6 percent increase on July 1. The faculty union signed an agreement to delay that pay increase until November. A similar delay was effective for Professional & Scientific staff and institutional officials. Actual increases for FY 2003 for faculty, Professional & Scientific staff and institutional officials was approximately 3.73 percent. Average increases for Regent merit system staff was 5.8 percent. This increase included across-the-board increases, step increases and movement to the new pay plan.

Regent Arbisser asked if there was any data on length of service of employees. President Koob responded that the information is not normally reported to the Board, although it could be at any time.

ACTION: President Newlin stated the Board received the annual salary report from the University of Northern Iowa for FY 2003, by general consent.

REPORT OF THE BANKING COMMITTEE.

Regent Fisher said the Banking Committee received reports on bond issuance costs, quarterly investment and cash management, revenue bond and note fund audits, and internal audits which were "clean". The Banking Committee authorized the sale of two bond issues. He asked that Barry Fick of Springsted, the Board's financial advisor, and Ken Haynie and Ed Bittle of the Ahlers law firm, the Board's bond counsel, report on the bids received.

Mr. Fick stated that bids were accepted for \$6,200,000 Indoor Multipurpose Use and Training Facility Revenue Bonds, Series I.S.U. 2003. A group led by UBS Pain Webber, Inc., submitted the winning bid for a true interest rate of 4.14 percent. The group included eight co-managers with a total of 17 firms involved. He noted that the same group submitted the winning bid on the other bond sale, as well. He said the bid

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was within one percent of the pre-sale estimate, and there were three term bonds included in the bid.

Mr. Bittle said the bond sale was for a new self-liquidating facility secured by net revenues of the facility, by student fees and by gift monies to the Athletic Department.

MOTION:

Regent Fisher moved to (1) Adopt A Resolution providing for the sale and award of \$6,200,000 Indoor Multipurpose Use and Training Facility Revenue Bonds, Series I.S.U. 2003, and approving and authorizing the agreement of such sale and award. (2) Adopt A Resolution authorizing and providing for the issuance and securing the payment of \$6,200,000 Indoor Multipurpose Use and Training Facility Revenue Bonds, Series I.S.U. 2003, to pay the costs of constructing and equipping an indoor multipurpose use and training facility including funding a debt service reserve fund and paying the costs of issuance of the Bonds. Regent Arbisser seconded the motion, and upon the roll being called, the following voted:

AYE: Arbisser, Arnold, Fisher, Kelly, Neil, Newlin, Nieland, Turner.

NAY: None.

ABSENT: Becker.

MOTION CARRIED.

Regent Fisher asked for a report on bids for the sale of University of Northern Iowa dormitory bonds.

Mr. Fick said the winning bid for the sale of \$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003, was submitted by a group led by UBS Pain Webber, Inc., for a true interest rate of 4.42 percent. He pointed out that the University of Northern Iowa bonds extend three years longer in duration than the Iowa State University bonds.

Both Standard & Poor's and Moody's affirmed the outstanding ratings of both universities. The University of Northern Iowa bonds have an A2 rating and the Iowa State University bonds have an AA3 rating.

Regent Arbisser asked for comment on the number of participating firms in the consortium. Mr. Fick said the Regent bonds are some of the few bonds in Iowa that are double tax exempt; therefore, there is a strong demand for them. Many firms want to receive a share of the bonds and no firm wants to be left out; therefore, they end up submitting one bid together. He said this practice raises the possibility there could be some collusion in the interest rate setting. The Board's financial advisors guard against such activity in a variety of ways. First, a pre-sale estimate is established for what the interest rate should be. Financial advisors also look at the absolute numbers and how the bonds have traded in previous sales. He pointed out that, if the bids were higher than it was thought they should be, one of the firms, on the next bond sale, would realize it could grab a much larger share of the bonds and would submit an independent bid.

Regent Arbisser referred to times, such as this, when multiple tax-exempt bond issues enter the market at the same time. He asked if a large percentage of those bonds would be acquired by Iowa residents. Mr. Fick responded affirmatively, and indicated there is a much stronger benefit to residents of the state of Iowa (double tax-exempt) than to non-residents. He said that, from past experience, the Board's financial advisors know the approximate issue size the market can absorb in any one month.

Regent Arbisser said one could look at this as one more advantage to Iowa residents.

Regent Fisher asked for the total number of bidders. Mr. Fick responded that there was one bidder for each of the bond issuances. Although two bidders signed up for each of the bond sales, one of the bidders, U.S. Bancorp Piper Jaffray, declined to submit a bid on its own and became a co-manager in the syndicate.

Mr. Bittle stated that everything was in order with the sale. He noted that the term bonds option was exercised by the bidder.

MOTION:

Regent Fisher moved to (1) Adopt A Resolution providing for the sale and award of \$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003, and approving and authorizing the agreement of such sale and award. (2) Adopt A Resolution authorizing and providing for the issuance and securing the payment of \$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003, for the purpose of paying the cost of remodeling, improving, constructing and equipping residence halls and related facilities, located on the campus of the University of Northern Iowa, including

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funding a debt service reserve fund and paying the costs of issuance of the Bonds. Regent Arbisser seconded the motion, and upon the roll being called, the following voted:

AYE: Arbisser, Arnold, Fisher, Kelly, Neil, Newlin, Nieland, Turner.

NAY: None.

ABSENT: Becker.

MOTION CARRIED.

Regent Fisher stated that motions were required to ratify the Banking Committee's recommendation that the Board set the dates for bond sales.

Mr. Fick stated that, based on the current low interest rates, the Board's financial advisors actively monitor outstanding debt for refunding opportunities. A refunding for the University of Iowa will be brought to the Board in February. He said he was confident that the sale will result in significant savings for the University.

