

The State Board of Regents met electronically on Wednesday, June 28, 1995. The following were in attendance:

Members of State Board of Regents

Mr. Pomerantz, President	All sessions
Mr. Collins	All sessions
Mr. Dorr	All sessions
Mrs. Johnson-Matthews	All sessions
Mrs. Kennedy	All sessions
Mr. Newlin	All sessions
Mrs. Pellett	All sessions
Mrs. Smith	All sessions
Dr. Tyrrell	All sessions

Office of the State Board of Regents

Executive Director Richey	All sessions
Director Houseworth	All sessions
Minutes Secretary Briggie	All sessions

State University of Iowa

President Rawlings	All sessions
Provost Nathan	All sessions
Vice President Manasse	All sessions
Vice President Rhodes	All sessions
Vice President True	All sessions
Associate Vice President Small	All sessions
General Counsel Schantz	All sessions
Director Yanecek	All sessions

Iowa State University

President Jischke	All sessions
Provost Kozak	All sessions
Vice President Madden	All sessions
Associate to the President Adams	All sessions
Assistant Director of State Relations Steinke	All sessions
Executive Assistant to the President Dobbs	All sessions

University of Northern Iowa

Acting President Marlin	All sessions
Vice President Conner	All sessions
Executive Assistant to President Stinchfield	All sessions
Director Chilcott	All sessions

Iowa School for the Deaf

Superintendent Johnson	All sessions
Business Manager Heuer	All sessions

Iowa Braille and Sight Saving School

Superintendent Thurman	All sessions
Director Woodward	All sessions

GENERAL

The State Board of Regents held an electronic Board meeting on Wednesday, June 28, 1995, commencing at 11:00 a.m., in accordance with Section 21.8 of the Code of Iowa. The meeting was not held in person because it was not practical to have the Regents assemble in one location for this brief meeting. Each Regent in attendance was at a separate remote location. Public access was provided at the following locations:

Board of Regents Office, Old Historical Building, E. 12th and Grand, Des Moines
University of Iowa, Old Public Library Conference Room, Iowa City
Iowa State University, 117 Beardshear Hall Conference Room, Ames
University of Northern Iowa, Gilchrist Hall Board Room, Cedar Falls
Iowa School for the Deaf, Business Office, Administration Building, Council Bluffs
Iowa Braille and Sight Saving School, Superintendent's Area, Main Building,
Vinton

The conference operator called the roll and the following members were present:

Marvin Pomerantz
Thomas Collins
Thomas Dorr
Melissa Johnson-Matthews
Ellengray Kennedy
Owen Newlin
Nancy Pellett
Beverly Smith
John Tyrrell

The following business pertaining to general or miscellaneous business was transacted on Wednesday, June 28, 1995.

APPROVAL OF MINUTES OF BOARD MEETINGS, MAY 17 AND JUNE 8, 1995. The Board Office recommended the Board approve the Minutes as written.

President Pomerantz asked for additions or corrections to the Minutes.

MOTION: Regent Collins moved to approve the Minutes of the May 17 and June 8, 1995, Board of Regents meetings, as written. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

SALE OF \$7,100,000 ACADEMIC BUILDING REVENUE REFUNDING BONDS, SERIES I.S.U. 1995. The Board Office recommended that the Board:

- (1) Adopt a Resolution providing for the sale and award of \$7,100,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 1995, and approving and authorizing the agreement of such sale and award; and
- (2) Adopt a Resolution authorizing and providing for the issuance and securing the payment of \$7,100,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 1995, for the purpose of refunding the \$7,100,000 Academic Building Revenue Project Notes, Series, I.S.U. 1992, presently outstanding in the principal amount of \$7,100,000 heretofore issued by the Board to defray the costs of buildings and facilities on the campus of Iowa State University of Science and Technology.

The bond issue will refund at maturity (August 1, 1995) the principal of the Academic Building Project Notes, Series I.S.U. 1992 (dated January 1, 1992), which were issued in the same principal amount. The projects funded with the project notes included the remodeling and renovation of Gilman Hall and construction of a research building at the Nutrition Research Center.