MOTION:

Regent Fisher moved to Adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$6,200,000 Utility System Revenue Refunding Bonds (The State University of Iowa), Series S.U.I. 2003. Regent Arbisser seconded the motion, and upon the roll being called, the following voted:

AYE: Arbisser, Arnold, Fisher, Kelly, Neil, Newlin, Nieland, Turner.

NAY: None.

ABSENT: Becker.

MOTION CARRIED.

Mr. Fick stated that the second proposed sale was the latest in a series of Iowa State University residence system master plan improvements.

MOTION:

Regent Fisher moved to Adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$22,000,000 Dormitory Revenue Bonds, Series I.S.U. 2003. Regent Neil seconded the motion, and upon the roll being called, the following voted:

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AYE: Arbisser, Arnold, Fisher, Kelly, Neil, Newlin,
Nieland, Turner.

NAY: None.

ABSENT: Becker.

MOTION CARRIED.

President Newlin stated that refunding of the University of Iowa bonds would take place at the February Board of Regents meeting. The sale of Iowa State University dormitory bonds would take place at the March meeting.

ACTION: President Newlin stated the Board approved the report of the Banking Committee, by general consent.

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.

Associate Director Racki stated that the agreements, leases and easements were in order.

MOTION: Regent Fisher moved to approve the following leases: University of Iowa: 1) Lease agreement with Towncrest Investment Associates for the University's use of space in Iowa City for a research study of the College of Public Health. 2) Lease agreement with Bonebreak LLC for the University's use of warehouse space in Coralville for the winter storage of two trailers used for a University research project. 3) Lease amendment with Selzer-Werderitsch which would extend the lease for the University's use of warehouse space in Iowa City for a research study of the Wanapum Dam, Grant County, Washington. 4) Lease amendment with Covenant Medical Center, Waterloo, Iowa, for additional space for a UIHC Child Health Specialty Clinic. 5) Lease agreements with Pharmacom Corporation and Applied Fullerene for their use of business incubator space at the Oakdale Research Park. Iowa School for the Deaf: Lease agreement with Michelle Konvalin for her use of a residence on the Iowa School for the Deaf campus. Regent Turner

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

AYE: Ahrens, Arbisser, Fisher, Kelly, Neil, Newlin, Nieland, Turner.

NAY: None.

ABSENT: Becker.

MOTION CARRIED.

REPORT ON MEETING OF THE IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION.

Regent Neil stated that the Iowa Coordinating Council for Post-High School Education met on December 4 in Des Moines. He said Dr. Boyd chaired the meeting in eloquent fashion. The Council received a very good report on the articulation agreements with community colleges, about which there was thorough discussion. The Council also received a very good report on the working relationship with Chet Culver, Secretary of State, on the registration process for out-of-state colleges and universities.

President Newlin asked Interim President Boyd to relate his experience as one of the originators of the Coordinating Council. Interim President Boyd stated that one of the people who is primary in keeping this organization going is Robert Barak; all of Iowa owes him an enormous debt of gratitude. He then said the Council is a voluntary organization involving all of Iowa education. Members come together to deal with issues in a voluntary manner. There is no issue involving education that this group cannot undertake.

President Newlin asked that Interim President Boyd expand on why the Council has been beneficial to the state of Iowa. Interim President Boyd said the Coordinating Council provides an inexpensive and effective way of achieving seamless coordination in addressing any issue.

President Newlin asked who would follow Dr. Boyd as chair of the Council. Director Barak said it is currently the President of the University of Iowa's term. There could be arrangements made to accommodate the continuation of Interim President Boyd if President Skorton is busy. Interim President Boyd said he will do whatever President Skorton wishes him to do.

ACTION: President Newlin stated the Board received the report on the December 4, 2002 meeting of the Iowa Coordinating Council for Post-High School Education, by general consent.

President Newlin thanked Interim President Boyd for his continuing enthusiasm in supporting the activities of this Council.

REPORT ON MEETING OF THE IOWA COLLEGE STUDENT AID COMMISSION.

Executive Director Nichols presented highlights of the November 2002 meeting of the Iowa College Student Aid Commission. He said Commission staff was authorized to pursue a 28E agreement with Opportunities for Success USA (a charitable foundation) related to providing college or university financial assistance to foster children who want to attend college. The Commission authorized reductions in spring semester 2002-03 financial aid awards in order to address state funding reductions and institutional commitment levels to qualified students. These amount to an additional \$175 per student reduction in the Iowa Tuition Grant awards in spring 2001-02 and an additional reduction of \$45 per student for the Iowa Vocational-Technical grants. He said the reduction was made to align the budgeted appropriations with demand for students in those programs. The Commission authorized its staff and counsel to finalize an expanded 28E agreement with Iowa Student Loan Service Corporation to create an Iowa-based guarantor servicing unit for students loans. He said job opportunities will be provided within Iowa.

To provide a sense of the breadth of the Commission's programs for Iowa students, Executive Director Nichols provided the following information. Outstanding commitments as of October 31, 2002, were \$2.003 billion. 47,349 borrowers were served in FY 2002, with an average loan of \$5,777. Through the first four months of FY 2003, a total of \$139 million of loans were made between the subsidized Stafford, unsubsidized Stafford, and PLUS loan programs.

Regent Fisher asked for the current Iowa student loan appropriation. Executive Director Nichols responded that the program run by the Commission is between \$40 million and \$50 million, almost all of which is directed toward tuition grants and vocational-technical grants.

Regent Fisher asked if the appropriation was decreased last year. Executive Director Nichols responded that the appropriation was decreased last year. The cutback in the amount per student was based on the reduced appropriation.

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

President Newlin thanked Ilene Tuttle of the Board Office for her assistance at this meeting.

REVISIONS TO POLICY MANUAL.

Director Wright provided Board members with a summary of the Policy Manual revisions presented at this meeting, which he said was consistent with the Board of Regents strategic plan key result areas on quality and accountability, particularly to improve the operational effectiveness and efficiency of the institutions.

Director Wright stated that, in November 2002, the Board gave tentative approval to a first reading of several sections of the Policy Manual. Those sections proposed for approval which have had no revisions since the November first reading were Chapter IV: "Personnel", §4.39, "Conflict of Interest of Public Officers and Employees – Gifts"; §4.40 – "Conflicts of Interest – Duty of Loyalty"; and §4.41 – "Inclement Weather". He said those sections which have had additional revisions since November were Chapter VII: "Business Procedures", §7.01 - "Authority"; §7.02 - "General Practices", §7.04 - "Financing", §7.06 - "Risk Management", §7.07 - "Compliance and Reporting", 7.08 - "Audits"; and Chapter IX: "Property and Facilities", §9.03 - "Register of Capital Improvement Business Transactions", §9.04 - "Permission to Proceed with Project Planning", §9.05 – "Program Statement", §9.06 - "Project Descriptions and Budgets", §9.07 - "Consultant Agreements and Amendments", §9.08 - "Construction Contracts and Change Orders", §9.09 - "Acceptance of Completed Construction Contracts", §9.10 - "Final Reports". He next reported that the sections given a first reading in November and which were still under review were Chapter VII: "Business Procedures", §7.03 - "Banking and Investment Activity" and §7.05 - "Purchasing". He said neither of those two sections had undergone a complete review nor had agreement been reached; therefore, those sections will be presented to the Board for approval at a later date.

MOTION:

Regent Arbisser moved to approve for publication the following revised sections of the Board of Regents Policy Manual: Chapter IV, "Personnel", §4.39 - "Conflict of Interest of Public Officers and Employees – Gifts, §4.40 - "Conflict of Interest – Duty of Loyalty"; and §4.41 - "Inclement Weather"; Chapter VII, "Business Procedures", §7.01 - "Authority"; §7.02 - "General Practices", §7.04 - "Financing", §7.06 - "Risk Management", §7.07 - "Compliance and Reporting", 7.08 - "Audits"; and Chapter IX, "Property and Facilities", §9.03 - "Register of Capital Improvement Business Transactions", §9.04 - "Permission to Proceed with Project Planning", §9.05 – "Program Statement", §9.06 - "Project Descriptions and Budgets", §9.07 - "Consultant Agreements and Amendments",

§9.08 - "Construction Contracts and Change Orders", §9.09 - "Acceptance of Completed Construction Contracts", §9.10 - "Final Reports". Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

PERSONNEL TRANSACTIONS.

President Geoffroy stated that he was pleased to recommend the continuation of the appointment of Benjamin Allen as Provost and a change in title of the position to Vice President for Academic Affairs and Provost. He said the Board members know Dr. Allen. He is a dedicated Iowa Stater and a long-time Iowa State leader. Dr. Allen served as chairman of the Department of Transportation and Logistics at Iowa State University from 1984 to 1988. In 1988, he was named the first University Distinguished Professor in Business at Iowa State University. From 1988 to 1990, he served as Director of the Midwest Transportation Center, a research consortium consisting of Iowa State University and the University of Iowa. He was the Visiting McKinley Professor of Economics and Public Utilities at the University of Illinois during the 1986-87 academic year and also held the Oren Harris Chair in Transportation at the University of Arkansas during the 1990-91 academic year.

President Geoffroy stated that Dr. Allen is widely sought after nationally as a consultant in transportation logistics. He said Dr. Allen served as Dean of Iowa State University's College of Business from 1994-2000. During 2001-2002 he served as Interim Vice President for External Affairs. Most importantly, Dr. Allen is a person of the highest integrity. He has a high level of respect on campus. President Geoffroy stated he has the highest confidence in Dr. Allen's abilities.

President Newlin stated that he has had the pleasure of getting to know Dr. Allen, which he has enjoyed. He said he concurred with President Geoffroy's comments.

MOTION:

Regent Arbisser moved to approve the appointment of Benjamin J. Allen, Distinguished Professor in Business and Professor of Logistics, Operations and Management Information Systems, as Vice President for Academic Affairs and Provost beginning December 17, 2002, at an annual salary of \$220,590. Regent Kelly seconded the motion. MOTION CARRIED UNANIMOUSLY.

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Provost Allen said he has been at Iowa State University for 23 years, from which he has received many benefits. This was the most important and, likely, the most challenging of his opportunities. He said there were many positives going into this job. The University has a strong set of deans with a spirit of collaboration. There is a strong Faculty Senate representing a very strong and dedicated faculty. There is collaboration and cooperation with administration. All of these elements help to improve the University and better serve the state of Iowa.

President Newlin congratulated Dr. Allen on his appointment.

Vice President True stated that University of Iowa officials requested Board approval of the appointment of Donald Guckert as Associate Vice President and Director, Facilities Services Group. He said Mr. Guckert will replace Dick Gibson.

MOTION:

Regent Arbisser moved to approve the following personnel transactions—University of Iowa: Register of Personnel Changes for October and November 2002; reclassification of Terry Johnson, Controller, to Controller and Assistant Vice President effective November 1, 2002, at an annual salary of \$122,250; and, appointment of Donald Guckert as Associate Vice President and Director, Facilities Services Group, at an annual salary of \$146,000, effective March 1, 2003. Iowa State University: Register of Personnel Changes for November and December 2002 and an additional promotion and tenure action. University of Northern Iowa: Register of Personnel Changes for October and November 2002. Iowa School for the Deaf: Register of Personnel Changes for November and December 2002. Iowa Braille and Sight Saving School: Register of Personnel Changes for October and November 2002. Regent Kelly seconded the motion. MOTION CARRIED UNANIMOUSLY.