The principal of the project notes was to be payable at maturity with an appropriation for that purpose or the proceeds of Academic Building Revenue Bonds; an appropriation was not made.

The entire principal amount of the bond proceeds will be applied to repayment of the project note principal. Issuance costs will be provided from other available resources of the university. The final six-month interest payment due on the project notes will be paid initially from university resources to be reimbursed through the tuition replacement process.

The receipt and opening of the bids was scheduled for 10:00 a.m., and the award was scheduled for 11:00 a.m. on Wednesday, June 28, 1995.

Bond Specifics

Average Maturity:	14.27 years
Bonds Dated:	July 1, 1995
Interest Due:	January 1 and July 1 commencing January 1, 1996
Principal Due:	July 1, 1997-2015 inclusive
Optional Call:	Bonds maturing on and after July 1, 2006 are callable on any date on or after July 1, 2005, at par.
Denomination:	\$5,000 and integral multiples thereof

The resolutions were prepared by the Board's bond counsel, the Ahlers law firm.

Regent Dorr reported on the discussion of this bond sale at the June 8 Banking Committee meeting. He asked Mr. Anderson to report on the bids received.

Mr. Anderson stated that two bids were received at 10:00 a.m. for the bonds. He said a syndicate led by Merrill Lynch and Company bid a dollar price of \$7.1 million, an interest cost of \$5,663,615 for a true interest rate of 5.5941 percent. The second bid was received from a group led by Chiles Heider Division, Smith Barney, Inc.

Mr. Anderson said the group consisted of basically all the Midwest dealers and was a very large group. The bid was for a dollar price of \$7.1 million, an interest cost of \$5,551,880 for a true interest rate of 5.4889 percent. He recommend the Regents award the bonds to the group led by Chiles Heider.

For comparison purposes, Mr. Anderson said a large issue of double tax-exempt Iowa bonds was sold by the Iowa Finance Authority for correctional facilities a week ago in the amount of \$37 million. The sale had some impact on the market for double tax-exempt bonds; however, the Board of Regents' bonds just sold for an interest rate which was better than the correctional facilities bond rate. He said the rate received on these Regent bonds was even more gratifying since the bond market had deteriorated somewhat over the last few days. These Regent bonds were sold for a rate that was 40 basis points better than the rate for bonds sold by the State of Iowa yesterday. The rate of 5.4889 percent was almost exactly the same as the projection in early May.

MOTION:

Regent Dorr moved to (1) Adopt a Resolution providing for the sale and award of \$7,100,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 1995, and approving and authorizing the agreement of such sale and award; and (2) Adopt a Resolution authorizing and providing for the issuance and securing the payment of \$7,100,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 1995, for the purpose of refunding the \$7,100,000 Academic Building Revenue Project Notes, Series, I.S.U. 1992, presently outstanding in the principal amount of \$7,100,000 heretofore issued by the Board to defray the costs of buildings and facilities on the campus of Iowa State University of Science and Technology. Regent Collins seconded the motion, and upon the roll being called, the following voted:

AYE: Collins, Dorr, Johnson-Matthews, Kennedy, Newlin, Pellett, Pomerantz, Smith, Tyrrell.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

SALE OF \$5,140,000 STUDENT HEALTH FACILITY REVENUE BONDS, SERIES I.S.U. 1995. The Board Office recommended that the Board:

- (1) Adopt a Resolution providing for the sale and award of \$5,140,000 Student Health Facility Revenue Bonds, Series I.S.U. 1995, and approving and authorizing the agreement of such sale and award; and
- (2) Adopt a Resolution authorizing and providing for the issuance and securing the payment of \$5,140,000 Student Health Facility Revenue Bonds, Series I.S.U. 1995, for the purpose of defraying costs of constructing, improving and equipping a Student Health Center located on the campus of Iowa State University of Science and Technology, paying the costs of issuance and funding a reserve fund.

The Student Health Center provides Iowa State University students and their spouses with outpatient medical care, preventive medicine services and wellness promotion.