RESIDENCY APPEAL.

Director Barak reported that a student had appealed a university decision denying reclassification as a resident for purposes of tuition. The student appealed to the Board. The Board referred the appeal to the Interinstitutional Residency Review Committee.

The Residency Review Committee concluded that there was insufficient information to merit the appeal. The Committee recommended the appeal be denied.

MOTION: Regent Fisher moved to deny the appeal for residency reclassification. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

AFFILIATED ORGANIZATION REPORTS.

Director Elliott stated that affiliated organizations are independent organizations that provide financial resources for students, programs, facilities and research; extend outreach services; enrich campus experiences; and comprise a wide variety of special activities and interests. She said the Board receives reports from the Regent institutions on affiliated organizations that support the missions of the Regent institutions. She referred Board members to the location in the meeting materials of the summaries of the annual reports and financial data for the 17 organizations for which reports were presented this month. She noted that most of the affiliated organizations suffered devaluation of their investments during the fiscal year.

ACTION: President Newlin stated the Board, by general consent, received reports on the following affiliated organizations—University of Iowa: Alumni Association, Facilities Corporation, Foundation, Oakdale Research Park, Research Foundation, and Student Publications, Inc.; Iowa State University: Agricultural Foundation, Alumni Association, Foundation, Iowa 4-H Foundation, Memorial Union, Research Foundation, and Research Park; University of Northern Iowa: Alumni Association, Foundation, Research Foundation and Properties Corporation.

INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. (a) University of Iowa.

Vice President True said there were four projects on the University of Iowa's capital register this month which he wished to highlight. The first project was the Finkbine Commuter Parking Lot Construct Access Drive project which would construct a new access drive to serve the parking lot. University officials requested permission to proceed with project planning and authorization for the Executive Director to approve the engineering firm and schematic design agreement for the project. The second

project which he highlighted was the Iowa Memorial Union Renovation project for which University officials requested permission to proceed. He said the multi-phased project would correct deferred maintenance deficiencies and provide a number of student service and other building improvements for the Union.

Approval of project descriptions and budgets were requested for the last two projects which Vice President True addressed. The 102 Church Street Improvements project (\$2,900,000) would rehabilitate the facility with replacement of the plumbing, electrical, and heating, ventilating and air conditions systems, and provide additional renovations including accessibility improvements, stabilization of the porches, construction of a new service wing and garage, interior modernization, and exterior repairs. Vice President True said the Pomerantz Center project (\$17,589,000) would construct a facility to house expanded career counseling and placement services and other academic/student service functions, including general assignment classroom space, on the east side of the T. Anne Cleary Walkway across from the Chemistry Building. He noted that a great deal of private support is available for the project budget. The project schedule is for construction to commence in the spring and for the building to be available for occupancy late in 2004 or early in 2005.

Regent Arbisser expressed appreciation for the written summary from Dean Linda Maxson about how parking will be made available for visitors to the Pomerantz Center. However, he said he has continued concern about parking for which words may not suffice. He stated the University of Iowa has an Urban Planning Department at the graduate level which should have resources to help quantify the matter. He also expressed his utmost respect for the Pomerantz family's generosity. He said he was concerned about current congestion on that part of the campus, and the construction of another building can only increase the congestion.

Vice President True said he shared Regent Arbisser's concern. He stated there are two major parking ramps in that area, and those are the Memorial Union ramp and the North Campus ramp. Those ramps provide 700 to 800 parking spaces, some of which are used by faculty and staff. As parking is expanded in other parts of the University, faculty and staff parking will be moved elsewhere to increase the public parking available in those two ramps. As the Honors Center and the Pomerantz Center are opened over the next two to three years, University officials wish to create more public parking, as much as 200 more spaces, in those two structures. Another issue about which Vice President True has become aware is that people need to be able to readily find parking as they drive up Dubuque Street. He said University officials will need to take action to get the public's attention as they come into town to direct them to both ramps.

Vice President True said there were two additional activities with regard to the parking situation which University officials were pursuing. First, acquisition of land near the site where parking could be expanded, particularly for drop-in traffic, is desirable. University officials are also committed to a public study about the nature of the problems and how those might be resolved, particularly the Market Street and Jefferson Street intersections. Input from constituencies and city government will be solicited yet this semester.

Vice President True said University officials commit to continue to keep the Board apprised throughout the semester as progress is made. He agreed there is a problem and that it will become more acute unless it is addressed. With regard to Regent Arbisser's point about the University's Department of Urban and Regional Planning, he said the point was well taken that University officials could get expertise from that Department.

Regent Fisher asked if either of the two garages identified as being near the site can be expanded. Vice President True said the Memorial Union ramp cannot be expanded. With regard to the North Campus garage, University officials have considered expansion. Land has been acquired near the site; however, there are some issues about getting the cars in and out that pose difficulties. The east side of the ramp has been closed to vehicular traffic to make the Cleary Walkway and other parts of the campus more pedestrian friendly.

Regent Arbisser stated that he would like to see the solution to the parking situation before construction begins on the Pomerantz Center, and suggested the Pomerantz Center be removed from consideration on the University's capital register.

Vice President True stated that the requested action for approval of the project description and budget would not necessarily compromise the addressing of Regent Arbisser's concern if the Board wishes for University officials to provide very specific plans in February or March.

Regent Arbisser stated that if the Board is not committed to proceeding with construction by approval of the actions requested this month, then he would not request that the action be delayed. However, he noted this was the same request that he made previously for which University officials had provided him with a narrative instead of a quantitative response. Regent Arbisser said he would like the parking matter to be resolved before the earth is cut.

Vice President True noted that University officials have spoken with all of the participants of the Pomerantz Center, including those responsible for the careers program and businesses that would come to the facility to interview students. He said

those individuals indicated satisfaction in terms of the parking for this facility. However, he stated that University officials would be pleased to provide whatever level of rigor is necessary to satisfy the Board.

MOTION: Regent Nieland moved to approve the Register of Capital Improvement Business Transactions for the University of Iowa. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin asked to say a few words of thanks to Sandy Boyd for serving as Interim President of the University of Iowa. He acknowledged that Interim President Boyd took on the responsibility with some apprehension. He expressed the Board's appreciation for his willingness to serve and stated, on behalf of the Board of Regents, that they were very much pleased with how well he has done.

Interim President Boyd stated that it had been an honor to serve this Board and with this wonderful interinstitutional family. The last time he left the presidency, he asked for, and was granted, a 15-year unpaid leave of absence. This time, he said he would like to request early retirement in 2029 when David Skorton celebrates his 25th anniversary as President of the University of Iowa!

(b) Iowa State University.

Vice President Madden addressed several projects that were included on Iowa State University's capital register. First was permission to proceed with project planning, and a project description and budget (\$12,000,000) for the Utilities—Power Plant Turbine Generator #6 project which would increase the electrical generating capacity of the power plant to serve all of the campus electrical needs. University officials requested permission to proceed with planning for the long-term renovation of Friley Hall. He said the Friley Hall Renovation project would initially develop a master plan for the complete renovation of the residence hall, including the existing food service space to be vacated with completion of the Union Drive Community Center, to provide a modern facility in response to students' needs for living/learning spaces. The program statement, schematic design, and project description and budget (\$3,115,000) for the Structured Parking—East Parking Deck project would construct a single-level parking deck over an existing parking lot located near the site of the Gerdin Business Building on the east side of campus. The last project highlighted by Vice President Madden was a request to proceed with planning for renovation of Morrill Hall. He said the Morrill Hall Renovation project would renovate the facility to house functions of the Center for Teaching Excellence, University Museum, and Center for Visual Learning in Textiles and Clothing, provide general classroom and conference space, and correct life safety, deferred maintenance, accessibility and building code deficiencies.

Regent Fisher asked if the \$16,000 per space cost for the Structured Parking—East Parking Deck is the norm. Vice President Madden responded affirmatively, noting that if more levels were added, the cost could probably come down some. Included in the cost was the resurfacing of the existing lot. The project will double the number of parking spaces on the site.

Regent Fisher stated that the additional parking is needed. It will enhance parking for the new Business Building and for the Memorial Union.

President Newlin asked if additional parking spaces would be added in the future. Vice President Madden responded that additional decks could be added on top of the deck that is to be constructed if the University is willing to make an investment in additional structural support now and an investment in pilings at a future date.

President Newlin asked if additional floors could be added to the Memorial Union ramp. Vice President Madden said there were plans at one time to add more spaces to the existing parking ramp; however, an engineering analysis has not been undertaken. The University's parking master plan indicates the next parking expansion will take place on the west side of the campus, near the new Engineering Teaching and Research complex. University officials continue to want to make the core campus a pedestrian campus. He noted that students supported free bus service this fall and ridership has increased 30 percent.

President Geoffroy stated that University officials requested permission to proceed with project planning for the restoration of Morrill Hall, one of the oldest buildings on campus. The building was named after Justin Morrill, author of the land grant legislation. Morrill Hall, with its beautiful architecture, is located on central campus. Upon restoration, the building will house several classrooms, and will provide expanded space for the University Museums, a learning center for the textiles and clothing program, and be the home of the Center for Teaching Excellence. University officials estimate the renovation project will require approximately \$9 million, to be raised via private fund raising. President and Mrs. Geoffroy are co-chairs of the fund-raising campaign with two alumni, Lyle and Nancy Campbell, of Phoenix, Arizona. President Geoffroy said he was pleased to announce the lead gift of \$1 million from the Campbells to jump-start the fund-raising effort.

Regent Kelly asked for the estimated cost and the goal for fund raising. President Geoffroy responded that the estimated cost was \$9 million and the fund-raising goal was \$9 million.

MOTION: Regent Arbisser moved to approve the Register of Capital Improvement Business Transactions for Iowa State University. Regent Kelly seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa.

Vice President Schellhardt stated that the University's capital register included a request to proceed with project planning for the Student Health Center Expansion project which would construct an addition to the Student Health Center and renovate existing space in the facility for the consolidation and expansion of the University's Health Services programs. He reminded Board members that the Board, in November, approved a student fee for this purpose. A second item in this month's capital register was a request for approval of the program statement for the \$18.1 million initiative for the Innovative Teaching and Technology Center (East Gym Renovation) project. He said the project would convert the East Gym to a modern instructional facility with classroom and laboratory areas to meet the University's need for additional academic space.

MOTION: Regent Arbisser moved to approve the Register of Capital Improvement Business Transactions for the University of Northern Iowa. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Iowa School for the Deaf.

Superintendent Johnson presented Iowa School for the Deaf's capital register which included:

Project description and budget (\$411,250) and engineering agreement with The Schemmer Associates, Council Bluffs, Iowa, (\$41,250) for the Utility System Replacement, Phase 4 project, which would begin the replacement of the domestic water distribution system for the Administration/Boys' Residence building.

Superintendent Johnson said School officials requested approval of the following architectural/engineering agreements:

- With Nielsen/Main Architecture, Omaha, Nebraska (\$16,380) for the Girls' Dormitory/Elementary School Curtain Wall and Window Replacements project which would replace the leaking curtain wall and windows in selected areas of the facilities.