The project is scheduled to be bid in October 1995. The amount of the project was estimated to be \$5,975,000, with \$4,584,000 to be financed from the proceeds of the bond sale and the balance to come from Student Health Center funds and 1994-95 receipts from the Student Health Facility Fee.

The size of the bond issue including project costs, issuance costs and debt service reserve was estimated at \$5,140,000; the repayment period will be 18 years. The bonds will be repaid primarily from the proceeds of the Student Health Facility Fee (\$8/semester) established for this purpose and collected over the life of the bonds; net revenues of the Student Health Center will provide an additional source.

The bonds also will be secured by a debt service reserve equal to the lesser of 10 percent of the bond principal or maximum annual debt service in any year prior to the final maturity year, together with investment earnings thereon.

A Health Facility Fee Excess Fund will be established, the contents of which will be available for debt service, if required, or for extraordinary maintenance or operating costs, or cost of capital improvements to the Student Health Facility.

The receipt and opening of the bids was scheduled for 10:00 a.m., and the award was scheduled for 11:00 a.m. on Wednesday, June 28, 1995.

Bond Specifics

Average Maturity:	11.39 years
Bonds Dated:	July 1, 1995
Interest Due:	January 1 and July 1 commencing January 1, 1996
Principal Due:	July 1, 1996-2013 inclusive
Optional Call:	Bonds maturing on and after July 1, 2006 are callable on any date on or after July 1, 2005 at par.
Denomination:	\$5,000 and integral multiples thereof

The resolutions were prepared by the Board's bond counsel, the Ahlers law firm.

Regent Dorr stated that this bond issue was reviewed at the June 8 Banking Committee meeting. He asked Mr. Anderson to report on the bids received.

Mr. Anderson stated that two bids were received from the same groups as the previous sale. The group led by Merrill Lynch bid a dollar amount of \$5,075,750. He noted that the offering of an underwriting discount was permitted which accounted for the bid coming in at less than par. The net interest cost was \$3,195,520 for a true interest rate of 5.4824 percent. The same large account group led by Chiles Heider Division, Smith Barney Inc., bid a dollar price of \$5,073,180 and a net interest cost of \$3,135,485 for a true interest rate of 5.3796 percent. He stated that the bid of the Chiles Heider group was the better bid, and recommended awarding the sale of the bonds to that group.

MOTION: Regent Dorr moved to (1) Adopt a Resolution providing for the sale and award of \$5,140,000 Student Health Facility Revenue Bonds, Series I.S.U. 1995, and approving and authorizing the agreement of such sale and award; and (2) Adopt a Resolution authorizing and providing for the issuance and

securing the payment of \$5,140,000 Student Health Facility Revenue Bonds, Series I.S.U. 1995, for the purpose of defraying costs of constructing, improving and equipping a Student Health Center located on the campus of Iowa State University of Science and Technology, paying the costs of issuance and funding a reserve fund. Regent Collins seconded the motion, and upon the roll being called, the following voted:
AYE: Collins, Dorr, Johnson-Matthews, Kennedy, Newlin, Pellett, Pomerantz, Smith, Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Regent Tyrrell asked if there was any concern on the part of the Regents' bond advisors about so many firms coming together into a bidding group. Will it limit the number of multiple bidders in the future?

Mr. Anderson stated that the large sales of double tax-exempt bonds within the last 2 weeks had created a lot of inventory in the market. He has been told in conversations with some of the underwriting firms during the last few months that if the total issuance amount was \$10 million or less, the firms were more likely to break into smaller syndicates which would result in more bids.

President Pomerantz said it was significant to note that the Board of Regents created a certain aura that allowed it to receive lower interest rates than those received by other State organizations. He said they needed to be sure they were mindful and respected that characteristic of Regent bond sales.

APPROVAL OF PARKING FEES AND FINES, UNIVERSITY OF NORTHERN IOWA. The Board Office recommended that the Board give final approval to changes in a) the traffic and parking regulations and b) permit fees and parking violation schedules for 1995-96 at the University of Northern Iowa.