- With HGM Engineering, Council Bluffs, Iowa (\$15,200) for the Long Hall Plaza Reconstruction—Phase IV project which would reconstruct deteriorated steps and walkway areas that serve Long Hall (the high school building), and replace a section of utility tunnel at the site.

School officials also requested approval of Amendment #3 (\$1,283) to the engineering agreement with The Schemmer Associates for additional reimbursable expenses for the Demolition of Old Primary Hall project.

MOTION: Regent Fisher moved to approve the Register of Capital Improvement Business Transactions for the Iowa School for the Deaf. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

SUSPENSION OF ADMISSIONS TO THE M.A. PROGRAM IN POLITICAL SCIENCE, UNI.

Provost Podolefsky presented the University of Northern Iowa's request to approve the suspension of admissions to the Master's program in political science. He said the request was recommended by the Political Science Department because the preference is to put their resources toward developing and expanding undergraduate offerings. University officials believe the Department's recommendation is a wise use of resources.

MOTION: Regent Fisher moved to approve the University of Northern Iowa's request for suspension of admissions to the M.A. Program in Political Science, and terminate the program after all current students have completed the program. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin congratulated University officials on making the decision to suspend admissions to a program when it seemed the wise decision to make.

COLLEGE OF NURSING FACULTY PRACTICE PLAN PROGRESS REPORT, SUI.

Dean Dreher apologized for this report not coming forward to the Board sooner. She stated that when College officials were preparing the report in August, they had an opportunity to assess and re-assess where the College was going with its faculty practice plan. She was very concerned about the continuing deficit of the plan. During

the fall semester, College officials examined the faculty practice plan's strengths and weaknesses. The decision was made to institute structural rearrangements and to discontinue the position of Associate Dean for Faculty Practice along with the related expenses. Those responsibilities were transferred to the office of the Director of Operations and Finance until increased growth in the faculty practice is demonstrated.

ACTION: President Newlin stated the Board received the status report on the University of Iowa College of Nursing Faculty Practice Plan, by general consent.

PROPERTY ACQUISITION – 100 E. BLOOMINGTON STREET, SUI.

Vice President True presented the University's request to acquire the property located at 110 East Bloomington Street in Iowa City. The property is located east of Burge Residence Hall on the University's east campus. The purchase price for the property, which would be financed by Income from Treasurer's Temporary Investments, is consistent with Board policy for acquiring property. The purchase agreement was reviewed by the Attorney General's Office and recommended for approval.

MOTION: Regent Fisher moved to approve the purchase of property located at 110 East Bloomington Street, Iowa City, Iowa, from the Olive Pearl Ritter Trust (Iowa State Bank and Trust Company, Trustee), at the purchase price of \$316,000, subject to approval of the Executive Council of Iowa. Regent Arbisser seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Fisher, Kelly, Newlin, Nieland, Turner.
NAY: None.
ABSENT: Becker, Neil.

MOTION CARRIED.

EASEMENT AGREEMENT AND HISTORIC PRESERVATION COVENANT WITH THE CITY OF IOWA CITY, SUI.

Vice President True presented the University of Iowa's request. He said the City of Iowa City agreed to vacate a portion of the Grand Avenue Court right-of-way north of Melrose Avenue on the west campus. This action would facilitate construction of the Gerdin Athletic Learning Center west of Grand Avenue Court; it is also consistent with the University's long-range plans to create a more pedestrian-oriented environment for the

west campus area. The City's vacation of this area requires the University to grant a permanent water main and sanitary sewer easement to the City for continued maintenance of the utilities in this area. The easement agreement requires approval of the Executive Council of Iowa.

University officials also agreed to a restrictive covenant applying the City's Historic Preservation Regulations to the University-owned Cannon House located east of the Grand Avenue Court right-of-way. The original portion of the house, constructed in the 1880s, is designated as an Iowa City historical landmark.

President Newlin asked if Grand Avenue Court will cease to exist. Vice President True responded affirmatively.

MOTION:

Regent Fisher moved to (1) approve the water main and sanitary sewer easement agreement with the City of Iowa City for the City's continued operation and maintenance of utility lines on the vacated portion of Grand Avenue Court, subject to approval of the Executive Council of Iowa; and (2) approve the restrictive covenant with the City of Iowa City which would impose the City's Historic Preservation Regulations on the University-owned Cannon House located east of the vacated portion of Grand Avenue Court. Regent Arbisser seconded the motion, and upon the roll being called, the following voted:

AYE: Arbisser, Arnold, Fisher, Kelly, Newlin, Nieland, Turner.

NAY: None.

ABSENT: Becker, Neil.

MOTION CARRIED.

President Newlin asked if there will still be a four-lane road on Byington Road at some time in the future. Vice President True responded affirmatively.

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

Vice President Kelch said it was with great joy last fall that he introduced Donna Katen-Bahensky as the new Director and CEO of University of Iowa Hospitals and Clinics. He

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introduced Dean-designate of the Roy J. and Lucille A. Carver College of Medicine, Dr. Jean Robillard, whose appointment is effective February 1, 2003.

Dr. Robillard stated that it was exciting for him to return to the University of Iowa. One of the major goals will be to make the College of Medicine the envy of the country, and he said he thinks that can be done.

President Newlin expressed the Board's pleasure about Dr. Robillard's appointment.