Increases in fees proposed for 1995-96 ranged from 1.45 percent to 2.91 percent with the greatest increase occurring in the reserved parking permit which will increase from \$103.00 to \$106.00 per year. No increases were planned in night/remote, temporary, or car pool/second vehicle permits.

Additions to the university's parking violation offense schedule were as follows:

Displaying a permit reported as lost or stolen - \$25.00 each offense.

Improper use of roller skates, roller blades or skateboards - \$10.00 each offense.

University officials projected that permit and fine revenue would total approximately \$400,000 in FY 1996 and \$10,000 of this amount would be generated by the proposed fee increases.

Increased funds will be used to cover the increased cost of repair and maintenance of the university's parking lot system. Planned improvements include the reconstruction of the Russell Hall parking lot and a feasibility study of the adequacy of the storm sewer system for the renovation of the Commons' parking lot, scheduled for FY 1997.

MOTION: Regent Kennedy moved to give final approval to changes in a) the traffic and parking regulations and b) permit fees and parking violation schedules for 1995-96 at the University of Northern Iowa. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPOINT ACTING PRESIDENT, UNIVERSITY OF IOWA. The Board Office recommended the Board appoint and set the salary for an Acting President at the University of Iowa.

President Pomerantz stated that President Rawlings would be leaving the University of Iowa officially on July 1, 1995, which created a need for the Board to appoint an acting president. He then recognized Regent Kennedy.

MOTION: Regent Kennedy moved to appoint Peter Nathan as Acting President of the University of Iowa effective July 1, 1995, at the annual salary of \$175,000 until the effective date of appointment of a permanent president. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Pomerantz congratulated Acting President Nathan.

Provost Nathan thanked the Regents for the vote of confidence. He pledged his hard work and that of his colleagues. He said it was his intention to ask Professor Samuel Becker to serve as acting provost. He listed Professor Becker's numerous accomplishments at the University of Iowa and said he believed that Professor Becker would be willing to accept the appointment as interim provost, delaying a much deserved retirement. Provost Nathan hoped the Board members would agree that Professor Becker was the appropriate individual to serve in that role.

Mr. Richey stated that the Board needed to take action at this meeting to approve the appointment at the budgeted salary in order to have a provost on duty as of July 1.

President Pomerantz said he seconded Provost Nathan's comments concerning the qualifications of Samuel Becker to serve as acting provost. Professor Becker has an outstanding record at the University of Iowa.

MOTION: Regent Newlin moved to approve the appointment of Sam Becker as Acting Provost at the University of Iowa effective July 1, 1995, at the budgeted salary. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

June 30-July 1, 1995	Marriott Hotel	Des Moines
July 19	Iowa State University	Ames
September 20-21	University of Iowa	Iowa City
October 18-19	University of Northern Iowa	Cedar Falls
November 15-16	Iowa State University	Ames

December 13-14	Hotel Fort Des Moines	Des Moines
January 17, 1996	Telephonic	
February 21-22	University of Iowa	Iowa City
March 20-21	University of Northern Iowa	Cedar Falls
April 17-18	Iowa State University	Ames
May 15-16	Iowa Braille and Sight Saving School	Vinton
June 19-20	University of Northern Iowa	Cedar Falls
July 17-18	University of Iowa	Iowa City
September 18-19	Iowa State University	Ames
October 16-17	University of Northern Iowa	Cedar Falls
November 20-21	University of Iowa	Iowa City
December 11	To Be Determined	Des Moines

A meeting at the Marriott Hotel in Des Moines was scheduled for June 30-July 1, 1995, to interview candidates and possibly select a person to become President of the University of Northern Iowa.

The July Board meeting at Iowa State University was scheduled for one day, July 19, 1995, with a Faculty Excellence Awards dinner to be held the evening of July 18. The Banking Committee may need to meet during the afternoon of July 18.

The meetings schedule was extended through December of 1996. The third Wednesday and Thursday of each month were scheduled for Board of Regents meetings except for December of 1996 which was established for the second Wednesday. Although most of the meetings were scheduled for two days each, it was anticipated that many of them would require only one day.