Director Katen-Bahensky expressed appreciation to Dr. Kelch for the support he has given her over the last few months. She said Dr. Robillard and she have had several working sessions and are anxious to start the process of being partners. With regard to activities that have taken place since November, she stated that efforts continue to be focused on trying to reverse the trend of reduced Medicare reimbursement. The University of Iowa Hospitals and Clinics' Medicare payments have been reduced significantly since the Balanced Budget Act of 1997. As a teaching hospital, the impact of the general reductions was compounded by reductions for medical education. At the same time that revenue reductions are being experienced, the quality of patient care continues to improve. This week, a study was released by the Centers for Medicare and Medicaid Services that compared quality indicator data from 1998 to 2001. The study indicated that the state of Iowa moved from #8 to #6 in terms of quality while continuing to experience reductions in payment.

Director Katen-Bahensky stated that Dr. Dan Fick and Mrs. Deb Thoman have taken on the additional responsibility of overseeing the University of Iowa Hospitals and Clinics' Joint Commission accreditation activity. The next accreditation site visit will take place in Fall of 2004.

Director Katen-Bahensky presented a summary of the report to be presented at this meeting. She said volume is up, severity of illness is up, the level of activity in the clinics is up, and the operating margin is up. Expenses are higher than she would like for them to be and efforts continue to be focused on reducing expenses. The operating margin is currently 2.3 percent against a budget target of 3 percent.

As a part of restructuring the senior leadership team, Director Katen-Bahensky stated that Mrs. Ann Rice has agreed to assume the role of Associate Director and Chief Operating Officer for the University of Iowa Hospitals and Clinics. She said Mrs. Rice performed very well in her tenure as the Interim Director and CEO and she believes they will make an outstanding team. Effective February 1, Dr. John Staley will be devoting 100 percent of his time as Senior Associate Hospital Director responsible for capital planning, design and renovation. With the impending capital expansion and need to perform long-term planning, Director Katen-Bahensky said Dr. Staley is ideal for

the role. She stated that Dr. Staley has been an outstanding and committed Chief Operating Officer for the last 10 years.

Associate Director Rice presented a summary of the operating financial measures through November 30, 2002, and said University of Iowa Hospitals and Clinics officials will also prepare a special report for the Board Office through December 31, as requested. She stated that, on October 1, Medicare lowered payments to teaching hospitals, resulting in a \$2 million annual cut to the UIHC. There are no offsetting expense reductions in training programs that can be made to this core component of the UIHC mission. Another part of the core mission is to provide medically-necessary health care to Iowans, regardless of ability to pay. She stated that, for the first five months of the year, \$1.4 million or 4.8 percent more in charity care was provided than was budgeted. She said the effect that medical bills and unemployment are having on the ability of patients to pay for their care is also reflected in the higher bad debt expense. Bad debt continues to run at 2.5 percent of gross billings versus the 2.3 percent that was budgeted, creating an \$800,000 negative variance. State appropriations were cut 12 percent from July 1, 2001, to July 1, 2002, and those appropriations have not been restored. In order to remain financially viable, University of Iowa Hospitals and Clinics officials continue to concentrate on reducing overall length of stay. Expenses are being aggressively managed. The average length of stay is 3.5 percent lower than a year ago, despite an increase in acuity and case mix. She said this attention to efficiency is evidenced by the fact that costs, on a per-discharge basis after adjusting for case mix and out-patient services, are actually lower this year than last year.

Regent Fisher asked if the bad debt item relates to individuals who cannot pay for their health care, and not to managed care payments. Associate Director Rice responded affirmatively. She said the accounting rules require that commercial insurance write-offs due to contractual allowances be treated as part of the debt revenue. Bad debt expense is required to be shown as an operating expense.

Regent Turner asked if the four percent decline in gross billings is a reflection of the bad debt. Associate Director Rice responded that the decline was a reflection of changes in contracts and rates of reimbursement, as well as decreases in Medicare and Medicaid reimbursement.

Regent Turner asked if the occupancy rate includes admitted outpatients. Associate Director Rice responded that admitted outpatients are not considered in-patients. Occupancy is based on in-patient beds and the number of acute patients who are in those beds. The strategy over the last year has been to reduce length of stay of admitted outpatients. One activity in that regard has been to improve transportation schedules so that people do not have to come to University of Iowa Hospitals and

Clinics as far in advance or stay as long after their appointments. As a result, some beds have been freed up and patients are moved through the system more quickly.

Dr. Staley presented a summary of the operating statistics through November 30, 2002. He said the trends were the same as those presented when the Board of Trustees last met. He presented a graph of the admissions for acute patients and admitted outpatients, and noted that declines occurred in the admitted outpatient category. He said the drop in admissions has been positive. There has been a 2.6 percent increase in acute patient admissions. He presented patient census data on average length of patient stay, case mix index for all acute inpatients and for Medicare patients. He stated that the case mix index of University of Iowa Hospitals and Clinics is greater than that of any other Iowa hospital. He next presented a graph of clinic visits, and noted that there was a slight decline in total visits in the off-site clinics. For the most part, all of that has been due to the departure of persons in some key positions. He expressed confidence that as those positions are filled and the new physicians increase their levels of productivity, there will be a resumed continuation in the growth of off-site clinic visits.

Regent Arbisser stated that acute and complex cases in Iowa are being shifted to the University of Iowa Hospitals and Clinics at the same time that staff are delivering more efficient and cost-effective care. He said UIHC officials deserve credit for those activities. He then referred to the reduction in off-site clinic visits as a result of the departure of certain individuals, and asked if the constellation of services being delivered has changed because of those doctors' departures.

Dr. Staley responded that there was a decline in a few areas that brought down the number of off-site clinic visits. He then finalized his remarks by presenting an exhibit on the progress in meeting capital replacement objectives.

Regent Fisher asked if the University of Iowa Hospitals and Clinics continues to provide transportation for those citizens who need transportation. Dr. Staley responded affirmatively, noting that transportation is provided for both the indigent population and the Medicare population.

Regent Turner asked for an explanation of the increase in managed care patient volume but a decrease in percent of gross charges for managed care patients. Dr. Staley said the percent of gross charges reflects the fact that managed care pays less for services.

Regent Arbisser stated that another factor was that many of the payors base their fee structure on the Medicare fee structure.

Associate Director Hesson presented the Board with two proposed amendments to the Bylaws, Rules and Regulation of the UIHC and its Clinical Staff. The first proposal was

to delete Article III, Section 5, because the UIHC internal audit functions have been reorganized and merged into the internal audit functions of the University of Iowa. The second proposal was that Article VIII, Section 1, be amended to delete current language limiting UIHC physical therapist services to patients who have been referred by physicians. New language was recommended that will permit UIHC physical therapists and occupational therapists to provide services to patients who are either referred by a physician, or to outpatients who seek physical therapy services without physician referral, to the extent that physical therapist providing the service is licensed for independent practice.

MOTION: Regent Fisher moved to approve the revisions of the Bylaws, as presented. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

Director Katen-Bahensky introduced Charles Helms, Chief of Staff, to present information on the UIHC's bio-emergency preparedness and smallpox vaccination.

Dr. Helms provided Board members with a PowerPoint presentation. He presented background information on bio-emergency preparedness and smallpox vaccination activities which began following the terrorism events of Fall 2001. University of Iowa Hospitals and Clinics officials have been busy on bio-emergency planning. Federal funding has increased to the states and is likely to continue. State disaster planning has accelerated due to an influx of resources, national concerns about the risk of smallpox release, and the federal government's request for a provisional pre-event smallpox immunization plan by December 9, 2002. Plans for bio-emergency preparedness interim infection control and for smallpox immunization were approved by the University Hospital Advisory Committee in December 2002. Dr. Helms reviewed with the Board the purpose, goals and organization of the bio-emergency preparedness interim infection control plan. He said Iowa's smallpox pre-event immunization plan is to develop and vaccinate members of the public health smallpox response teams that would investigate/control initial smallpox cases.

Dr. Helms presented a map of the six planning regions in the state of Iowa. He said 800 Iowa hospital workers are to be immunized. He discussed the activities of the healthcare teams for the pre-event immunization program. UIHC officials volunteered for the Hospitals to be one of the 16 hospitals in Iowa to participate in the pre-event immunization plan. It is anticipated that the response team objectives will require 85 staff, all of whom will need to be immunized. Volunteers will be sought to comprise the team. Vaccination sites likely will be at or near selected hospitals. Vaccination will begin after January 24, 2003, in coordination with the national guidelines/effort. He said there will be close follow-up of all vaccinees.

Regent Arbisser expressed appreciation for the extraordinary efforts at the University from this mandate. He then asked about the relative risk of complications from the vaccine compared to other vaccines. He also asked about the size of the community response team.

Dr. Helms stated that the size of the response teams of the two other hospitals in the UIHC's district were 70 individuals and 50 to 60 individuals. With regard to the question about side effects and risks compared to other vaccines, he said the number of deaths will be two deaths per every one million to two million doses of vaccine administered. Those deaths will primarily be due to encephalitis related to the vaccine. In comparison, the number of deaths related to the live polio vaccine would be one or two per one million doses of vaccine. He noted that the live polio vaccine is not used for routine immunization in this country although it is used to control epidemics, much as the smallpox vaccine will be used. Side effects of the smallpox vaccine (fever, chills and local wound tenderness because the vaccine raises a very large lesion) will be experienced by 30 percent to 35 percent of smallpox vaccinees.

Regent Kelly asked how terrorists would give the virus to the population. Dr. Helms responded that, if the desire were to hurt a substantial number of Americans, the virus would be administered by aerosol although this is difficult technically to do.

Regent Kelly asked about the need for a repeat immunization for people who have received smallpox vaccinations previously. Dr. Helms responded that those who have been previously vaccinated will likely maintain some degree of immunity. Individuals will probably need to receive a booster immunization.

Regent Kelly asked for the period of time between the vaccination and the effectiveness of the vaccine. Dr. Helms responded that studies indicate the vaccine is effective within 72 hours.

President Newlin stated that analyses of various strains of anthrax have been undertaken. He asked if the source of the anthrax, which was released in the U.S., was ever determined through those analyses. Dr. Helms responded that the anthrax that was released was of a common strain. It is too difficult to determine a specific laboratory as the source.

President Newlin asked if it was known yet who sent the anthrax through the U.S. mail system. Dr. Helms responded that federal law enforcement representatives have been camping out in front of the house of one individual.

President Newlin asked if the smallpox vaccinations use a live or dead vaccine. Dr. Helms responded that a live vaccine is use. He noted that the strain of vaccine is related to cowpox.

Regent Kelly stated that the reason the smallpox vaccination was invented was because milk maids did not get smallpox.

President Newlin thanked UIHC officials for a very interesting presentation.

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

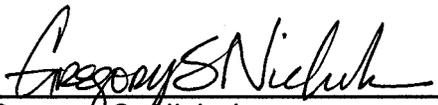
NAMING OF DALE E. WURSTER CENTER FOR PHARMACEUTICAL TECHNOLOGY.

Interim President Boyd stated it was a great honor and a great privilege to present the University's request to name the Center for Pharmaceutical Technology for Dale E. Wurster. He said Dr. Wurster made enormous contribution to the development of pharmacy activities on the campus and to its application to the corporate field.

MOTION: Regent Fisher moved to approve the naming of the University of Iowa College of Pharmacy Addition the Dale E. Wurster Center for Pharmaceutical Technology, effective immediately. Regent Arbisser seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 3:08 p.m. on Thursday, January 16, 2003.



Gregory S. Nichols
Executive Director