Mr. Richey noted that the Board would meet in Des Moines Friday and Saturday in executive session to conduct University of Northern Iowa presidential interviews.

Vice President True expressed concern about the lack of lodging in Iowa City if the Regents hold their meeting at the University of Iowa on July 17, 1996. The Board Office will work to revise the meetings schedule and report to the Board at its July 19 meeting.

Regent Newlin stated that he would be out of town and would not be returning until late in the evening on Tuesday, July 18. He would not be able to attend the Banking Committee meeting if it is held on Tuesday afternoon.

ACTION:The Board Meetings Schedule was approved, by consent.

AUTHORIZE EXECUTIVE SESSION OF BOARD TO INTERVIEW CANDIDATES FOR PRESIDENT OF THE UNIVERSITY OF NORTHERN IOWA ON JUNE 30-JULY 1, 1995, AND TO CONSIDER IMMINENT OR PENDING LITIGATION. The Board Office recommended the Board go into executive session at 8:30 a.m. on June 30, 1995, to interview candidates for President of the University of Northern Iowa, and to consider imminent or pending litigation.

President Pomerantz requested the Board convene in closed session at 8:30 a.m. on June 30, 1995, to evaluate the professional competency of individuals whose appointment was being considered, pursuant to the Code of Iowa section 21.5(1)(i); and to discuss a matter with counsel which is either in litigation or where litigation is imminent, pursuant to the Code of Iowa section 21.5(1)(c).

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

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 8:30 a.m. on June 30, 1995.

President Pomerantz stated the Board would convene in open session at approximately 1:00 p.m. on Saturday, July 1, 1995.

OTHER BUSINESS.

President Pomerantz stated that he was invited to make a presentation to the Iowa Association of Independent Colleges and Universities. He said the thrust of his remarks was that while there were many areas of significant competition between the private and public colleges, there were certainly many opportunities for cooperation. He offered the Regents' cooperation to a greater degree than may have been offered historically, up to and including strategic plan involvement, to be carried out at the interinstitutional committee level or whatever other level is appropriate. He said his suggestion was met with great receptivity.

President Pomerantz stated that higher education institutions should marshal their resources where it can be done to avoid unnecessary duplication, and to maximize the investment of Iowa citizens in the state's higher education system. He said this effort was very preliminary; nothing had been committed from any source.

President Pomerantz asked Mr. Richey to contact staff of the independent college association to determine the areas for the various groups to discuss in greater detail.

Mr. Richey stated that he had made preliminary contact with the independent college association, and had scheduled a meeting with the Director of the Iowa Department of Education concerning inclusion of the community colleges. He said it was his understanding that this effort might include involvement of the Iowa Coordinating Council for Post-High School Education as the vehicle for pursuing these discussions.

President Pomerantz said the involvement of the Coordinating Council was probably the best resource.

Mr. Richey stated the Board Office could docket this matter for further discussion in July. President Pomerantz asked that Mr. Richey do so.

Regent Tyrrell asked if Regents who serve on the Coordinating Council could receive a copy of the remarks made by President Pomerantz. President Pomerantz responded that he did not have any written notes for the approximate five-minute presentation. He offered to discuss the matter with Regent Tyrrell in greater detail, but that what he had just indicated was the substance of the presentation -- areas of cooperation need to be sought out, strategic planning needs to be coordinated with a view toward not duplicating unnecessarily each

others' activities or resources. He held out the hand of friendship, not the one of controversy or conflict.

Regent Collins stated that he thought it was an excellent suggestion that President Pomerantz had made. Regent Dorr said he felt the same way. The initiative was needed and it was a wise idea to do so.

Regent Tyrrell stated that the Iowa Coordinating Council for Post-High School Education struggles with similar issues four times a year. He said he had some concerns about which he would talk later with President Pomerantz.

ADJOURNMENT.

The electronic meeting of the State Board of Regents adjourned at 11:45 a.m., on Wednesday, June 28, 1995.

R. Wayne Richey
Executive Director